

Intellect announces Q 1 Results, reaffirms annual guidance

Expands Digital footprint by winning two large deals

Chennai (India), August 9, 2016: Intellect Design Arena Ltd, a specialist in applying true Digital Technologies across Banking & Insurance, announced its first quarter results for FY 2016-17 today. Intellect drives some of the most successful digital transformations across Global Consumer Banking (iGCB), Global Transaction Banking (iGTB), Risk, Treasury & Markets (iRTM) and Insurance (Intellect SEEC).

I. Executive Summary

1. Revenue

Revenues for the quarter ended 30th June 2016 grew by 7% Y-o-Y and stood at Rs. 205.80 Cr (in dollar terms, 30.74 Mn) as against Rs. 192.92Cr (in dollar terms, 30.39 Mn) in the same period last year

2. Margins

Gross Margin stood at 50.8% as against 51.6% in the same period last year

3. Digital led wins

Intellect was awarded 12 Digital led order wins in Q1 FY17 including two large transformational Digital wins

4. Investment in SG & A

Investment in Selling & Marketing and General & Administrative expenses (SG & A) for Q1 FY 17 stood at Rs. 101 Cr (49.2% of Revenue).

5. Strengthening leadership

The leadership team has been augmented with an addition of 14 Senior Executives from the Industry

6. The iGTB Oxford School of Transaction Banking

Oxford and iGTB have jointly set up iGTB Oxford School of Transaction Banking and their first programme was offered in July 2016

II. Digital is the Key

New Products on the block:

Intellect strongly differentiates itself in the global market place with Digital 360, its holistic approach to accelerate digital transformation programs for financial institutions. Designed at FT 8012, the World's first Design Center dedicated to financial technologies, Intellect's Digital Product Powerhouse unlocks value to fuel transformation with a true digital edge.

Our continued R& D investment has resulted in launching **Intellect OneMARKET** an end-to-end integrated 360-degree platform with 12 modules designed to cater to the complex business and regulatory needs of Asset Management firms, Portfolio Management firms, Fund Managers and Custodians encompassing the complete spectrum of Securities Trading and Asset Services. The advanced comprehensive platform will provide financial institutions with three key advantages that are the need of the hour: Speed, Single Integrated View and Straight-Through-Processing.

A Winning Habit

With our path-breaking Digital 360 approach, Intellect has been able to address all aspects of our customers' digital transformation requirements. Q1 FY 17 has recorded 12 rich engagements. Significant amongst them are:

- Intellect has won a 7-year deal with one of the largest Small Finance Banks in India which will be hosted on a private cloud.
- The company has also won a deal from one of the largest Insurance companies in India for its Digital Transformation initiative
- Intellect won 3 deals during the quarter from the Middle East for implementing **Digital Transaction Banking** platform suite- this includes one of the largest Islamic banks in Saudi Arabia, one of the leading banks in Kuwait and the largest lending Bank of United Arab Emirates for additional country roll out.
- A leading financial institution in North America chose Intellect's **Payments and Cash Management** to enable faster Payments.
- **Intellect Digital Core** from Global Consumer Banking division has won 2 deals- from Sri Lanka and Vietnam. The bank from Vietnam also chose **Trade Finance** from the Global Transaction Banking business for their operations in Myanmar.
- **Intellect OneTREASURY**, won 2 multiyear deals – one from a new license holder for a Small Finance Bank and a large & upcoming Payments Technology solutions provider. This is an integrated solution that helps to leverage risk thereby giving the banks the upper edge to compete globally.

III. Vital Parameters - Healthy

The current funnel (Active Pursuits) of Intellect is around \$470 mn, out of which \$404 mn is accounted for by 263 opportunities.

We have 22 high value active pursuits:

- 5 pursuits are of value more than Rs. 50 Cr. each
- 7 pursuits are of value between Rs. 30 Cr-Rs. 50 Cr. each
- 10 pursuits are of value between Rs. 20 Cr - Rs. 30 Cr. each

We have been shortlisted as one among the final two vendors in 6 of these 22 active pursuits

IV. Strong Brand Attractions

Given the exciting market opportunities, the rich suite of Digital FinTech products and the brand that Intellect has in the global arena, the company has been able to attract 14 Senior Executives from the industry in the last six months, who bring strategic expertise into its 110-strong Leadership team.

- **Michel Jacobs, Head - New Market Strategy, iGTB:** Michel has handled various senior leadership roles with eFunds and S2 Systems across banking and payments. Prior to Intellect, he served as EVP Central Product Strategy with FIS.
- **Herber De Ruijter, Head - Product Council, Digital, iGTB:** Herber joined Intellect from solutions provider Backbase, where he was responsible for product development as well as leading the company's business and operations in America. Herber brings with him more than two decades experience in product strategy, business and product development.
- **Kedarnath Udiyavar, Business Head – OneMarkets:** Kedar joined Citicorp Overseas Software Limited in 1985 and has grown with the organization since then. In a career spanning over 25 years, Kedar has rich experience in delivering global solutions across banking verticals, such as private banking, credit cards, corporate banking, cash management and capital markets.
- **Rakesh Sinha, Head - Sales, SAARC Markets:** Formerly the Managing Director for India and South Asia at SunGard Financial Systems, Rakesh comes with three decades of rich experience in banking. He has implemented and consulted on large projects for Oracle and has led sales teams in the BFSI vertical in Microsoft.
- **Mikael Estvall, Head - Business Development, Nordics & Baltics:** Mikael has worked with Misys, NASDAQ, OMX, Reuters and with firms in the financial technology space. In a career spanning 25 years, Mikael has been associated with the digitization of FX markets, electronic trading, straight through processing and clearing.
- **Pattabhiraman Iyer, Chief Solutions Architect, Quantum Central Banking, iGCB:** Raman is a subject matter expert and brings over 35 years of experience across various domains of banking. He was with IndusInd Bank for over 20 years handling several leadership roles including leading a large team for business application implementation, which involved country wide migration of data and processes.
- **Ravi Srinivasan, Service Delivery Head, Digital Core, iGCB:** Formerly with Wipro as a Global Client Partner, Ravi has demonstrated success in implementing complex projects across APAC, Australia, EMEA, UK and US including upgrade projects for the Ministry of Finance, Government of Singapore. Ravi brings global expertise of over 25 years in enterprise-wide turnkey solutions.
- **Sathish N, Business Head – Lending, iGCB:** Sathish is a Techno functional expert, with over 20 years of experience. He has spent a major part of his career working with Global products in Core Banking, Customer centric Revenue Management, Pricing, Analytics and Digital banking. He has gained extensive transformation experience across geographies in his previous stints with SunTec and Oracle.

- **Siva Subramaniam GV, Product Head, Digital Core, iGCB:** Siva's career spans over 20 years, of which the last 13 years was at Infosys' product division - Finacle. Siva was an integral part of the core leadership team that decided the Roadmap for Finacle, besides anchoring client advisory boards. Prior to Infosys, Siva has had successful stints at ICICI, GE Countrywide & Tata Finance.
- **Vishal Pant, Client Success Director, Intellect Lending, iGCB:** In a career spanning 20 years, Vishal has largely worked with global financial institutions like Royal Bank of Scotland, where he headed the microfinance business for India.
- **Mohan K S, Manufacturing Head, Intellect Wealth, iGCB:** Mohan brings over 19 years of experience in product practices, product evolution and automation. In his previous stint, he played a leadership role with Infosys Finacle where he was responsible for delivery of channel services in the APAC region.
- **Akash Gupta, Head - Service Delivery, Intellect Payments:** With nearly three decades of experience in the financial services industry, Akash has handled senior leadership roles at RBS, ABN AMRO Bank, Bank of America and ITC Classic Finance. He was part of the leadership team that pioneered 365 days banking, doorstep delivery, and extended banking hours at Bank of America.
- **Balaji Ganesh, Chief Technology Officer, Intellect Design Arena Ltd:** Balaji has been the CEO & Managing Director of Adrenalin, a group company of Intellect. In a career spanning over two decades, Balaji has been associated with Adrenalin for over 13 years right from its inception and has handled various roles from product development to pre-sales support and strategic IT planning. Prior to Adrenalin, Balaji has worked with Satyam Computers, Ramco Systems, SAP, Unilever and Ponds India.
- **Parag Ekbote, Head - Presales, APAC, iGTB:** Parag joins Intellect from Misys, where he was heading the Pre-sales for Transaction Banking covering APAC, ANZ, China and Japan. He brings over 20 years of experience in the banking technology space especially Transaction Banking and Lending.

V. Impeccable References

Products March On – Footprint Expands

Intellect continues to deliver over 91% implementations ahead of schedule and in full in Q1 FY17. The significant implementations include:

- One of the oldest Banks in Middle East, a leading multi-national financial institution and one of the leading banks in Canada have gone live with Digital Transaction banking platform suite to lead in Corporate Banking. With this implementation, Digital Transaction Banking is running live in over 10 sites including IDFC, Gulf Bank, Mashreq Bank
- Global Payment Orchestration is live in one of largest Canadian bank which has been implemented in less than 12 months

- Intellect Digital Core went live in one of the largest lender bank in the Emirate of Abu Dhabi and the second largest lender in the United Arab Emirates which makes Digital Core operational in 55 sites.
- One of the largest manufacturer-independent leasing company in Germany and two well known financial institutions in India have gone live with Intellect Lending Suite. With this Intellect Lending is successfully running in 54 sites.
- Bank Maybank Indonesia one of the largest banks in Indonesia has gone live with Intellect's Integrated Treasury Management System(ITMS)-OneTreasury for their Indian operations. This makes Intellect OneTreasury running in over 30 banks including Reserve Bank of India, NABARD, Saigon Hanoi Bank, National Bank of Ethiopia, UCO Bank and Housing Finance Bank.
- Intellect OneMARKETS has 15 live sites including Tacirler Investment from Turkey, Associated Mutual Funds of India (AMFI), Commercial International Bank, Bank of Jordan, Kotak Bank, ICICI Bank and SBI Mutual Funds

In the Limelight:

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

- Intellect Design Arena included amongst Off-the-Shelf Mobile Banking Solutions in Forrester's March 2016 report, "Choose The Right Mobile Banking Solution"
- Intellect FABX recognized as a leading advisor desktop solution in a CEB TowerGroup analyst report, "Advisor Desktop Solution Market Update."
- Intellect Loan Origination System (LOS) featured amongst Systems for Automating Commercial Lending in Aite's report "Automating Commercial Lending Do's and Don't's, and How much You'll Make"
- Intellect Corporate Banking Exchange (CBX) rated as one of the "Up-And-Comer" offering in Aite Group's Report titled "US Cash Management Vendor Evaluation 2016: Focus on User Experience"
- Intellect Custody (iRTM) mentioned amongst Global Corporate Actions Technology Vendors by Aite Group's report titled "Corporate Actions Technology Vendors : A Hardy Bunch"
- Intellect Risk Analyst has been featured amongst Global Vendors offering Predictive Analytics in Insurance in Celent's report "Predictive Analytics in – 2016 IT Vendor Spectrum"
- Intellect SEEC eApp features amongst leading New Business & Underwriting Solution provider in Novarica's report

VI. Management Statement

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, “This quarter has been eventful with winning transformational deals, product launches and strategic leadership additions. However, a few deals with UK based banks have been deferred due to Brexit. With a healthy pipeline, I am confident that we will achieve our set annual revenue guidance in the range of Rs. 990 cr to Rs. 1020 crore for this financial year. ”

S Swaminathan, Chief Financial Officer, Intellect Design Arena Limited, said, “We would have preferred Q1 to start on a slightly higher note. This quarter is not a representative quarter for performance. However, it is vital to keep in mind that, given the nature of the business, this is an Annual and not a quarterly game. We understand various levers of costs management for a product business and our cost has now stabilized and are perfectly predictable.”

Financial Results for the First Quarter Ended June 30, 2016

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

Particulars	QUARTER ENDED		Rs. Lakhs
	June 30, 2016	June 30, 2015	
INCOME			
Gross Income from software product license and related services	20,475.00	19,180.59	
Forex impact on Hedge accounting	105.25	112.00	
Income from software product license and related services	20,580.25	19,292.59	
EXPENDITURE			
Software development expenses	10,122.64	9,342.52	
Selling & marketing and General & Administrative expenses (SG & A)	10,127.20	7,963.23	
Total Expenditure	20,249.84	17,305.75	
Profit / (Loss) before interest, depreciation & amortization	330.41	1,986.84	
Research & Engineering expenses	1,555.35	2,962.86	
Depreciation/Amortisation	591.13	496.86	
Finance Charges	161.09	24.79	
Profit / (Loss) after interest, depreciation & amortization	(1,977.16)	(1,497.67)	
Other Income including exceptional items	1,649.47	325.54	
Minority Interest/ Share of profit/(loss) of Associate Companies	125.28	53.72	
Profit / (Loss) before tax	(202.41)	(1,118.41)	
Provision for taxation	350.00	(6.86)	
Profit / (Loss) after tax	(552.41)	(1,111.55)	

[Investor Conference Call](#)

The Board of Directors of Intellect Design Arena Limited met on **9th August 2016**, to take on record the financial results of the company for the First Quarter ended June 30, 2016.

Intellect Design Arena Ltd. will host an Investors Conference Call on **9th August 2016**, where the Senior Management of Intellect will comment on the company's performance during the First Quarter ended June 30, 2016 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Tuesday, 9th August 2016.**

The dial-in numbers to join the conference call:

Conference Name	:	Q1 FY17 Investor earnings call	
Date	:	9th Aug 2016	
Time	:	17:00 to 18:00 IST	
Conference ID	:	60898245	
ACCESS NUMBERS			
MUMBAI	:	Primary Access Toll Number	: 02230360400
BANGALORE	:	Primary Access Toll Number	: 08030360400
DELHI	:	Primary Access Toll Number	: 01130360400
CHENNAI	:	Primary Access Toll Number	: 04430360400
INDIA	:	Primary Access Toll free Number	: 180030131313
HONG KONG	:	Primary Access Toll free Number	: 800901420
SINGAPORE	:	Primary Access Toll free Number	: 8001011906
US and Canada	:	Primary Access Toll free Number	: 18663944523
UK	:	Primary Access Toll free Number	: 08081681758
UAE	:	Primary Access Toll free Number	: 8000174397

For Media related info, please contact:

Nachu Nagappan
Intellect Design Arena Ltd
Mob: +91 89396 19676
Email: nachu.nagappan@intellectdesign.com

For Investor related info, please contact:

Praveen Malik
Intellect Design Arena Limited
Mob: +91 89397 82837
Email: Praveen.malik@intellectdesign.com