

Intellect Q2 FY 19 revenue registers 42% YoY growth

License revenue recorded 86% YoY growth in H1 FY 19

- ***Q2 FY 19 revenue at INR 380.37 Cr and License revenue stood at INR 116 Cr registering 96% YoY growth***
- ***Three large multimillion dollar deal wins in Asia and Australia and One large deal win in South East Asia***

Chennai (India), October 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 second quarter results for FY 2018-19 today.

I. Calibrated Growth Yielding Predictability

Q2 FY 19 Financial Highlights:

Revenue

- Total Revenues for Q2 FY 19 grew by 42% Y-o-Y and stood at INR 380.37 Cr as against INR 268.47 Cr in the same quarter last year
- In \$ terms, Q2 FY 19 Revenue grew by 30% Y-o-Y, stood at US \$ 54.28 Mn as against US \$ 41.75 Mn in the same quarter last year

License Revenue

- Q2 FY 19 License Revenue registered 96% growth Y-o-Y stood at INR 115.56 Cr as against INR 58.90 Cr in the same quarter last year. AMC revenue stood at INR 53.99Cr in Q2 FY 19.
- In \$ terms, Q2 FY 19 License revenue registered 80% growth YoY and stood at \$16.49 Mn as against \$9.16 Mn in the same quarter last year
- License and AMC revenue in Q2 FY 19 stood at INR 169.55 Cr as compared to INR 105.70 Cr in Q2 FY 2018 registering 60% YoY growth
- H1 FY 19 License revenue registered 86% growth and stood at INR 162.28 Cr as against INR 87.04 Cr in the H1 FY 18

Gross Margin, EBITDA and PAT

- Gross Margin stood at Rs. 187.65 Cr in Q2 FY 19 as against Rs. 133.29 Cr in the same quarter last year
- Gross Margin stood at 49.33%
- Sales and Marketing costs have come down from 35% to 30% during the quarter
- R&D costs have dropped to 6 % and Product capitalisation costs dropped less than 8% of the revenues and remained constant
- EBITDA registered 75% Growth and stood at INR 38.26 Cr for Q2 FY 19as against INR 21.82 Cr in the same quarter last year
- PAT stood at INR 31.47 Cr in Q2 FY 19 registering 296% growth as against INR 7.95 Cr in Q2FY18

Collections

- Collections for Q2 FY 19 stood at INR 290.20Cr
- The Net Days of Sales Outstanding (DSO) after taking customer advances into account stands at 131 days in Q2 FY 19 as against 124 days in Q2 FY 18

Digital led wins

- Q2 FY 19 recorded 11 Digital led wins including 4 large Digital Transformation deal wins
 - Large multimillion dollar deal with a leading bank in Asia with a strong foothold in Singapore, Malaysia, Indonesia, Thailand and China to implement the world's first Integrated Contextual Trade Finance and Supply Chain Finance (SCF) Platform from iGTB
 - Expanding geo-footprint in Australia through the iGTB deal win with the largest bank in Australia, implementing Contextual Liquidity Management solution
 - iGCB has won a signature deal win in Australia for Intellect Digital Core (17.1). This is the second deal win for iGCB in advanced market.
 - Breakthrough deal win in South East Asia for Intellect Digital Core (IDC 17.1), Real time & Contextual Core Banking Solution

II. Board Announcement

Board has approved inducting Andrew Ralph England as Additional Director on the Board and will be a Non-Executive Director

Andrew Ralph England currently serves as Director of Intellect's subsidiary Intellect Design Arena Limited, UK and Head of Strategy iGTB. He joined us from McKinsey, where he was the External Senior Advisor of Transaction Banking.

Andrew brings a host of experience running transaction banking in leading global banks. He has held the positions of Managing Director and Head of Transaction Banking at Lloyds Banking Group, Head of CEE Global Transaction Banking at Unicredit Group and Head of Cash & Trade Product at Deutsche Bank, where he was also an Executive Committee member for Global Transaction Banking. These roles followed on from a successful career of various leadership positions at Citi and Lloyds.

Board has approved inducting Vijaya Sampath as Additional Director on the Board and will be a Independent Director

Vijaya Sampath has been a lawyer for over 35 years. She is an Independent Director on the Board of listed and unlisted companies in the housing finance, renewable energy, branded luggage, power and auto component sectors. Two of these companies (non-listed) are Japanese joint ventures with Larsen & Toubro. She is also the Ombudsperson for the Bharti group with oversight of the code of conduct.

Since 2000, she was a Partner in J Sagar Associates, a full service National Law firm. From January 2004 until her retirement in March 2012, she was the Global Group General Counsel and Company Secretary for the USD 15 billion Bharti Airtel group. From 2012 until 2017, she was a senior partner in the corporate law practice of Lakshmikumaran & Sridharan, attorneys. She is a Fellow Member of the Institute of Company Secretaries of India. She is also the Chairperson of the corporate law committee in FICCI and works with industry on regulation and policy relating to company law.

III. Management Statement

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, “We had a phenomenal quarter with 42% YoY growth in revenue and H1 FY 19 license registering 86% YoY growth. This was driven by the strong contribution from large transformation deal wins from Asia and Australia. Our continued momentum as the leader in **Contextual and AI based Digital products** places us well on the path to be the partner of choice for the large digital transformation initiatives of leading banks. The results reinforce the economic value add for our clients who attach importance to our innovative digital technologies, appreciate the expertise and our commitment and actions for the responsible stewardship of their digital transformation initiatives.”

Venkateswarlu Saranu, Chief Financial Officer, Intellect Design Arena Limited said, “We have had a very strong performance in Q2 FY 19 accelerating our revenue run rate to INR 1500 Cr. Total software license exceeding 100 Cr in a single quarter is a significant milestone. Our EBITDA during the quarter had a growth of 75% YoY highlighting the way we are managing the business in a calibrated manner”

IV. Digital Deals

With our path-breaking Digital 360 approach, Intellect has been able to address all aspects of our customers' digital requirements. Q2 FY 19 recorded 11 Digital led wins including 4 large digital transformation deal wins.

Large Digital Transformation deal wins

- **Large multimillion dollar deal with leading bank in Asia to implement Contextual Trade Finance and Supply Chain Finance (SCF) Platform from iGTB:** iGTB has been chosen by the leading bank in Asia with a strong foothold in Singapore, Malaysia, Indonesia, Thailand and China to implement world's first Integrated Contextual Trade Finance and Supply Chain Finance (SCF) Platform. This partnership will help the bank to deliver on their commitment of building lasting relationship with their customers through products and exceptional digital customer experience.
- **Expanding geo-footprint in Australia through iGTB deal win with largest bank in Australia:** iGTB has been chosen by the largest business bank in Australia, for the digital transformation of its liquidity management platform. iGTB's Contextual Liquidity Management solution will enable the corporate treasurer to reduce interest costs, manage and predict cash flow and optimize surplus cash in the system activities effectively and efficiently by providing smart algorithmic tools that automate many of these tasks as driven by the corporation's liquidity policy.
- **iGCB has won a signature deal win in Australia for Intellect Digital Core (17.1):** iGCB has been chosen by the largest business bank in Australia for implementing Intellect Digital Core 17.1, Real time & Contextual Core Banking Solution. It is a second deal win for iGCB in the advanced market.
- **Breakthrough deal win in South East Asia for Intellect Digital Core (IDC 17.1):** One of the largest holding company based in Cambodia, has chosen Intellect Digital Core 17.1, Real time & Contextual Core Banking solution to facilitate & modernise its technology architecture and power its digital transformation requirements. It has also chosen Intellect's Digital Face, deposits, loans, payments, GL and trade finance solutions.

Significant deal wins

- A privately held Chilean Retail Chain, with more than 70 years of history in Chile has chosen Intellect Cards, to help them issue a branded card for their firm; Intellect is providing the software and associated services as a strategic long term partner. The choice of Intellect is in line with firm's strategy to concentrate on the core business, and digitally transform its operations and help them formulate their customer centric approach.
- One of the leading banks for Industry and Trade, which provides personal and corporate banking products and services from Vietnam chose Intellect Anti Money Laundering (AML Solution) from the Intellect Digital Core Banking Suite.
- A specialty insurance organization that offers a unique 'high-tech', 'high-touch' business model that powerfully combines a unique field-based underwriting and claims model with leading edge agency automation technology, has chosen Intellect Risk Analyst. It is also the 5th largest "Write Your Own" carrier in the National Flood Insurance Program. The Solution is to configure and run a full Proof of Concept on Risk Analyst for Licensee's underwriting business.
- An American diversified global insurer and the fourth-largest property and casualty insurer in the United States, has chosen Intellect Risk Analyst. The Solution is to configure and run a full proof of Concept on Risk Analyst for Renewal Quality and Prospect Discovery.
- One of the leading retail chain of stores with national coverage in Chile, has chosen Intellect Cards System for supporting a range of origination, ARX and seamless integration with 3rd party systems. Intellect will help them double the value of the company in a sustainable and profitable way within a short span of time.

V. Reliable Implementations

Intellect went live in 21 financial institutions across the world during this quarter. Some of the significant implementations in Q2 FY 19 include:

- A licensed merchant bank based in Nigeria which caters to wholesale banking , investment banking & asset management services goes live with Intellect – Intellect Digital Core, Lending, Digital Face, AML, OneTREASURY and Contextual Banking Experience (CBX), for the implementation. The end-to-end banking solution provided by Intellect will enable the bank to enhance customer satisfaction, streamline operations & deliver a holistic Digital Banking experience to their public & private sector clients.
- The third largest bank by market capitalisation in Australia & New Zealand, which also operates in 34 other nations goes live with Intellect Liquidity for making the data transparent, giving the customers access to the past data and better visibility.
- A leading global bank, with the largest customer base in Japan, and a global network of financial and business centers, goes live in 4 countries for Liquidity Pooling module. This will allow the bank to offer Pooling/IO services to their corporate customers.
- The largest Saudi Arabian bank and the world's leading Islamic bank goes live with Intellect Digital Transaction Banking (DTB). iGTB will help the bank to launch its CBX platform for their corporates, deliver the bulk functionalities and processing. The functionality will enable corporates to pay & process multiple bill payments in a single step.

- A joint venture between a bank and a leading financial services group with a global reach, goes live with Intellect ONEMARKET for the iPMS opportunity. Intellect will facilitate them with a robust, scalable and comprehensive 360-degree digital platform that supports Straight-Through Processing, direct market access and high speed execution across a variety of asset classes and market segments.
- A major Indian commercial bank in the private sector headquartered in Kerala, having more than thousand branches and ATMs spread across different States in India has gone live with Payments, SCF and CBX.
- One of the largest Indonesian bank, with a market capitalisation of US\$24.5 billion, goes live with Intellect Liquidity to help bank corporates gain a clear and immediate understanding of their liquidity position and guide them in setting up the appropriate pooling and sweeping structures. –
- One of the largest consumer division of financial services, which provides credit cards, mortgages, personal loans, commercial loans, and lines of credit goes live with Intellect AMWS, to improve the operational efficiency by reducing TAT to dispose off an alert for an existing AMWS system.
- One of the big five banks in Canada headquartered in Toronto, Ontario with three strategic business units: Retail and Business Banking, Wealth Management, and Capital Markets goes live with Intellect Payments through the iGTB platform. The payment modernization provided by Intellect will help the bank with a payment system that is fast, flexible, secure and which promotes innovation and strengthens the bank's position in Canada's competitive market thereby increasing the customer base through new deals and acquisitions.
- One of the world's largest banking and financial services organisations, with total assets of US\$2.374 trillion goes live with iGTB, the transaction banking division of Intellect Design Arena. Intellect will help the bank take a concrete shape its GST Regulatory Amendments.
- One of the largest financial institutions in the Middle East, with a major economic engine in Jordan and throughout the Middle East and North Africa region, providing banking services & capital, and facilitating development & trade throughout the region, goes live with Intellect Digital Transaction Banking, to get corporate banking facility and Intellect will be helping them throughout starting from Payment, Cash Management, Payable & Receivable and iLink.
- An enormous British retail and commercial bank with branches across England and Wales, which has traditionally been considered as one of the "Big Four" clearing banks, goes live with Intellect Payments, for enhanced performance and stable application. iGTB will help them with production incident fixes and performance optimization.

VI. Product Acceptance in Leadership Quadrant

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

iGTB awarded "The Vendor to Watch" award, from Aite Group in their recent report titled "AIM Evaluation: The Leading Providers of U.S. Cash Management, 2018"

Aite Group explored 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 for Cash Management, was one of the top vendors on breadth of product functionality. Aite also listed out that

Intellect offers a great user interface with cloud-native architecture and has embedded analytics and machine learning capabilities.

IDC ranks Intellect as the "Winner - Treasury & Trade Transformation" at 2018 IDC Real Results Awards

Intellect ranked as the winner for the Treasury & Trade transformation at 2018 IDC Real Results Awards for its implementation in a leading American multinational investment bank and financial services corporation headquartered in New York.

Forrester rates Intellect as STRONG PERFORMER& among the TOP 5 in 2018 Global Digital Banking Platforms

Intellect ranked as the Strong Performer for 2018 in Forrester's (By Invite Only) report titled, "The Forrester Wave™: Global Digital Banking Platforms, Q3 2018". Forrester states that Intellect's plans for future functional enhancements are well-defined and they include improvements in lending, supply chain finance, risk management, and treasury.

Novarica rates Intellect SEEC's Risk Analyst as specialists in AI & NLP player for insurance-specific solutions

Intellect SEEC - Risk Analyst featured as a key vendor offering Purpose-Built Deep Learning solutions in Novarica's report titled "Purpose-Built AI Solutions for Insurers". Intellect SEEC is amongst a select set of 4 vendors profiled as an example by Novarica for Purpose-Built Deep Learning solutions. Novarica states that Intellect SEEC's Risk Analyst product applies AI for commercial insurance underwriting spanning commercial auto and property, BOP, general liability, workers' compensation, and other lines. The product aggregates data from a variety of sources, including social media and the Web, to derive insight about clients and businesses. It also creates risk alerts in real time.

Gartner ranks Intellect Digital Core among TOP 4 in multiple client tier categories

Intellect Digital Core ranked among Leading Global Core Banking vendors in multiple categories in Gartner's Critical Capabilities for Global Retail Core Banking report. Gartner assessed 10 Global Core Banking Vendor Solutions and the critical capabilities document outlines major use cases for core banking systems and the differentiating capabilities that can bring greater focus to the early phases of core banking vendor and product selection.

Financial Results for the Second Quarter Ended - September 30, 2018

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

Particulars	QUARTER ENDED			HALF YEARENDED		INR in Lakhs YEAR ENDED
	September 30, 2018 (Q2 FY 19)	June 30, 2018 (Q1 FY19)	September 30, 2017 (Q2 FY 18)	September 30, 2018 (H1 FY 19)	September 30, 2017 (H1 FY 18)	March 31, 2018 (FY18)
INCOME						
Income from software product license and related services	38,307.90	30,013.41	26,384.09	68,321.31	50,044.66	106,947.92
Forex impact on Hedge Accounting AS 30	(270.80)	(128.18)	463.37	(398.97)	919.60	1,781.15
Revenue from Operations	38,037.10	29,885.24	26,847.46	67,922.33	50,964.26	108,729.07
EXPENDITURE						
Software development expenses	19,271.86	15,942.01	13,518.24	35,213.87	25,773.64	54,898.30
Gross Margin	18,765.24	13,943.22	13,329.22	32,708.47	25,190.62	53,830.77
Gross Margin %	49.33%	46.66%	49.65%	48.16%	49.43%	49.51%
Selling and marketing expenses	8,790.05	7,949.21	6,718.33	16,739.26	13,114.90	28,482.74
General and administrative expenses	2,644.48	2,433.18	2,318.81	5,077.66	4,549.46	9,179.72
Research & Engineering expenses	2,374.56	2,145.43	1,915.47	4,519.99	3,339.74	7,244.46
Provision for Debts and Write offs	1,129.68	195.00	195.00	1,324.68	390.00	1,060.48
Total Expenditure	34,210.64	28,664.83	24,665.85	62,875.46	47,167.74	100,865.70
EBITDA	3,826.46	1,220.41	2,181.61	5,046.87	3,796.52	7,863.37
Depreciation/Amortisation	1,072.89	842.87	592.96	1,915.76	1,181.76	2,653.49
Finance Charges	341.02	307.86	394.03	648.88	812.42	1,382.62
Profits / (Loss) before other income / minority interest	2,412.55	69.68	1,194.62	2,482.23	1,802.34	3,827.25
Other Income including exceptional items	1,555.72	4,259.23	330.98	5,814.95	629.62	2,042.64
Minority Interest/ Share of profit/(loss) of Associate Companies	(244.99)	(27.93)	(546.46)	(272.92)	(1,015.78)	(494.29)
Profit / (Loss) before tax	3,723.29	4,300.97	979.14	8,024.26	1,416.18	5,375.61
Provision for taxation	576.68	(51.47)	183.84	525.21	547.08	702.98
Profit / (Loss) after tax	3,146.60	4,352.45	795.30	7,499.05	869.10	4,672.63

Investor Conference Call

The Board of Directors of Intellect Design Arena Limited met on **25th October 2018**, to take on record the financial results of the company for the Q2 FY 19 ended on September 30, 2018.

Intellect Design Arena Ltd. will host an Investors Conference Call on **25th October 2018**, where the Senior Management of Intellect will comment on the company's performance during the Q2 FY 19 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Thursday, 25th October 2018.** The dial-in numbers to join the conference call:

Conference Name	:	Q2 FY 19 Investor earnings call
Date	:	25th October 2018
Time	:	05:00 PM to 06:00 PM IST
Conference ID	:	5597579

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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