

Corrigendum to Notice of the 09th Annual General Meeting

Intellect Design Arena Limited ('the Company') had issued Notice dated 15th June, 2020 (AGM Notice) for convening the 09th Annual General Meeting ("AGM") of the shareholders, scheduled to be held on Friday, 21st August, 2020, through video conferencing (VC) or Other Audio Visual Means (OAVM). The AGM Notice has already been circulated to all the Shareholders of the Company in due compliance with the provisions of the Companies Act, 2013 and read with the Rules made thereunder.

Subsequent to the circulation of the AGM Notice vide e-mails dated, Tuesday, 28th July, 2020, 2 (two) errors have been noted as follows:-

1. Enclosed please find Revised Page No: 40 of the Annual Report.
2. In Page No: 193 of the Annual Report under "**INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING**", the cut-off date should be read as **07th August, 2020** instead of 14th August, 2020.

This corrigendum to the AGM Notice shall form integral part of Notice dated 15th June, 2020, circulated to the shareholders of the Company. Accordingly, all the concerned Shareholders, Stock Exchanges, Depositories, Registrar and Share Transfer Agents, Agencies appointed for E-Voting, other Authorities, Regulators and all other concerned persons are requested to take note of the above corrections.

This corrigendum will be available on the Website of the Company, www.Intellectdesign.com besides being communicated to NSE and BSE where the shares of the Company are listed.

Place: Chennai.
Date: 30th July, 2020.

for Intellect Design Arena Limited



V V Naresh

Company Secretary and Compliance Officer



Intellect Design Arena Limited

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changing business model scenario and takes appropriate required actions. A certain portion of our revenue is already derived from the Cloud model through SaaS & subscription.

2.3 Market Competition Risk

The company faces competition from large multinational companies, local companies in the geography in which we operate and Indian product companies. While many of these are established companies, the startups may also disrupt our business. This may pose a challenge to maintain or sustain the business growth or profitability in the long run.

The Company makes focussed investments in R&D with continuous evaluations of product endurance across segments/geographies to keep products relevant & competitive in the marketplace. Ongoing efforts made to enhance the customer experience through deployments of innovative products, competitive pricing through operational efficiencies, cost optimisation measures & improved implementations with minimal number of defects helps us to stay ahead in the innovation curve.

2.4 Contractual Compliance Risk

Product development companies are exposed to legal risk arising from Infringement of IP right and non-performance of contractual obligation. Further, risk may accentuate, in case contract formulations are not commensurate to the Organisation's risk appetite, commitments, delivery capabilities and customer expectations. The Company has established a strong process to review and appraise all contracts. As a policy, it restricts its obligation under each contract. The Company has adequate Insurance to mitigate against risk of Errors and Omissions, Commercial General Liabilities, etc.

3. LEADERSHIP

People Risk

The Company operates in niche BFSI product space which requires people with specialised skills, as against mass recruitment that was followed in Services business. The Company minimises the risk through in-depth in-house training & recruitment from top-end Engineering colleges and B-schools.

Background Checks (BGC) is mandated for all new employees and is audited from time to time.

4. INTELLECTUAL PROPERTY:

4.1 Information & Cyber Security Risk:

Internal & external cyber threats, if not appropriately managed, can potentially result in data leakage, source code compromise, etc. which may significantly disrupt core operations & may damage the Company's brand image/reputation. The risk is mitigated through Information & Cyber Security Forum and the Central Security Group which administer the Information & Cyber security programme for the Organisation. Moreover, Cyber liability insurance is obtained to safeguard against any loss arising out of any security breaches.

4.2 Data Protection & Privacy

The confidential data of the customers/associates are subject to data privacy laws of various states. Procedures to effectively handle the confidentiality & privacy, if not robust, can lead to data breaches. The risk gets accentuates on account of heightened regulations or guidelines such as GDPR and widespread usage of emerging technologies used to enhance customer experience which pose challenges to protect data & the privacy elements. The risk is mitigated by putting data authorisation process in place and making provisions for necessary guidance for the delivery teams with data security practices. GDPR-related compliance reviews are facilitated for applicable business/functional teams.

4.3 Intellectual Property Rights Infringement Risk:

- a) **IP protection:** The Company may face challenges to protect the Intellectual property rights which are pivotal for its revenue generation. The risk is mitigated through registration of IPs in the countries having robust protection laws.
- b) **Risk of use of "Open Source" Software**
"Open Source" Software may be used in some of our solutions. Failure to abide with the terms of the open source licenses could have a negative impact on our business. The risk is mitigated through adoption of the open source policy which facilitates to identify, monitor, review, report & thereby facilitate restricted & acknowledged usage of the open source software's on ongoing basis.

EXECUTION:

5.1 New Country Entry Risk

Failure to effectively study, evaluate, identify, analyze & address the country specific risks at the time of entry into a particular geography could adversely affect long term interests of the organisation. Any new business opportunity in a new country is subject to a Country risk assessment which helps in developing a robust knowledge platform and also to understand the local conditions and business culture at the early stages of the business & design adequate risk mitigation measures to facilitate business in new countries.

5.2 Cloud Infrastructure Management Risk: With increased cloud adaptability, requirements to have highly skilled resources to manage cloud environments, unique contractual agreements with the customers & cloud service providers, ensuring adequacy of security measures by the service providers, heightened regulations like GDPR, the company is exposed to a risk of SLA / security breaches by cloud service providers which may result in financial implications (imposition of fines & penalties) or reputation damage. The risk is mitigated by defining the Cloud governance framework to consistently manage cloud environments across the lines of businesses. Periodic reviews are performed to assess the security , internal controls, DR, backup processes , SLAs, service contracts etc. with cloud service providers.

5.3 Product Implementation Risk

Delays, errors or omissions in implementations could hamper our delivery capabilities leading to multiple risks such as delay in collections, violation of contractual commitments, fines / penalties and damage to Brand image. The risk is mitigated through delivery excellence processes & continuous monitoring & reporting of implementations through use of various tools. Further, Company adequately insures itself for any liabilities arising on account of errors & omissions or any delays.

5.4 Compliance Risk - Subsidiary Compliance Reporting

Inadequate or non compliances to the material laws & regulations applicable in the respective countries having business presence may lead to fines / penalties/ closure of the offices resulting in revenue loss. The risk is mitigated through a well structured framework using UnMail, the Company's Enterprise Social Network for Subsidiary Compliance Reporting. The respective Operations Directors ensure uploading of the Compliance reports (suitably customized for each Subsidiary) on a quarterly basis. This process enhances the control and improves statutory compliance in each jurisdiction.

5.5 Fraud Risk: Mechanisms to prevent, detect, measure, monitor & report the potential collusion touch points , fraud events or criminal hackings if not robust may result in revenue leakage , financial losses or the reputation damage for the Company. To mitigate the risk, potential fraud areas are assessed as part of regular audit programmes. Risks associated with potential fraud for identified design gaps are reported to the Internal Audit Committee with suitable action plans. Further, Crime insurance cover is obtained to safeguard against any direct financial loss arising out of fraudulent activities by associates

5.6 Business Continuity Risk: In light of current pandemic scenario arising on account of Covid19, the significance of business continuity is of paramount importance. The Business continuity plans for people, processes & technology if not robust or inadequate may create challenges to manage unforeseen crisis or events such as natural or man made calamities / disasters & may disrupt the business performance. The risk is managed by designing appropriate recovery strategies / business continuity plans. Dedicated teams monitor the adequacy of the business continuity arrangements. Periodic testing & simulations carried out on an annual basis.

FINANCIAL

6.1 Foreign Exchange / Currency Fluctuations Risk

The company earns a large portion of its revenue in foreign currencies and is exposed to the risk of currency movements. To mitigate this risk, the company follows a 2 step strategy.

- As the first step, quotation in foreign currencies is restricted to few selected major currencies. Quotation in any other currency is highly controlled.
- The second leg of this strategy is to hedge the foreign earnings after subtracting the local expenses.

6.2 Larger Order to Cash cycle and Liquidity Risk

Our customer being large Banks and Financial Institutions the credit worthiness is in comfort even though the cycle is long. The percentage of bad debts is also minimal. Since the Products business has a long order to cash cycle, delays in conversion of REB into invoicing or recovery of the billed invoices from the clients / customers may result in strain over the company to meet their working capital requirements, recurring fixed & direct costs which may require increased borrowings, finance charge and thereby impact the Company's profitability. The risk is mitigated by Arrangement of required credit lines through various Banks, regular monitoring of ageing of receivables / REB balances by the management and robust recovery & follow-ups mechanisms with clients/ customers

the company has identified Liquidity Risk as an area to monitor. The Finance organization headed by the CFO monitors the liquidity position consisting of cash and near cash instruments on a continuous basis.

6.3 Internal Financial Control (IFC)

The company has to comply with additional controls enforced by Section 134 of the Companies Act 2013. This is to report on the Internal Financial Control in the Directors Report and also by the Statutory Auditors. Key Internal controls over financial reporting if not designed, identified & operate effectively may result in mis-statements going unnoticed and impact the true & fair view of the financial / operational results of the Company. To comply with this, the company assesses the existing control environment through regular internal & statutory audits and ensures that the requirements are complied.

Risk Mitigation through Insurance

The company has appointed a Global leader for Risk & Insurance advisory to advice on the risk and insurance coverage. The following Insurance coverage is taken to mitigate risks.

1. Errors & Omissions Insurance – To safeguard against any loss arising of an error, negligent act or omission which would result in failure in performing the professional services or duties for others.
2. Cyber Liability Insurance - To safeguard against any loss arising out of a security breach and or privacy breach that would result in sensitive or unauthorized data or information being lost or compromised.
3. Crime Insurance - To safeguard against any direct financial loss of property, money or securities arising out the fraudulent activities committed by the employee or in collusion with others.
4. Directors & Officers Liability Insurance - To safeguard against any loss arising out of a wrongful act made by the Directors, Officers and Employees of the organization with reference to the company's business operations and activities.
5. Commercial General Liability Insurance - To safeguard against Third Party bodily injury or property damage arising out of our business operations.
6. Standard Fire & Special Perils Insurance - To protect the company's Assets (movable & immovable Assets) from the risk of Fire or Perils.

21) Corporate Social Responsibility

The Company has formed Corporate Social Responsibility Committee on 15th October, 2014 and reconstituted on 24th July, 2019. Following are the members of the Committee :

- a) Mr. Anil Kumar Verma – Chairman
- b) Ms. Aruna Rao – Member
- c) Mr. Arun Jain – Member

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the

immediately preceding three financial years on CSR activities. However, the Company, as a responsible corporate citizen, has risen above itself to make contributions of more than 2% in the area of education, through Ullas Trust. The details of the policy developed and implemented by the Company is given as a part of annual report on CSR as Annexure 8.

22) Secretarial Standards

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

23) Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee ("ICC") has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received and disposed off during the financial year 2019-20:

- a) No. of complaints filed during the year:1
- b) No. of complaints disposed during the year: 1
- c) No. of complaints pending as on end of the financial year: NIL

24) Listing Fees

The Company confirms that it has paid the annual listing fees for the year 2019-20 to both the National Stock Exchange of India Limited and BSE Limited.

25) Certifications

Your Directors would like to appreciate the achievements of the Quality Department, which enabled your Company to get certified at CMMi level 5 by CMMI Institute, USA for its Global Consumer Banking (iGCB) business. Your Directors would also like to appreciate the achievements of Cards Business team and Corporate Security Group for PCI - DSS certification, and the achievements of iSEEC business team and Corporate Security Group for SOC 2 certification for Insurance products.

26) Change in Registrar and Transfer Agent (RTA)

The Board of Directors at its meeting held on 23rd March, 2020, approved the change of Registrar and Share Transfer agent from M/s Kfin Technologies Private Limited, Hyderabad(formerly known as Karvy Fintech Private Limited)to M/s Cameo Corporate Services Ltd, Chennai. Depositories vide its approval letter dated July 13, 2020 has confirmed the transfer of database and electronic connectivity and to commence the services of Cameo Corporate Services Limited w.e.f 14th July, 2020.

27) Acknowledgment

Your Directors take this opportunity to express the gratitude to all investors, clients, vendors, bankers, Regulatory and Government authorities, Stock Exchanges and business associates for their cooperation, encouragement and continued support extended to the Company. Your Directors also wish to place on record their appreciation to the Associates for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance at all levels.

By Order of the Board
For Intellect Design Arena Limited

Place: Chennai
Date : June 15, 2020

Arun Jain
Chairman and Managing Director
DIN:00580919