intellect® Design for Digital

Intellect Q2 FY20 revenue at INR 328 Cr

License revenue at INR 53 Cr; Recorded 9 Digital led wins including 4 large Digital Transformation deal wins

Chennai (India), Nov 4, 2019: 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 2019-20 today.

I. Calibrated Growth Yielding Predictability

Q2 FY20 - Financial Highlights

Revenue:

- Total Revenue for Q2 FY20 is INR 327.51 Cr, In $ terms, it is US $46.57 Mn
- H1 FY20 Total Revenue is INR 671 Cr. In $ terms, it is US $ 96 Mn
- A double digit $mn deal in iGTB with a Top 20 Global Bank deferred
- Three cloud deal wins have no significant impact on current Quarter revenues

License Revenue:

- Q2 FY20 License Revenue is INR 53 Cr
- H1 FY20 License revenues is INR 119 Cr
- Q2 FY20 AMC Revenue is INR 63 Cr

Digital led wins and implementations

- Q2 FY20 recorded 9 Digital led wins including 4 large Digital Transformation deal wins
- Intellect went live in 13 financial institutions across the world during this quarter

Gross Margin, EBITDA and Net Profit

- Gross Margin is at INR 148.44 Cr in Q2 FY20, 45.32% of revenues
- EBITDA for Q2 FY20 is INR (4.93 Cr) and H1 FY20 is INR 7.3 Cr
- Net Profit (Loss) for Q2FY20 is INR (17 Cr) and H1 FY20 is INR (13.6 Cr)

Collections and Net DSO

- Collections for Q2 FY20 is INR 312 Cr
- The Net Days of Sales Outstanding (DSO) after taking customer advances into account is 126 days in Q2 FY20
- Investment in Product Development (Capitalised) is INR 28.36 Cr

Cash and Debt position

- Cash and Cash Equivalent is INR 116.33 Cr
- Net Cash is INR (31.73 Cr)
- Term loan is INR 82.12 Cr

Order backlog – Cloud/Subscription deals

- Order backlog relating to GeM - INR 400 Cr as of Q2 FY20
- Order backlog relating to other Cloud deals INR 375 Cr as of Q2 FY20

iGTB registered INR 128.12 Cr Revenue

- iGTB registered INR 128.12 Cr revenue in Q2 FY20
- 58% of its Q2 FY20 revenue from Advanced Markets
- Strong pipeline of over $90m+ in Q3/ Q4

II. Management Statement

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, "*Our second deal win for IDC in the UK and Go-live of the first deal have opened up the Europe Market for IDC. With the revival of Lending Wins, iGCB Business will deliver on its promise as the Business to mature in FY20. While deferral of a large multi-million dollar deal and external factors have depressed revenues this Quarter, our readiness to capitalize on the market shift towards Cloud and our Industrialization successes, provide us confidence for the future*"

Venkateswarlu Saranu, Chief Financial Officer, Intellect Design Arena Limited said, *"While top line growth in this quarter has not been to our expectations, our efficiency drive has led to cost reduction by INR 10 cr over year ago which will also ease the pressure on our cash flows. We hope to sustain these initiatives going forward"*

III. Digital Deals

With our path-breaking Digital 360 approach, Intellect has been able to address all aspects of our customers' digital requirements. Q2 FY20 recorded 9 Digital led wins including 4 large digital transformation deal wins.

Large Digital Transformation deal wins

- **Two Large Multi-Million Deal wins for IDC 19.1:** The Commonwealth Trade Bank, an established UK regulated wholesale bank and one of the large banks in South East Asia will implement Intellect's powerful Digital Core solution, IDC 19.1. Designed on a formidable Digital 360 proposition, IDC 19.1 presents banks with the best of both worlds; Digital Outside translates to enhanced customer experience and the Digital Inside drives operational efficiencies.

- **iGTB strikes two large deal wins for its Liquidity Management Solution (LMS) :** A leading bank operating in United Arab Emirates and a Dubai government-owned largest banking group in the Middle East have chosen iGTB's Liquidity Management Solution to deliver superior cash and liquidity management to their clients.

Significant deal wins

- Intellect Capital Cube powers the fastest growing bank at Mauritius. One of the largest conglomerates of Mauritius, which ranked in the Top 100 business organizations, has chosen Intellect Treasury as a partner in its vision for growth and high market share. Intellect Treasury is a highly agile Treasury and Risk Management System, which can exponentially improve trading and service performance to bring in cost efficiencies across the organization.

- A leading commercial bank in Kenya has chosen Intellect Retail CBX for their "Digital Transformation" initiatives, in their partnering Savings and Credit Cooperative Societies (SACCO). The transformation program will place the bank on an accelerated path to achieve its vision of becoming Kenya's leading bank in providing great customer experience.

- One of the largest bank in Kuwait with a broad offering of consumer banking, wholesale banking, treasury, and financial services chose the latest Debt Management Platform from Intellect Digital Lending Suite in their initiative to upgrade their existing solutions to centralize operations and drive high degree of efficiency across the bank's life cycle.

- A leading Qatari-owned financial institution chose to upgrade its existing Retail Internet and Mobile banking with IDC - Intellect's Retail CBX. IDC will help the Bank with Digital transformation initiatives and offer the entire gamut of E-banking services to all its customers.

- A diversified global insurer and the fourth-largest property & casualty insurer in the United States chose Intellect SEEC. The insurance division of Intellect will provide Intellect Data Extract Software as a Service (SaaS) offering, that extracts configured data from Excel, PDFs and other text sources. The software is pre-trained on entities and formats to extract, which can be configured per the client.

III. Reliable Implementations

Intellect went live in 13 financial institutions across the world during this quarter. Some of the significant implementations in Q2 FY20 are:

- Intellect SEEC completed large digital transformation in insurance in UK successfully with zero migration defects. This is credit to the digital assets and methodology at Intellect

- Abu Dhabi Islamic Bank (ADIB) goes 'live' with Intellect's Digital Transaction Banking. iGTB solution is key to the digital transformation of ADIB's end-to-end transaction banking services, empowering the bank to provide convenient, rapid and more operationally efficient services

- Raiffeisenlandesbanks goes 'live' with Intellect's Digital Trade Finance Solution. iGTB's single implementation enables Raiffeisenlandesbanks to transform their end-to-end trade finance operations and facilitate continuing business and market demands

- A leading commercial bank in Kenya, the largest economy in the East African Community has gone 'live' with iGTB's CBX, Contextual Payments and Retail CBX. The transformation program will place the bank on an accelerated path to achieve its vision of becoming Kenya's leading bank in providing great customer experience

- One of the top 20 banks in North America has gone 'live' with CBX 18 (Digital Platform) and Contextual Payments. The transformation program was executed by iGTB in partnership with a global leading cloud platform and cognitive solutions company

- An Indian state-owned International banking & financial services company and the second largest bank in India, has gone 'live' with Intellect Digital Lending hosted in a cloud platform

- iGTB has implemented its Liquidity Management Solution (LMS) in the largest Swedish financial group for corporate customers, institutions and private individuals, headquartered in Stockholm. iGTB's Liquidity Management solution will help the group for on-boarding new customers, better performance and operational efficiencies

- The largest Islamic bank in the UAE went 'live' with iGTB's CBX and Remittance Tech. CBX upgrade includes enabling products as 'Apps' for desktops, role based apps, enhanced graphical charts and publish app views.

- One of the largest holding companies with the global scope of operations based in Japan has gone 'live' with Retail CBX to modernise its technology architecture and power its digital transformation requirements.

- A diversified global insurer and the fourth-largest property and casualty insurer in the United States, has implemented AI powered Intellect FABRIC to build Cloud Native, Enterprise Grade insurance applications that leverage Machine Learning and Big Data. Intellect FABRIC is trained for data extraction, normalization, validation and enrichment across multiple document types and business scenarios.

- Intellect SEEC implemented its AI-powered, cloud-native Fraternal Suite for the Slovene fraternal organization based out of Joilet, Illinois. This platform supports seven powerful business apps, which are multi-device, multi-channel (supporting agent, back-office staff and members) and they come out-of-the-box with a single codebase. This suite of integrated apps includes—CRM, Needs Analysis, Quote and Illustration, e-App, Profile Management, Customer Service and Product Launcher.

IV. Product Acceptance in Leadership Quadrant

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

IDC Financial Insights Real Results Awards 2019

Intellect is proud to be recognized by IDC Financial Insights Real Results Awards 2019. Intellect's OneTreasury (Capital Cube) implementation at Westpac has been ranked as a winner - "Trade & Treasury Consolidation & Simplification" at 2019 IDC Real Results Awards.

Asian Banking & Finance Retail Banking Awards 2019

Intellect powered BDO Nomura Securities took to the winners' podium at the Asian Banking & Finance Retail Banking Awards 2019 and was honoured with the 'Online Securities Platform of the Year' Award. Intellect implemented its Capital Alpha solution at BDO Nomura , which is the online securities trading platform used to trade online in the Philippines Stock Exchange.

Gartner ranks Intellect Digital Core among Latin America's Top Core Banking System Vendors

Intellect Digital Core (IDC) featured amongst Latin America's Top Core Banking System Vendors offering End-to-End Business Functionalities across Retail and Corporate Banking in the report titled 'A Banker's Guide to Core Banking Systems for Latin America'. Although Gartner's Latin American core banking market is dominated by vendors from the Americas, international vendors are expanding their penetration, and it is therefore appropriate that Intellect has been chosen.

Intellect SEEC is profiled amongst leading vendors in Distribution Management Systems Worldwide in the Celent report titled 'Distribution Management Systems Vendor'

Intellect SEEC has been profiled amongst leading vendors in Distribution Management Systems Worldwide in the Celent report. This report provides an overview of the distribution management systems available globally for insurance carriers. The report profiles 15 solutions, which feature Intellect SEEC providing an overview of functionality, customer base, lines of business supported, technology, implementation, pricing and support.

Aite Group has profiled iGTB as a "Major AI Vendor" in its report titled, "Artificial Intelligence in Wholesale Payments: Five Use Cases"

iGTB's CBX has been featured as a Major AI Vendor with BI and Analytics Use Case in the Aite Report – 'Artificial Intelligence in Wholesale Payments: Five Use Cases'. CBX is a white-label digital transaction banking platform that uses ML and predictive analytics delivered via application programming interfaces (APIs). Through the use of a graphical user interface, CBX offers a range of recommended actions and insights across the treasury space via several modules.

Intellect has been recognized as a "Strong Performer" in the "The Forrester Wave™: Digital Banking Engagement Platforms: Forrester, an American market research company that provides advice on existing and potential impact of technology, to its clients and the public, recognized Intellect as a 'Strong Performer' in "The Forrester Wave : Digital Banking Engagement Platforms report.

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Financial Results for the Second Quarter Ended – September, 2019

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

INR in Lakhs

Particulars	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	September 30, 2019 (Q2 FY 20)	June 30, 2019 (Q1 FY 20)	September 30, 2018 (Q2 FY 19)	September 30, 2019 (H1 FY 20)	September 30, 2018 (H1 FY 19)	March 31, 2019 (FY19)
INCOME						
Income from software product license and related services	**32,751.30**	**34,338.13**	**38,307.90**	**67,089.43**	**68,321.31**	**1,45,873.25**
EXPENDITURE						
Software development expenses	17,906.95	18,158.79	19,271.86	36,065.74	35,213.87	73,717.60
Gross Margin	**14,844.35**	**16,179.34**	**19,036.04**	**31,023.69**	**33,107.44**	**72,155.65**
Gross Margin %	45.32%	47.12%	49.69%	46.24%	48.46%	49.46%
Selling and marketing & General and administrative expenses	11,663.16	11,403.73	11,434.53	23,066.88	21,816.92	45,526.46
Research & Engineering expenses	3,329.55	3,355.13	2,374.56	6,684.68	4,519.99	10,039.81
Provision for Debts and Write offs	345.00	195.00	1,129.68	540.00	1,324.68	1,739.16
Total Expenditure*	33,244.65	33,112.65	34,210.63	66,357.30	62,875.46	1,31,023.03
EBITDA	**(493.35)**	**1,225.48**	**4,097.27**	**732.13**	**5,445.85**	**14,850.22**
Depreciation/Amortisation	1,621.12	1,654.46	1,072.89	3,275.58	1,915.76	4,155.71
Hedge Impact	(93.73)	(58.82)	(270.80)	(152.55)	(398.97)	(916.32)
Finance Charges	477.89	393.87	341.02	871.75	648.88	1,144.25
Other Income (including Treasury)	800.23	1,507.66	1,048.85	2,307.89	5,214.95	6,270.56
Reinstatement of Receivables / Liabilities	349.94	23.32	506.87	373.26	600.01	(1,180.31)
Minority Interest/ Share of profit/(loss) of Associate Companies	(96.70)	(282.97)	(244.99)	(379.68)	(272.92)	305.03
Profit / (Loss) before tax	**(1,632.62)**	**366.34**	**3,723.29**	**(1,266.27)**	**8,024.26**	**14,029.21**
Provision for taxation	68.95	27.22	576.68	96.17	525.21	894.70
Profit / (Loss) after tax	**(1,701.57)**	**339.12**	**3,146.60**	**(1,362.44)**	**7,499.05**	**13,134.51**

*** Total Expenditure includes ESOP cost of INR 4.03 Cr in current quarter**

Q2 Results FY 2019-2020

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Investor Conference Call

The Board of Directors of Intellect Design Arena Limited met on **4th November, 2019**, to take on record the financial results of the company for the Q1 FY20 ended on June 30, 2019.

Intellect Design Arena Ltd. will host an Investors Conference Call on **4th November, 2019**, where the Senior Management of Intellect will comment on the company's performance during the Q2 FY20 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Monday, 4th November, 2019.** The dial-in numbers to join the conference call:

Conference Name	:	**Q2 FY20 - Investor earnings call**
Date	:	**4th November, 2019**
Time	:	**05:00 PM to 06:00 PM IST**
Conference ID	:	**88382806**

ACCESS NUMBERS

MUMBAI	:	Primary Access Toll Number	:	02239402340
BANGALORE	:	Primary Access Toll Number	:	08039402340
DELHI	:	Primary Access Toll Number	:	01139402340/011 667565430
CHENNAI	:	Primary Access Toll Number	:	04439402340
INDIA	:	Primary Access Toll free Number	:	18001203356/ 18001029810
HONG KONG	:	Primary Access Toll free Number	:	800933332/ +85230600221
SINGAPORE	:	Primary Access Toll free Number	:	8001206940/ +6564298385
US	:	Primary Access Toll free Number	:	18558616822/ +16465618898
Canada	:	Primary Access Toll free Number	:	18556917951/+14162165636
UK	:	Primary Access Toll free Number	:	08007563976/+442033645144
UAE	:	Primary Access Toll free Number	:	800035770170

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, Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets, and Insurance. 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 208 million, serving over 240 customers through offices in 91 countries and with a diverse workforce of 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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