

Intellect Q1 FY 19 revenues grow 24% YoY

Q1 FY 19 revenue at INR 299 Cr; Net Profit stood at INR 43.52 Cr

Breakthrough deal win in Europe for Intellect Digital Core (IDC 17.1) worth INR 100 Cr

Chennai (India), July 25, 2018: Intellect Design Arena Ltd, a specialist in applying true Digital Technologies and a global leader in Financial Technology across Banking and Insurance, announced its first quarter results for FY 2018-19 today.

I. Calibrated Growth Yielding Predictability

Q1 FY 19 Financial Highlights:

Revenue: Registering 24% growth YoY

- Total Revenues for Q1 FY 19 grew by 24% Y-o-Y and stood at INR 299 Cr as against INR 241 Cr in the same quarter last year.
- In \$ terms, Q1 FY 19 Revenue grew by 19% Y-o-Y stood at US \$ 44.6 Mn as against US \$ 37.4 Mn in the same quarter last year

Deal Deferment

- Two destiny deals with license revenue of \$2.6 Mn (Rs. 17.4 Cr) last Quarter, in respect of which documentation could not be completed will be accounted in Q2 FY 19.
- If these had been considered, our revenue growth would have been 31% and gross margin of 50%

Digital led wins

- Q1 FY 19 recorded 10 Digital led wins including 2 large digital transformation deal win

Gross Margin

- Gross Margin stood at Rs. 139.43 Cr in Q1 FY 19 as against Rs. 118.6 Cr in the same quarter last year

EBITDA and Net Profit

- EBITDA stood at INR 12.2 Cr for Q1 FY 19
- Net Profit stood at INR 43.52 Cr as against INR 0.74 Cr in the same quarter last year.
- Net profit is positively impacted by an increase in Other Income owing to sale of property, which brought in a gain of INR 38 Cr

Collections continued to be robust

- Intellect recorded healthy collections for six quarters in a row. Collections for Q1 FY 19 stood at INR 315.2 Cr as against INR 259 Cr in the same quarter last year. Collections of Q1 FY 19 are higher than the Q1 FY 19 Revenue.
- The Net Days of Sales Outstanding (DSO) after taking customer advances into account stands at 111 days in Q1 FY 19 as against 125 days in Q1 FY 18

II. Management Statement

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, “We are consistently gaining momentum in building market leadership and are on course to achieving over 20% YoY growth. The last quarter saw two destiny deals getting deferred to the current Quarter resulting in a drop in quarterly gross margin. The impact of this deferment is Rs. 17.4 Cr to be accounted in Q2 results.”

III. Board Announcement

Intellect Board has recommended fund raising by issue of equity shares on a preferential basis for an aggregate consideration upto INR 100 Cr to the promoters, promoters group and employees of the company subject to approval from the shareholders.

IV. Digital Deals

With our path-breaking Digital 360 approach, Intellect has been able to address all aspects of our customers' digital requirements. Q1 FY 19 recorded 10 Digital led wins including 2 large digital transformation deal wins.

Large Digital Transformation deal wins

- **Breakthrough deal win in Europe worth INR 100 Cr for Intellect Digital Core (IDC 17.1):** 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.
- **Establishing FinTech dominance in Asia with yet another win in Malaysia:** One of the leading financial services organisations in Malaysia with a heritage of more than 100 years has chosen iGTB for a multi country rollout of Contextual Banking Experience (CBX) - Contextual Payments, Collection & Receivables, Liquidity, SCF, Trade and Treasury Queries. CBX from iGTB is a white label digital transaction banking platform to manage firms' cash and trade that leverages Machine Learning and predictive analytics, delivered through APIs and an Omni-channel UX.

Other significant deal wins

- A State owned Bank in South Africa – One of KwaZulu-Natals' primary drivers of economic development and a strategic enabler of support has chosen Intellect's Integrated Digital Core, IDC 17.1. The implementation will enable the Bank achieve their strategy by leveraging the technical capabilities and superior user experience. The solution post implementation would provide the Bank with the best in class core banking with flexibility required to grow rapidly in the market.

- One of the leading commercial banks in South East Asia with its operations in three countries has chosen Intellect for its Regional Wealth Management Platform. The Strategic intent and purpose of the project is to transform the bank's existing operations into a digital solution and increase its market share in the growing High Net-worth and Affluent Client segments. Intellect Wealth Suite provides powerful wealth management solution that the Bank would use across multiple countries in APAC.
- India's fourth largest private sector bank and the only Greenfield Bank which has been awarded licence by RBI in the last two decades have chosen iGTB Digital Transaction Banking for its Cash Management Solution. The Bank has also chosen Contextual Banking Experience (CBX) - Single channel for account services, payments and collections.
- The first and the largest Islamic bank in the UAE will be upgraded to Contextual Banking Experience (CBX) and will be rolled out for supporting Account Services and Payments with Mobility. The solution will allow the bank's corporate customers to benefit from an Omni-channel experience to initiate corporate banking services in the areas of payments, financial transfers and Trade services.
- One of the world's largest life reinsurance companies has chosen Intellect SEEC Distribution & Service Suite to run a full Proof of Concept on Chatbot with Quote and Product Launcher business apps for a single carrier and a multi carrier Term Life product.
- An international specialty insurance organization that provides innovative solutions for brokers, agents and insurance carriers with operations in North America, the United Kingdom and Europe has chosen Intellect Risk Analyst. The solution will configure and run a full Proof of Concept on Risk Analytics for Commercial Property and General Liability lines of business.
- A joint venture, which has the unique distinction of being the first sub-custodian in India to benefit from the local-foreign partnership, between the largest bank in India and one of the world's leading global custodians has chosen Fund Custody from Intellect OneMarkets for its Custody services. Intellect Fund Custody solution suite provides comprehensive fund accounting, custodial and transfer agency services to both retail and foreign investors.

V. Reliable Implementations

Intellect went live in 7 financial institutions across the world during this quarter. Some of the significant implementations in Q1 FY 19 include:

- A leading Canadian-based global financial institution with 11 million personal banking, business, public sector and institutional clients has gone live with Contextual Payments from iGTB to handle On-Us payments within the Bank. This provides a smarter way to process payments destined to the beneficiary. Earlier intra company transfers were processed through LVTS rail (settlement and clearing with overhead cost for processing). With On-Us payment processing capability these payments will now be processed within the Bank with no clearing required. This will be both faster and cheaper.
- Australia's first bank and oldest company, one of four major banking organisations in Australia and one of the largest banks in New Zealand with a range of innovative financial packages to support personal, business or corporate banking needs has gone live with Intellect ITTR (Intellect Trade, Treasury and Retail FX). Intellect ITTR Solution is modular, SOA enabled, web-based, platform-independent, and built on the latest J2EE technology. Improves end-user experience through

enhanced application functionality and improves operational efficiencies. The collaborative efforts between all 3 Lines of Businesses within Intellect along with Interface and Data Migration resulted in on-time go-live in Fiji 2 days ahead of time.

- A Saudi Arabian bank providing Islamic personal, auto and home financial banking services and corporate banking investment solutions in Saudi Arabia has gone live with Digital Transaction Banking. This go-live enables the Bank to launch the new platform to their corporates (Public Launch). Bulk File uploads will help the mass corporates with the additional functionality to attract and enlarge their customer base.
- An Indian state-owned International banking and financial services company and the second largest bank in India, serving over 69 Mn customers across 25 countries, launched a green field entity to expand and service the growing Lending opportunity in the Indian market. This is the first time Intellect Lending was launched over cloud platform in a phase wise approach with a quick initial go to market launch.
- A financial institution providing various financial services: mortgage finance, leasing finance, factoring, call center and collection services has gone live with Intellect Digital Lending suite.
- Intellect OneTREASURY went live in two leading banks in India. A nationalised Indian bank headquartered in Mumbai with 1000+ branch network and a leading Housing Finance company has gone live with Intellect OneTREASURY. This implementation enabled the bank to offer integrated front-mid-back office system by Straight Through Processing increasing operational efficiency through complete automation and seamless integration of treasury functions and external trading portals.

VI. Product Acceptance in Leadership Quadrant

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

Gartner recognized Intellect as a Leader in Magic Quadrant for Global Retail Core Banking

Designed around the Digital 360 approach, Intellect Digital Core, IDC, presents the Best of Both Worlds, ie, Customer Experience (Digital Outside) & Operational Efficiency (Digital Inside) to banks. It leverages contemporary technologies such as Artificial Intelligence to give banks the capability to offer highly contextual (Persona-based) products & BOTS to drive complete STP (Lean Operations) & significantly lower operating costs. IDC presents banks, with a single unified product, that is seamlessly integrated with Lending, Treasury, Trade Finance, Credit Cards and Wealth.

iGCB powered Majid Al Futtaim Finance (MAFF) wins Celent's "Model Bank" Award for Lending - '2018 Model Bank Winner for Lending: Majid Al Futtaim

Intellect Lending was chosen by MAFF as its technology partner to seamlessly integrate with their existing system to overcome the challenges they faced in the existing credit business. MAFF's Insta Card Issuance is a first of its kind initiative in the UAE market and digital transformation has been brought about in the Credit Card journey with AECB (Al Etihad Credit Bureau) integration for real time credit decisions in 15 mins. The product was conceptualized, designed and delivered in 100 days.

Celent rates iGTB amongst leading vendors

Celent positions iGTB amongst leading Integrated Receivables Vendors in Technology and Functionality Category. Celent quotes the most distinctive feature of iGTB Receivables Management is its extensive use of analytics and role-specific dashboards to provide actionable insight.

Aite features Intellect SEEC amongst leading US & Europe vendors in P&C Insurance

Intellect SEEC profiled amongst leading US & Europe vendors in P&C Insurance who can help drive deeper policyholder engagement @ Aite report titled "Enhancing the P&C Insurance Policyholder Journey through Deeper Engagement

Financial Results for the First Quarter Ended June 30, 2018

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

Particulars	QUARTER ENDED			INR In Lakhs
	June 30, 2018 (Q1 FY 19)	March 31, 2018 (Q4 FY18)	June 30, 2017 (Q1 FY 18)	YEAR ENDED March 31, 2018 (FY18)
INCOME				
Revenue from Operations	29,885.24	30,697.32	24,116.80	1,08,729.07
EXPENDITURE				
Software development expenses	15,942.01	15,410.30	12,255.40	54,898.30
Gross Margin	13,943.22	15,287.02	11,861.40	53,830.77
Gross Margin %	46.66%	49.80%	49.18%	49.51%
Selling & marketing and General & Administrative expenses	10,382.39	10,404.98	8,627.22	37,662.45
Research & Engineering expenses	2,145.43	1,947.51	1,424.27	7,244.46
Provision for Debts and Write offs	195.00	475.48	195.00	1,060.48
Total Expenditure	28,664.83	28,238.27	22,501.89	1,00,865.69
EBITDA	1,220.41	2,459.05	1,614.91	7,863.38
Depreciation/Amortisation	842.87	819.63	588.80	2,653.49
Finance Charges	307.86	261.62	418.39	1,382.62
Profits / (Loss) before other income / minority interest	69.67	1,377.80	607.72	3,827.26
Other Income including exceptional items	4,259.23	935.32	298.64	2,042.65
Minority Interest/ Share of profit/(loss) of Associate Companies	(27.93)	319.67	(469.32)	(494.29)
Profit / (Loss) before tax	4,300.97	2,632.79	437.04	5,375.62
Provision for taxation	(51.47)	45.62	363.24	702.98
Profit / (Loss) after tax	4,352.45	2,587.17	73.80	4,672.64

[Investor Conference Call](#)

The Board of Directors of Intellect Design Arena Limited met on **25th July 2018**, to take on record the financial results of the company for the Q1 FY 19 ended June 30, 2018.

Intellect Design Arena Ltd. will host an Investors Conference Call on **25th July 2018**, where the Senior Management of Intellect will comment on the company’s performance during the Q1 FY 19 ended 25th July 2018 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Wednesday, 25th July 2018.** The dial-in numbers to join the conference call:

Conference Name : **Q1 FY 19 Investor earnings call**
Date : **25th July 2018**
Time : **05:00 PM to 06:00 PM IST**
Conference ID : **5178427**

ACCESS NUMBERS

MUMBAI	:	Primary Access Toll Number	:	02230360500
BANGALORE	:	Primary Access Toll Number	:	08030360500
DELHI	:	Primary Access Toll Number	:	01130360500
CHENNAI	:	Primary Access Toll Number	:	04430360500
INDIA	:	Primary Access Toll free Number	:	186030151515
HONG KONG	:	Primary Access Toll free Number	:	800901413
SINGAPORE	:	Primary Access Toll free Number	:	8001011903
US and Canada	:	Primary Access Toll free Number	:	18663946395
UK	:	Primary Access Toll free Number	:	08081681757
UAE	:	Primary Access Toll free Number	:	8000174396

About Intellect Design Arena Limited

Intellect Design Arena Ltd, a specialist in applying true digital technologies, is the world’s first full spectrum Banking and Insurance technology products company, across Global Consumer Banking (iGCB), Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets (iRTM), and Insurance (Intellect SEEC). With over 25 years of deep domain expertise, Intellect is the brand that progressive financial institutions rely on for digital transformation initiatives.

Intellect pioneered Design Thinking for cutting-edge products and solutions for Banking and Insurance, with design being the company’s key differentiator in enabling digital transformation. FinTech 8012, the world’s first design center for Financial Technology, reflects Intellect’s commitment to continuous and impactful innovation to address the growing need for digital transformation. Intellect generates annual revenues of USD 169 million, serving over 240 customers through offices in 40+ countries and with a diverse workforce of 4,000+ solution architects, domain and technology experts in major global financial hubs around the world. For further information on the organization and its solutions, please visit www.intellectdesign.com

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