

Intellect/SEC/2019-20

February 14, 2020

1. The National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex, Bandra (E),
Mumbai - 400051.

Scrip Code:
Intellect

2. The BSE Ltd
1" Floor, New Trade Ring, Rotunda Building,
PJ Towers, Dalal Street, Fort,
Mumbai- 400 001.

Scrip Code
538835

Dear Sirs,

Sub-Intimation under Regulation 30(6) of SEBI(Listing Obligations and Disclosures Requirements)Regulations, 2015

Pursuant to Regulation 30(6) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, we are enclosing herewith the presentation being made on financial results to analysts and institutional investors on February 14, 2020.

Kindly take the above information on record.

Yours Truly,
For Intellect Design Arena Ltd


V V Naresh

Company Secretary and Compliance officer



Intellect Design Arena Limited

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Corporate Headquarters: SIPCOT IT Park Siruseri, Chennai - 600 130, India | Ph: +91-44-6700 8000 | Fax: +91-44-6700 8874
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CONTEXTUAL AND DIGITAL

SHIFT

Product to Platform

Cloud Adoption

Q3 FY20 Results ending 31st December, 2019
Earnings Announcement



Safe Harbor Statement

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT Products companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Intellect Design Arena has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry.

Intellect Design Arena may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

Executive Summary Q3 FY20



E1: Revenue

- Total Revenue for Q3 FY20 at INR 320 Cr
- In \$ terms, Q3 FY20 Revenue at \$ 45 Mn
- YTD FY20 (9 months) revenue at INR 991 Cr

E2: License , AMC and SaaS Revenue

- Q3 FY20 License Revenue is INR 49 Cr
- YTD FY 20 License revenues is INR 147 Cr
- Q3 FY20 AMC Revenue is INR 63 Cr
- Cloud revenue of Q3 FY20 is INR 33 Cr, registering 50% YoY growth
- YTD Cloud revenue is INR 83 Cr, registering 27% YoY growth

E3: Gross Margin, EBITDA and PAT

- Gross Margin is INR 149 Cr in Q3 FY20, 46.59% of revenues
- EBITDA for Q3 FY20 is INR 3.6 Cr and YTD FY20 is INR 10.89 Cr
- Net Loss for Q3 FY20 is INR 11.38 Cr

E4: Cash and Debt position

- Cash and Cash Equivalent is INR 121Cr
- Net debt came down by INR 9 Cr showing marginal internal cash generation
- Net Cash is INR (27.16 Cr)
- Term loan is INR (74.33 Cr)

Executive Summary Q3FY20 (*Deals with progressing documentation)



E1: Revenue

- Total Revenue for Q3 FY20 at INR 356 Cr
- In \$ terms, Q3 FY20 Revenue at \$ 50 Mn
- YTD FY20 (9 months) revenue at INR 1027 Cr

E2: License , AMC and SaaS Revenue

- Q3 FY20 License Revenue is INR 85 Cr
- YTD FY 20 License revenues is INR 183 Cr
- Q3 FY20 AMC Revenue is INR 63 Cr
- Cloud revenue of Q3 FY20 is INR 33 Cr, registering 50% YoY growth
- YTD Cloud revenue is INR 83 Cr

E3: Gross Margin, EBITDA and PAT

- Gross Margin is INR 185 Cr in Q3 FY20, 52% of revenues
- EBITDA for Q3 FY20 is INR 37 Cr and YTD FY20 is INR 45 Cr
- Net Profit for Q3 FY20 is INR 22 Cr

E4: Cash and Debt position

- Cash and Cash Equivalent is INR 121Cr
- Net debt came down by INR 9 Cr showing marginal internal cash generation.
- Net Cash is INR (27.16 Cr)
- Term loan is INR (74.33 Cr)

* Deals with progressing documentation represent Deals that have been received but could not be accrued in Q3 for final documentation.

Executive Summary Q3FY20



E5: iGTB registered INR 121 Cr Revenue

- iGTB registered INR 121 Cr revenue in Q3 FY20
- 65% of its Q3 FY20 revenue is from Advanced Markets
- Deals worth \$ 5 Mn in License value have been received but could not be accrued in Q3 FY20 pending final documentation. While the deals were won, conclusion of contracts and other documentation that would enable to recognize these revenues is taking a while

E6: Collections and Investment in Product Development (Capitalised)

- Collections for Q3 FY20 is INR 334 Cr; up by INR 22 cr as against Q2 FY20
- The Net Days of Sales Outstanding (DSO) is 132 days in Q3 FY20
- Investment in Product Development (Capitalised) is INR 28.72 Cr

E7: Analyst Accolades

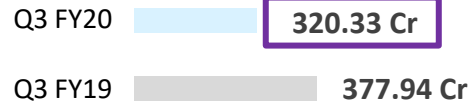
- Intellect Global Transaction Banking powered Abu Dhabi Islamic Bank (ADIB) wins Aite Group's 2019 Innovation in Cash Management and Payments Award
- Intellect Digital Core IDC was adjudged WINNER in "Breadth of Functionality" category by Celent in its ABCD Vendor View report



Q3 FY20 – Revenue at 320.33 Cr

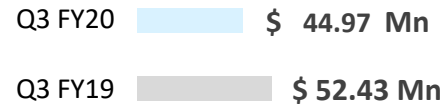
Q3 FY20 REVENUE (INR)

320.33 Cr



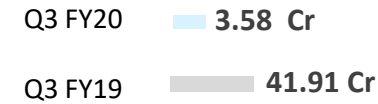
Q3 FY20 REVENUE (US \$)

\$ 44.97 Mn



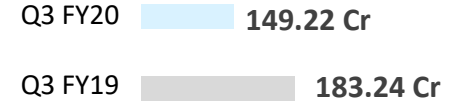
EBITDA (INR)

3.58 Cr



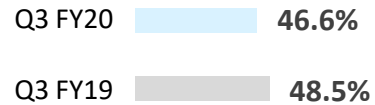
GROSS MARGIN (INR)

149.22 Cr



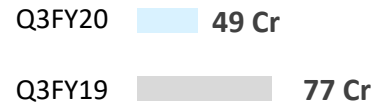
GROSS MARGIN % (INR)

46.6 %



LICENSE (INR)

49 Cr



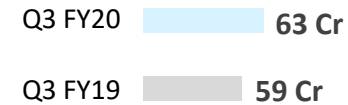
SAAS Revenue(INR)

33 Cr



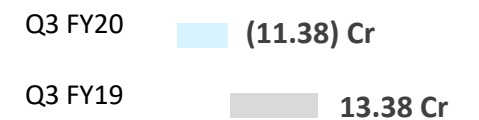
AMC (INR)

63 Cr



PAT (Loss) - INR

(11.38)



Collections for
Q3 FY20 (INR)

334.45 Cr

Net DSO

132 Days

Investment in Product
Development (Capitalized)

28.72 Cr

Deal Wins in Q3 FY20

6

Large Deal Win

1

Implementations
(Go Lives)

17

CSR contribution

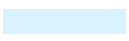
0.64 Cr



Q3 FY20 – Revenue at **355.95 Cr** (*Deals with progressing documentation)

Q3 FY20 REVENUE (INR)

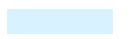
355.95 Cr

Q3 FY20  **355.95 Cr**

Q3 FY19  **377.94 Cr**

Q3 FY20 REVENUE (US \$)

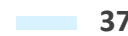
\$ 49.97 Mn

Q3 FY20  **\$ 49.97 Mn**

Q3 FY19  **\$ 52.43 Mn**

EBITDA (INR)

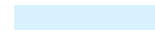
37.18 Cr

Q3 FY20  **37.18 Cr**

Q3 FY19  **41.91 Cr**

GROSS MARGIN (INR)

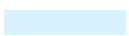
184.84 Cr

Q3 FY20  **184.84 Cr**

Q3 FY19  **183.24 Cr**

GROSS MARGIN % (INR)

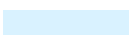
52 %

Q3 FY20  **51.9%**

Q3 FY19  **48.5%**

LICENSE (INR)

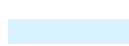
85 Cr

Q3FY20  **85 Cr**

Q3FY19  **77 Cr**

SAAS Revenue(INR)

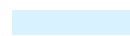
33 Cr

Q3 FY20  **33 Cr**

Q3 FY19  **22 Cr**

AMC (INR)

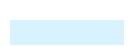
63 Cr

Q3 FY20  **63 Cr**

Q3 FY19  **59 Cr**

PAT (INR)

22.22 Cr

Q3 FY20  **22.22 Cr**

Q3 FY19  **13.38 Cr**

Collections for
Q3 FY20 (INR)

334.45 Cr

Net DSO

138 Days

Investment in Product
Development (Capitalized)

28.72 Cr

Deal Wins in Q3 FY20

7

Large Deal Win

2

Implementations
(Go Lives)

17

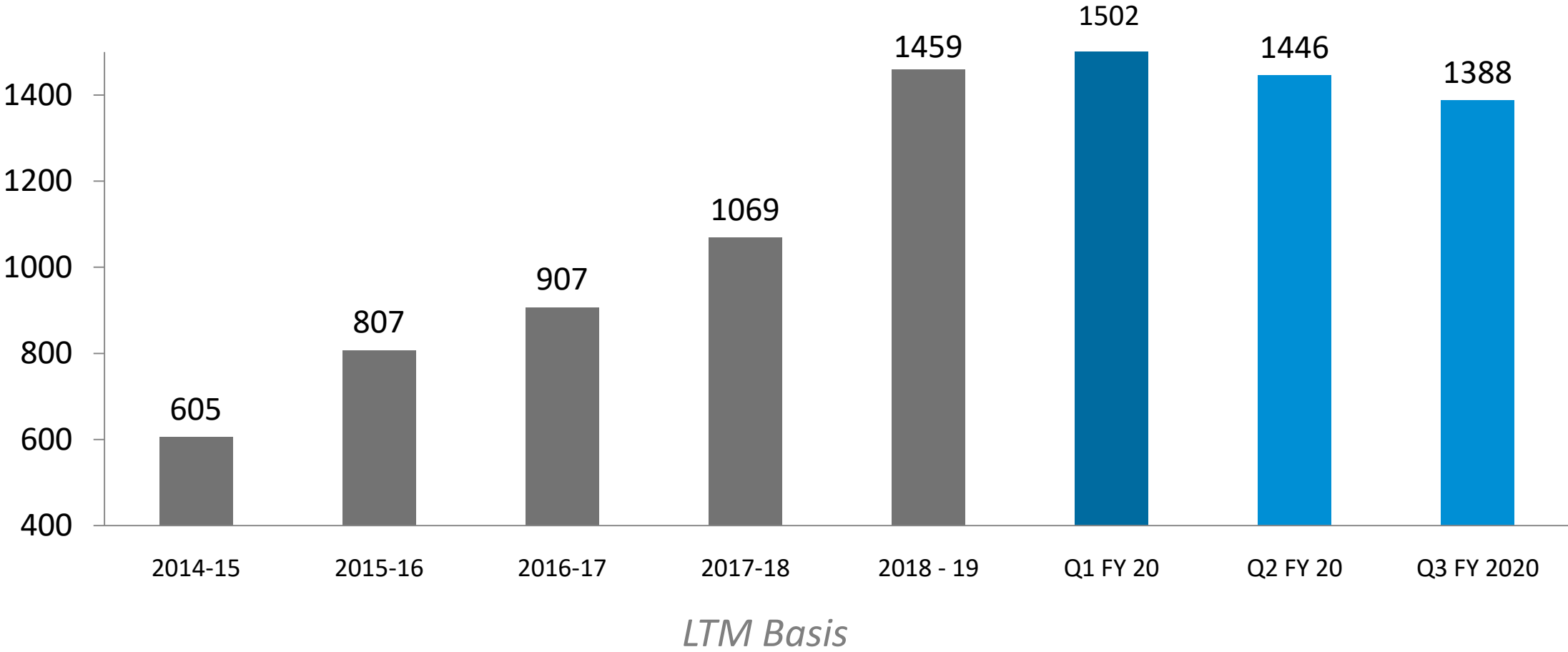
CSR contribution

0.64 Cr

REVENUE GROWTH



Figures in INR Cr.



LTM = Revenue of current quarter + last three quarters

Financial Results for the Third Quarter Ending – December 31, 2019



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

Rs. In Lakhs

Particulars	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2019 (Q3 FY20)	September 30, 2019 (Q2 FY20)	December 31, 2018 (Q3 FY19)	December 31, 2019 (YTD FY20)	December 31, 2018 (YTD FY19)	March 31, 2019 (FY19)
INCOME						
Income from software product license and related services	32,033.03	32,751.30	37,793.74	99,122.46	1,06,115.05	1,45,873.25
EXPENDITURE						
Software development expenses	17,110.89	17,906.95	19,469.88	53,176.63	54,683.75	73,717.60
Gross Margin	14,922.14	14,844.35	18,323.86	45,945.83	51,431.30	72,155.65
Gross Margin %	46.58%	45.32%	48.48%	46.35%	48.47%	49.46%
Selling and marketing expenses	8,625.35	9,045.99	8,847.75	26,440.38	25,587.01	34,737.05
General and administrative expenses	2,598.12	2,617.17	2,762.47	7,849.97	7,840.13	10,789.40
Research & Engineering expenses	3,145.97	3,329.55	2,327.38	9,830.65	6,847.37	10,039.81
Provision for Debts and Write offs	195.00	345.00	195.00	735.00	1,519.68	1,739.17
Total Expenditure*	31,675.33	33,244.65	33,602.49	98,032.63	96,477.95	1,31,023.02
EBITDA	357.70	(493.35)	4,191.25	1,089.83	9,637.10	14,850.22
Depreciation/Amortisation	(1,707.93)	(1,621.12)	(1,092.70)	(4,983.51)	(3,008.46)	(4,155.71)
Hedge Impact	(83.97)	(93.73)	(321.34)	(236.52)	(720.31)	(916.31)
Finance Charges	(482.52)	(477.89)	(224.66)	(1,354.27)	(873.53)	(1,144.24)
Other Income (including Treasury)	338.18	800.23	489.18	2,646.08	5,704.13	6,270.57
Reinstatement of Receivables / Liabilities	504.61	349.94	(1,475.26)	877.63	(875.25)	(1,180.31)
Minority Interest/ Share of profit/(loss) of Associate Companies	219.87	(96.70)	(33.18)	(159.81)	(306.10)	305.03
Profit / (Loss) before tax	(854.50)	(1,632.62)	1,533.31	(2,120.57)	9,557.57	14,029.25
Provision for taxation	(283.85)	(68.95)	(195.66)	(380.02)	(720.88)	(894.71)
Profit / (Loss) after tax	(1,138.15)	(1,701.57)	1,337.64	(2,500.59)	8,836.70	13,134.54



Financial Results for the Third Quarter Ending – December 31, 2019 (*Deals with progressing documentation)

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

Rs. In Lakhs

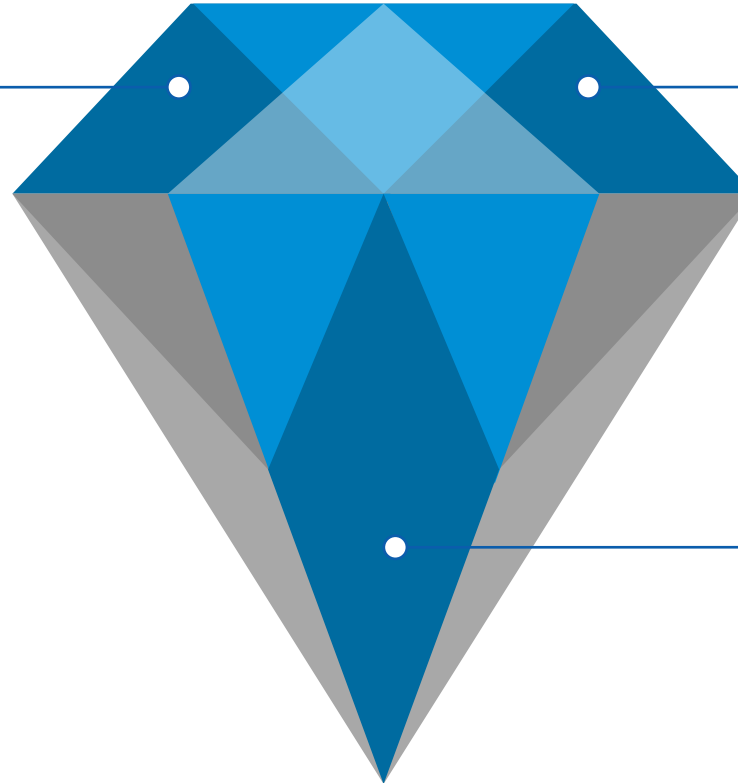
Particulars	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2019 (Q3 FY20)	September 30, 2019 (Q2 FY20)	December 31, 2018 (Q3 FY19)	December 31, 2019 (YTD FY20)	December 31, 2018 (YTD FY19)	March 31, 2019 (FY19)
INCOME						
Income from software product license and related services	35,594.53	32,751.30	37,793.74	1,02,683.96	1,06,115.05	1,45,873.25
EXPENDITURE						
Software development expenses	17,110.89	17,906.95	19,469.88	53,176.63	54,683.75	73,717.60
Gross Margin	18,483.64	14,844.35	18,323.86	49,507.33	51,431.30	72,155.65
Gross Margin %	51.93%	45.32%	48.48%	48.21%	48.47%	49.46%
Selling and marketing expenses	8,826.28	9,045.99	8,847.75	26,641.31	25,587.01	34,737.05
General and administrative expenses	2,598.12	2,617.17	2,762.47	7,849.97	7,840.13	10,789.40
Research & Engineering expenses	3,145.97	3,329.55	2,327.38	9,830.65	6,847.37	10,039.81
Provision for Debts and Write offs	195.00	345.00	195.00	735.00	1,519.68	1,739.17
Total Expenditure*	31,876.26	33,244.65	33,602.49	98,233.56	96,477.95	1,31,023.02
EBITDA	3,718.27	(493.35)	4,191.25	4,450.40	9,637.10	14,850.22
Depreciation/Amortisation	(1,707.93)	(1,621.12)	(1,092.70)	(4,983.51)	(3,008.46)	(4,155.71)
Hedge Impact	(83.97)	(93.73)	(321.34)	(236.52)	(720.31)	(916.31)
Finance Charges	(482.52)	(477.89)	(224.66)	(1,354.27)	(873.53)	(1,144.24)
Other Income (including Treasury)	338.18	800.23	489.18	2,646.08	5,704.13	6,270.57
Reinstatement of Receivables / Liabilities	504.16	349.94	(1,475.26)	877.42	(875.25)	(1,180.31)
Minority Interest/ Share of profit/(loss) of Associate Companies	219.87	(96.70)	(33.18)	(159.81)	(306.10)	305.03
Profit / (Loss) before tax	2,506.07	(1,632.62)	1,533.31	1,240.00	9,557.57	14,029.25
Provision for taxation	(283.85)	(68.95)	(195.66)	(380.02)	(720.88)	(894.71)
Profit / (Loss) after tax	2,222.42	(1,701.57)	1,337.64	859.98	8,836.70	13,134.54

* Deals with progressing documentation represent Deals that have been received but could not be accrued in Q3 for final documentation.

Management Overview – Market Shifts

Shift from Products to Platforms

- Intellect Digital Core IDC 19 is now UK and Europe ready platform for managing the bank
- Digital Transaction Banking 19 is complete - Corporate Digital, Payment, Liquidity, Virtual Account, Cash Forecasting Platform ready for India, Thailand, UAE, Vietnam, Canada and Malaysia
- Underwriting platform with Data and Intake is ready on AWS for the US market
- Credit card platform is ready for India and Chile Market
- Fabric Data Services Platform is ready with active customers in the US market



Shift in SaaS/Subscription based offering

- Significant technology shift in selling Fintech solutions in the Market
- The cloud adoption got accelerated by at least 18 months ahead of industry expectations
- Shift in deals to cloud options resulting in multiple commercial conversations and thus delaying closures

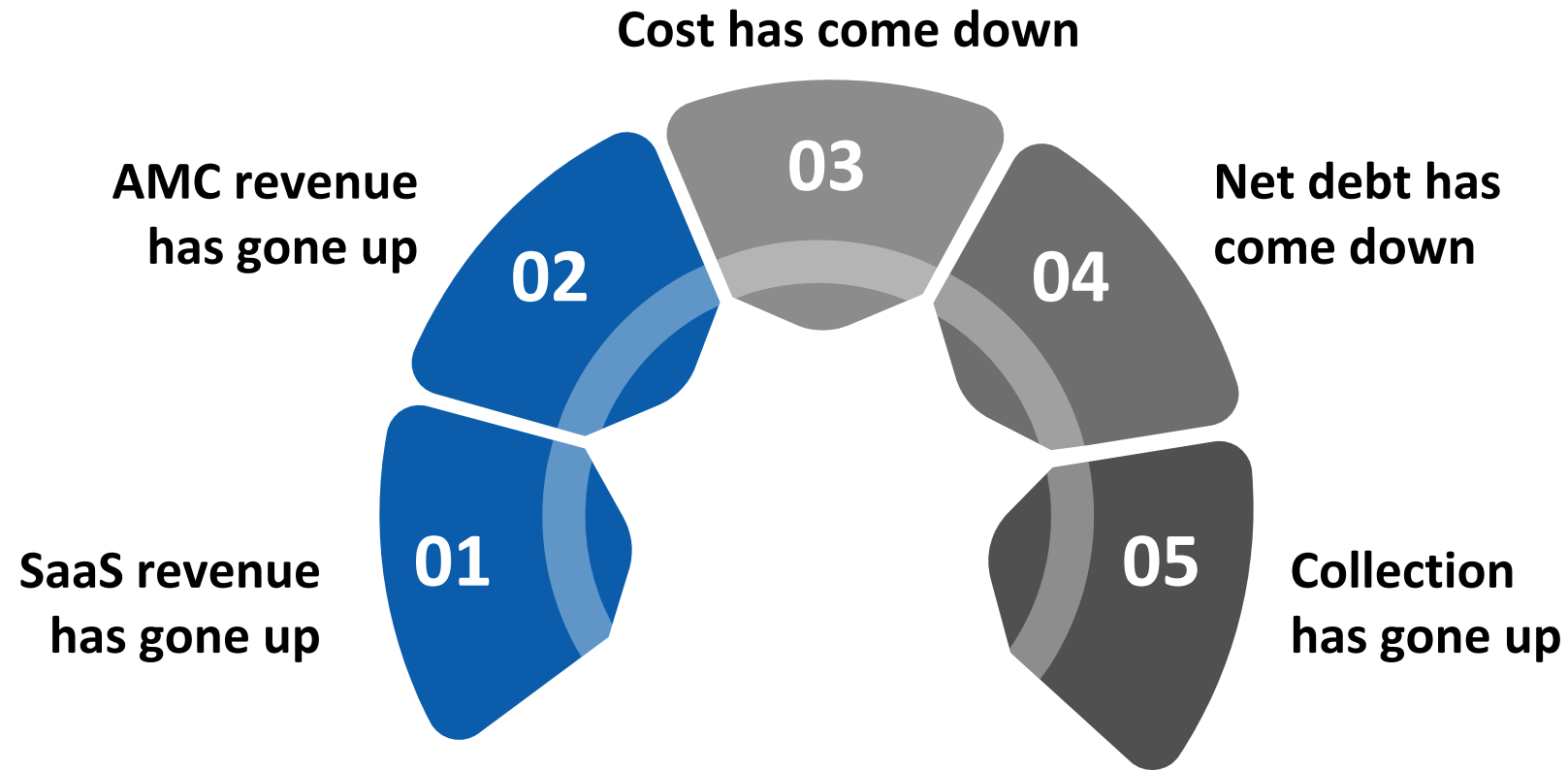
Work in progress

- Cloud Native Digital Lending platform for SME businesses for India and Middle East
- Integrated Trade and Supply Chain Finance Product to be moved to platform

Business levers in growth mode



Positive performance trend

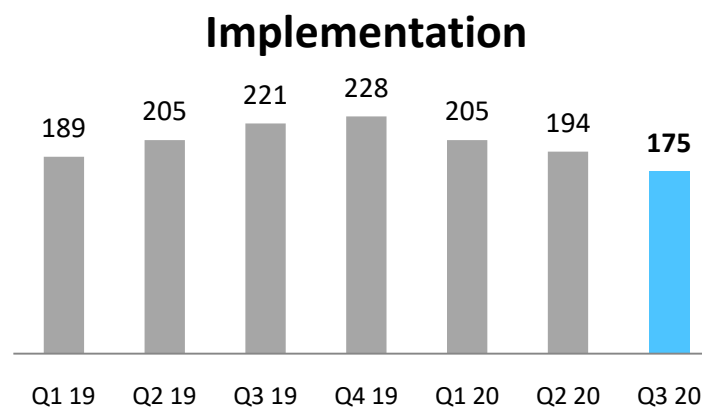
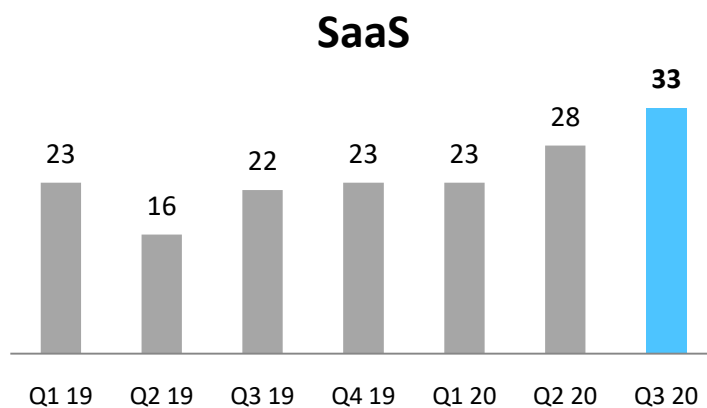
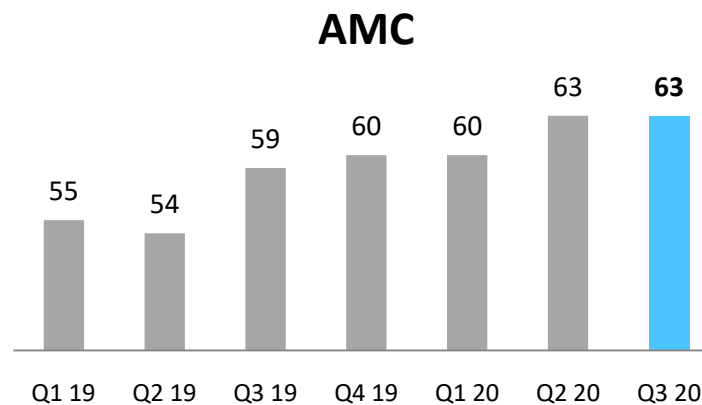
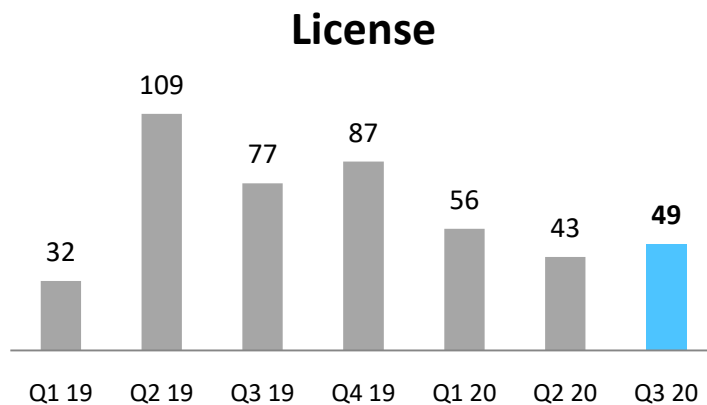


*Compared to the previous quarter (Q2 FY 20)

Q3 FY 20 – Revenue Highlights



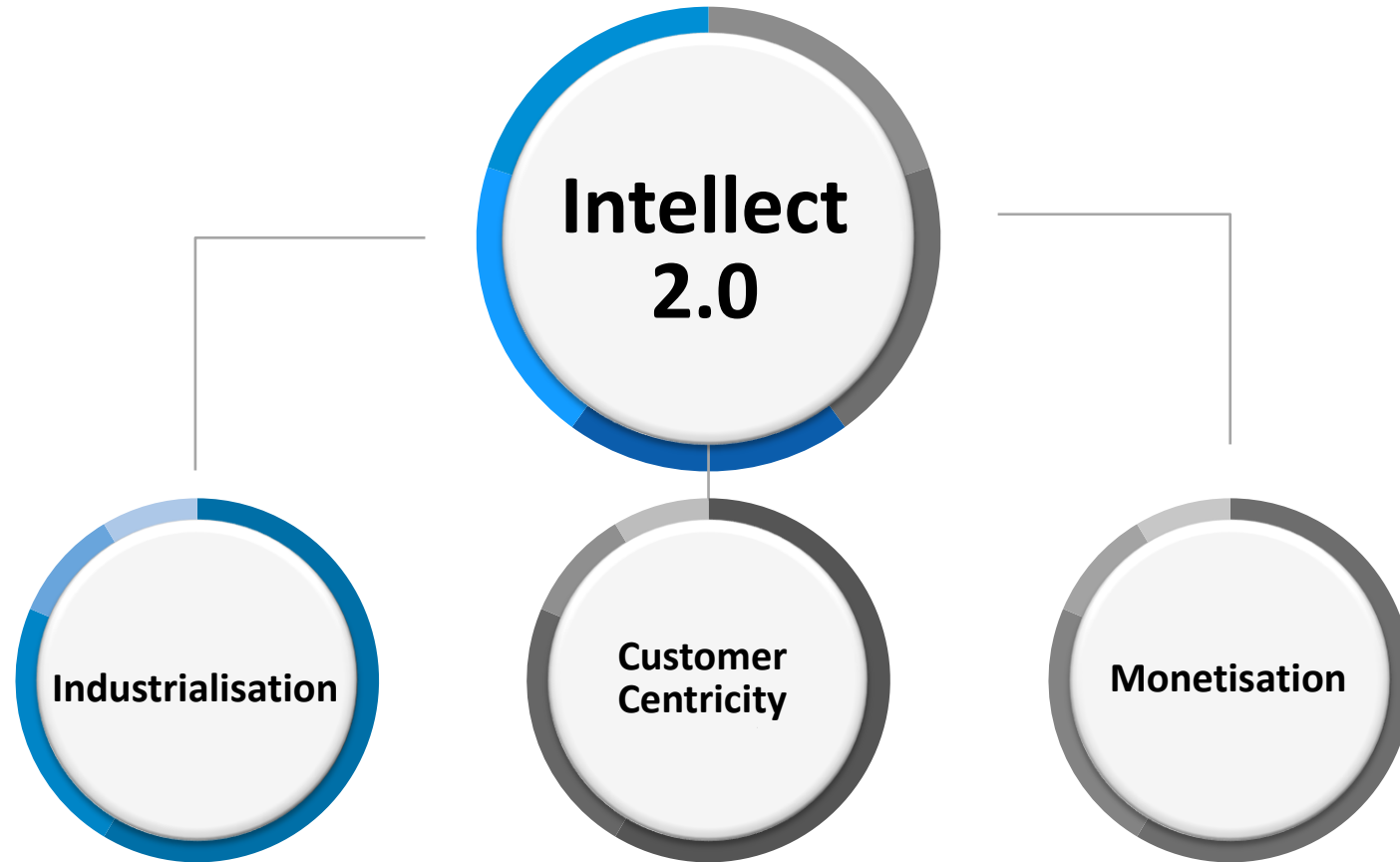
Figures in INR Cr.



- Q3 performance looks satisfactory but would have been better if Intellect had closed the complex sign-off, post winning the deal
- Cloud and SaaS business revenue registers 50% YoY growth
 - The Cloud business gets 3X LCV over the 7 year period
- Our industrialisation efforts in improving operational efficiency have resulted in cost reduction in Q3, over the same period last year in spite of higher investments in Cloud
 - Q3 FY20 Costs have reduced by INR 77 Cr on an annualised basis as against the same quarter last year
- R&E expenses have reduced after the completion of platforming of the products
- 17 Go lives during Q3 resulting in the slow down on implementation revenues



Intellect 2.0 - Started in April 2018 with 3 Focus areas



Industrialising Products and implementations

- In the last 7 quarters, spent significant time in industrialising products as well as implementations methodology
- For the first time in the history of Financial world, one of the largest Middle East banks has completed Digital Transformation of corporate banking project in the same calendar year

Focus on Cross-sell and Upsell

- Intellect has over 240 active customers
- Expanding the focus on cross-sell and upsell within our customers

Investment in Low Coding platforms

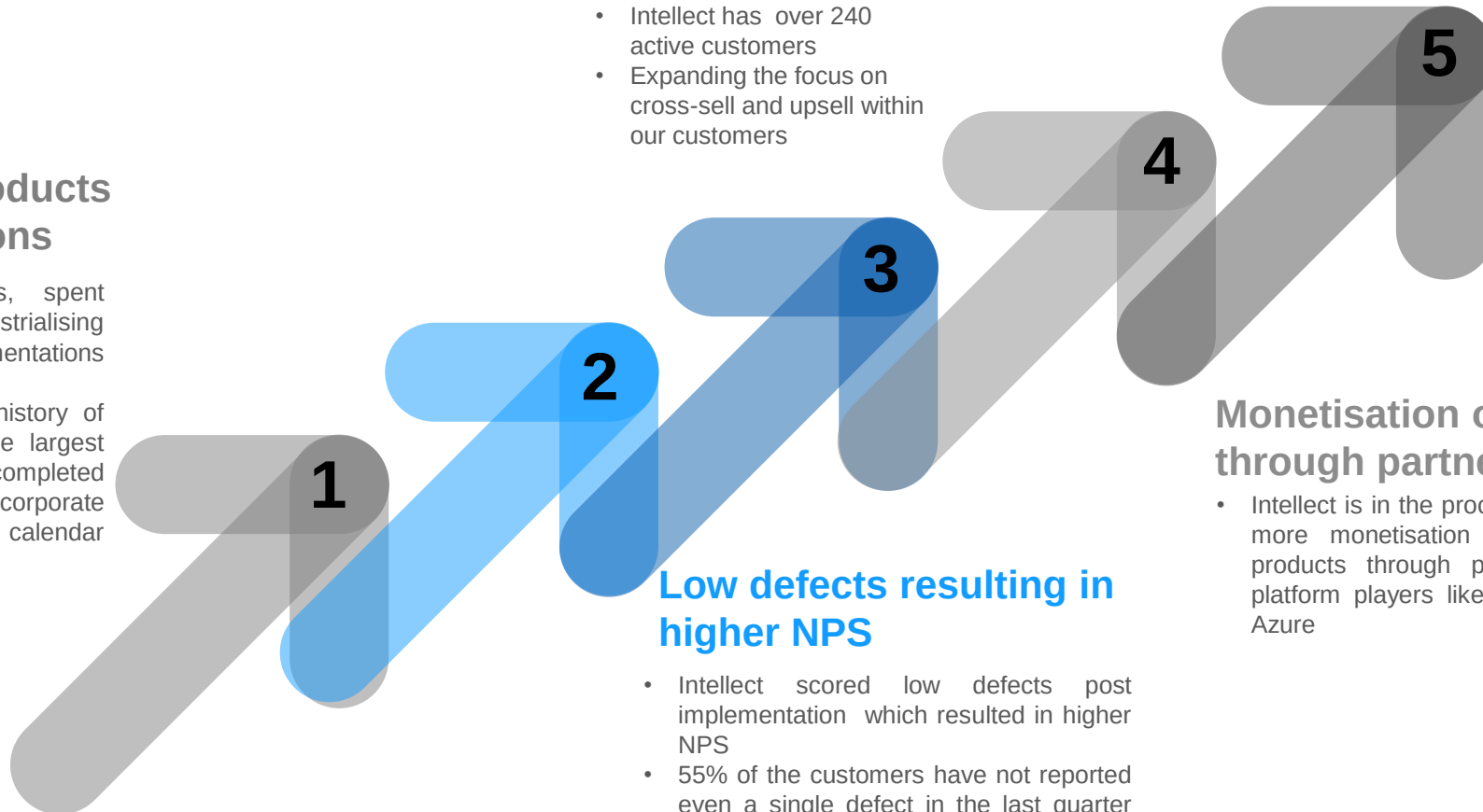
- Strategy of investing in low coding platforms helps us to be more competitive in the market with lower efforts, faster cycle time and lower costs

Monetisation of products through partnerships

- Intellect is in the process of designing more monetisation models of the products through partnerships with platform players like IBM, AWS and Azure

Low defects resulting in higher NPS

- Intellect scored low defects post implementation which resulted in higher NPS
- 55% of the customers have not reported even a single defect in the last quarter validates the robustness of Intellect Technologies





Digital Deals and Implementations

CONTEXTUAL and DIGITAL is the Key Differentiator

6

Total Wins in Q3 FY20
including **1** large Digital
transformation deal

The largest commercial bank in the State of Qatar has chosen Intellect's CBX Retail to modernise its technology architecture and power its digital transformation

First time in the history, one of the largest banks in Middle East and the first bank in the region to launch a functional transaction banking channel with Islamic Banking has gone live with Digital Transformation of corporate banking project in just 11 months.

One of the largest Spanish multinational commercial bank has gone live with Intellect Global Transaction Banking for the transformation of its payment management system and virtual account management in 10 countries across Europe, LATAM & North America.

17

Total
Implementations in
Q3 FY20

One of the leading providers of long-term mortgage finance in South Africa went live with Intellect Digital Core (IDC). The implementation will enable the company to achieve their strategy by leveraging the technical capabilities and superior user experience.

One of the largest banks in Kuwait, went live with the Intellect Digital Lending suite as part of their initiative to upgrade their existing solutions to centralise operations and drive high degree of efficiency across the bank's life cycle.



Collections and DSO

Collections by GEO

GEO	Americas	Europe	MEA	India	APAC	Total
INR (Cr)	70.54	116.87	75.40	37.23	34.41	334.45
\$Mn	9.88	16.37	10.56	5.22	4.82	46.85

DSO

GEO	Americas	Europe	MEA	India	APAC	Total
Billed	27	17	108	39	74	47
Net DSO	95	38	183	169	269	132



Healthy Pipeline

Destiny Deals

41

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Active Pursuits – Q3 FY20

- The current funnel of Intellect is around **INR 3817 Cr (\$ 536 mn)**, out of which **INR 3248 Cr (\$ 456 mn)** is accounted by 133 Opportunities
- Average deal size in Q3 FY20 stands at **INR 16 Cr (\$ 2.3 mn)** against **INR 13 Cr (\$ 1.9 mn)** in Q3FY19

Destiny Deals – Q3 FY20

- Average deal size of destiny deals stands at INR 39 Cr (\$ 5.6 mn) in Q3 FY20
- 41 destiny deals in Q3 FY20 against 36 in Q3 FY19
- Destiny deals contributes to 64% of total Opportunity funnel in Q3 FY20 against 62% in Q3 FY19

Active Pursuits

High value active pursuits

41

- 8 pursuits are of value more than **INR 50 Cr each**
- 13 pursuits are of value between **INR 30 Cr to INR 50 Cr**
- 20 pursuits are of value between **INR 20 Cr to INR 30 Cr**

Q2 FY20 Active Pursuits	Won	Lost	Added	Q3 FY20 Active Pursuits	Remarks
8	-	-	-	8	8 deals from Q2 FY20
13	-	1	1	13	1 deal Lost 12 deals from Q2 FY20 1 new deal added
20	1	1	2	20	1 deal Won 1 deal Lost 18 deals from Q2 FY20 2 new deals added



Strong Order backlog

Q3 FY20

License Based

(License, AMC*, Implementation, etc.,)

INR 1125 Cr

SaaS and Subscription Based

INR 825 Cr

(Including GeM project)

Q2 FY 20

License Based

(License, AMC*, Implementation, etc.,)

INR 1100 Cr

Subscription/Cloud Based

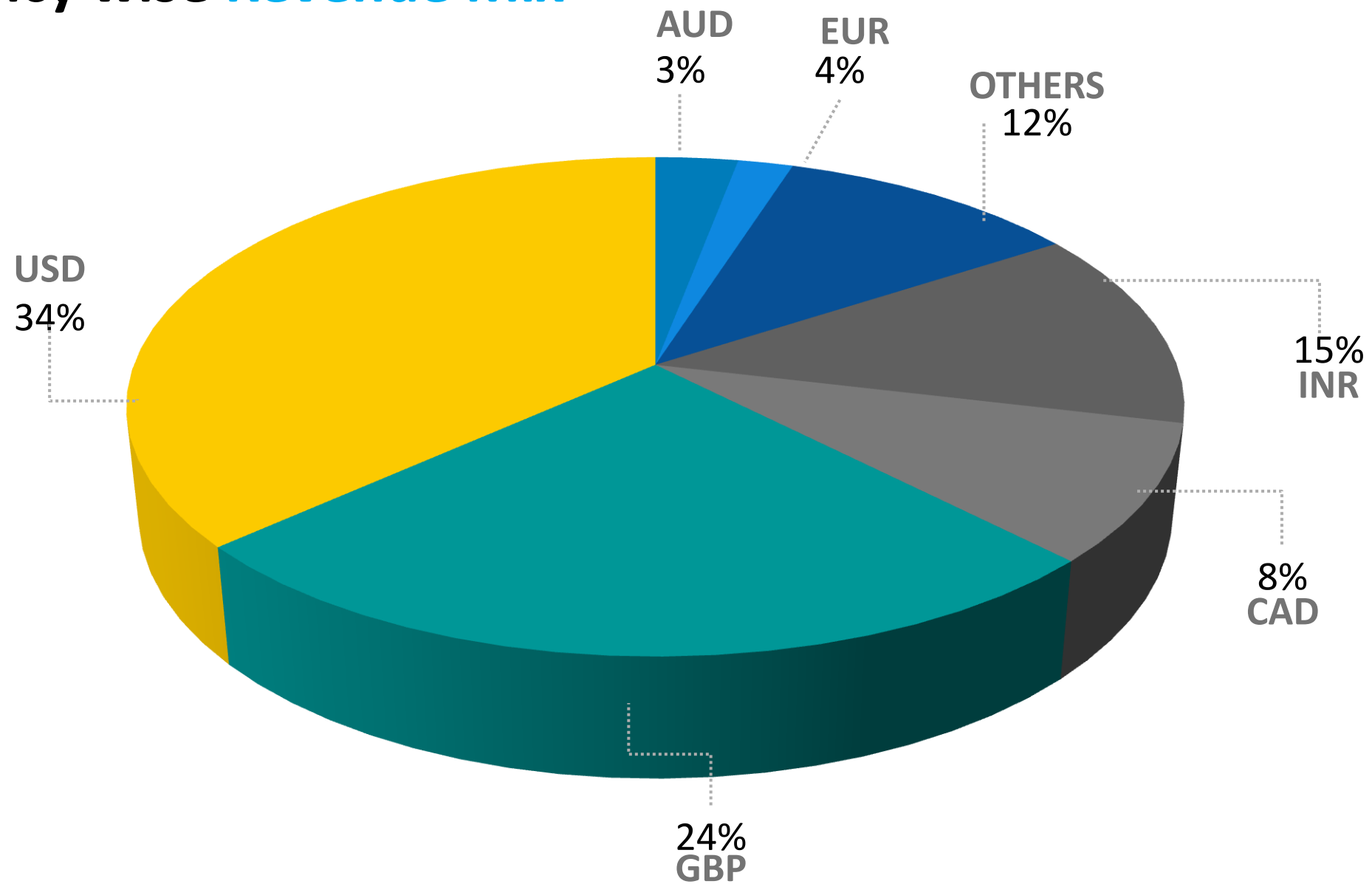
INR 375 Cr

(Excluding order backlog of GeM project)

Repeat revenue from existing customers stood at 92% (Q3 FY20)

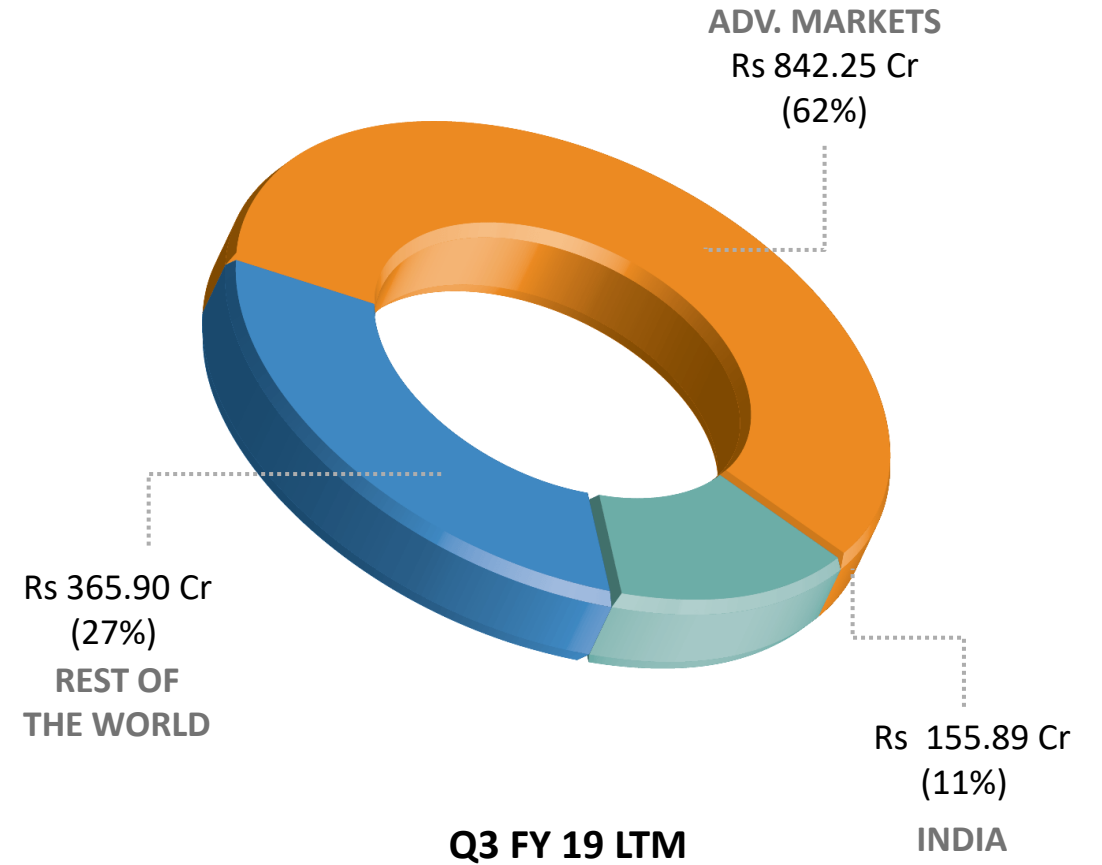
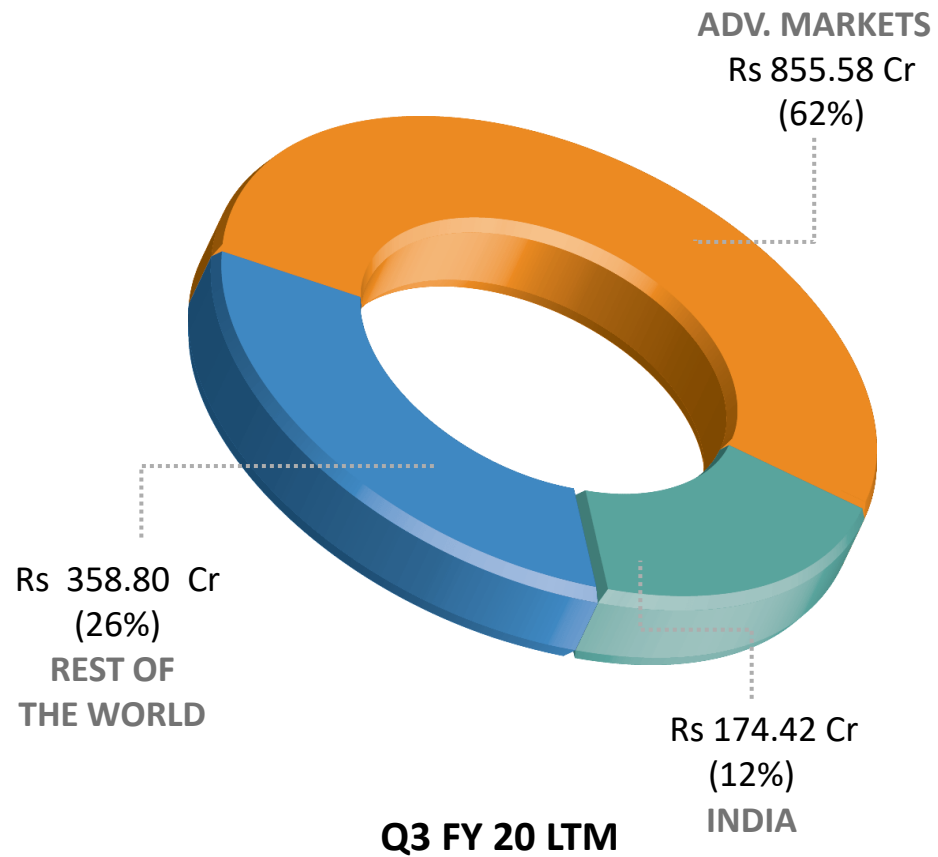


Currency wise Revenue Mix





Revenues across Geographies



Adv. Markets: Americas, Europe, Australia, New Zealand, Singapore, Japan



Hedging Summary

FY 2019 – 20 (USD/INR)

Quarter	\$ in Mn	Avg Hedge Rate
Jan 2020 to Mar 2020	14.00	71.48

FY 2020-21 (USD/INR)

Quarter	\$ in Mn	Avg Hedge Rate
Apr 2020 to Jun 2020	8.00	71.21
July 2020 to Sep 2020	8.00	71.92
Oct 2020 to Dec 2020	9.00	72.95
Jan 2021 to Mar 2021	9.00	73.64

FY 2020-21 (GBP/USD)

Quarter	£ in Mn	Avg Hedge Rate
Apr 2020 to Jun 2020	0.75	1.35
July 2020 to Sep 2020	0.75	1.35



Management Commentary

Management Observations



Arun Jain

Chairman &
Managing Director

“ **Arun Jain**, Chairman and Managing Director, Intellect Design Arena Limited said, *“While current Quarter revenues have been impacted by documentation challenges, we have moved up assured revenue streams of AMC and SaaS. SaaS revenues, growing by 50%, now contribute to 10% of revenues against 5% year ago. Our platform investments are in line with the Industry shift and our Products are ready for the new pipeline of opportunities. We will stay focused, working to being the principal Technology partner for our Customers, forge Partnerships towards increasing monetization and continue to drive efficiencies”*



Venkateswarlu Saranu

Chief Financial Officer

“ **Venkateswarlu Saranu**, Chief Financial Officer, Intellect Design Arena Limited said, *“Costs in Q3 FY20 have come down by INR 77 Cr on an annualised basis as compared to same period last year in spite of the investments incurred in the Cloud business this quarter. However, the LCV of the Cloud deals have the opportunity to become 3X times, over a 7 year period. Collections have gone up by INR 22.5 Cr from previous quarter and net debt has come down by INR 9 Cr.”*

