

Intellect Design Arena Limited

Digital Product Powerhouse

Earnings Announcement – Q2 FY 15-16

October 21, 2015



DIGITAL PRODUCT POWERHOUSE

**for Consumer Banking, Central Banking,
Risk & Treasury Management,
Transaction Banking and Insurance**



Section 1 : Financial Highlights

1.1: Q2 FY 16 Revenue grew by 44% YoY



- Revenues grew by 44% YoY in Q2 FY 16 and stood at Rs. 207 crore, compared to Rs. 144 crore in the same quarter last year.
- In dollar terms, revenue stood at \$32 mn compared to \$24 mn in the same quarter last year, recording 34% growth YoY.
- Revenue Guidance revised upward to 26-30% growth compared to the earlier levels of 22-26% growth.
- Gross Margin stood at 52.9%
- R&D investments for the quarter stood at Rs.33.8 Cr, in line with planned annual investment of Rs. 130 crore (USD 20 mn)
- Sales & Marketing expenses were stable during the quarter at 28% of revenues.

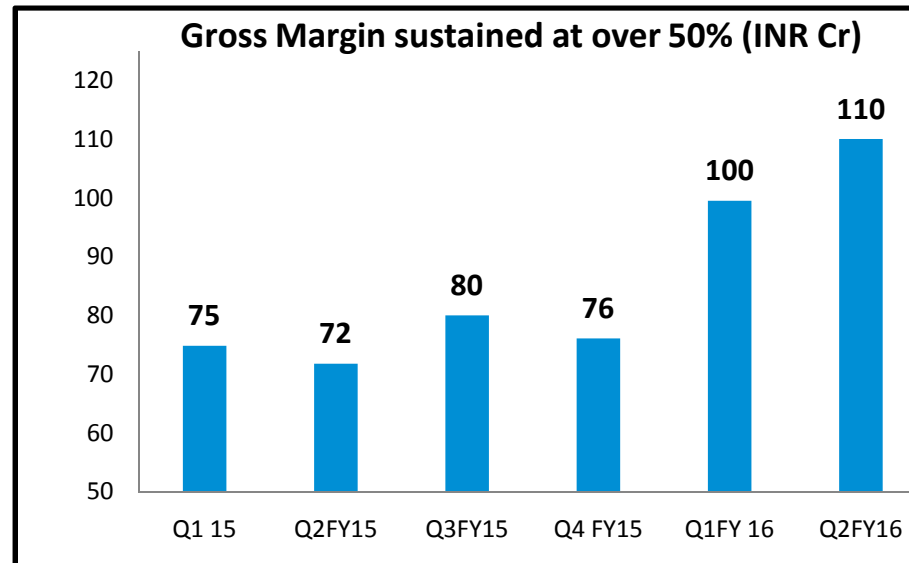
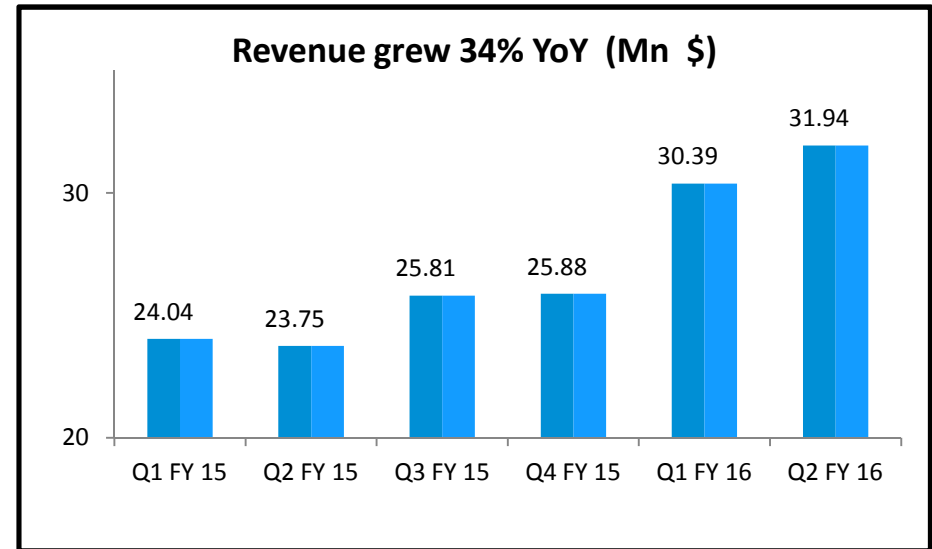
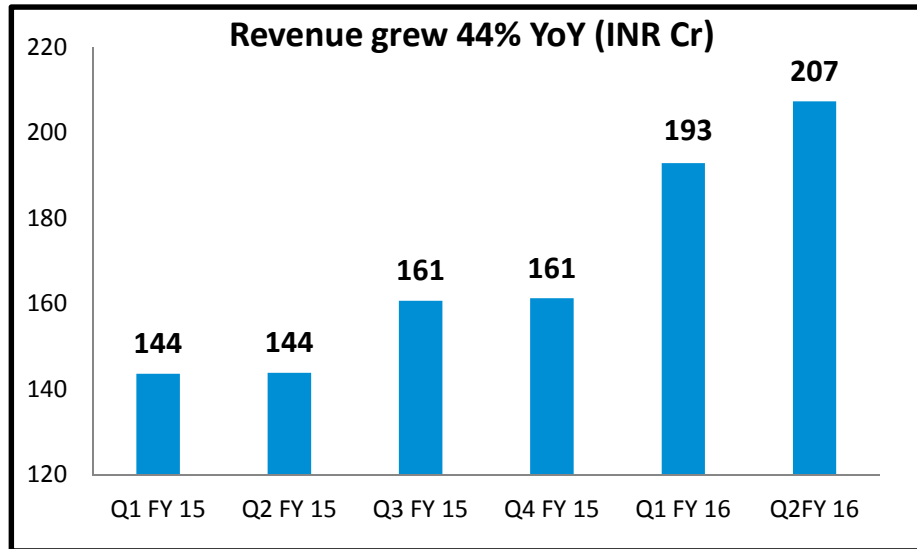
1.2: Q2 FY 16 Consolidated Business Financials



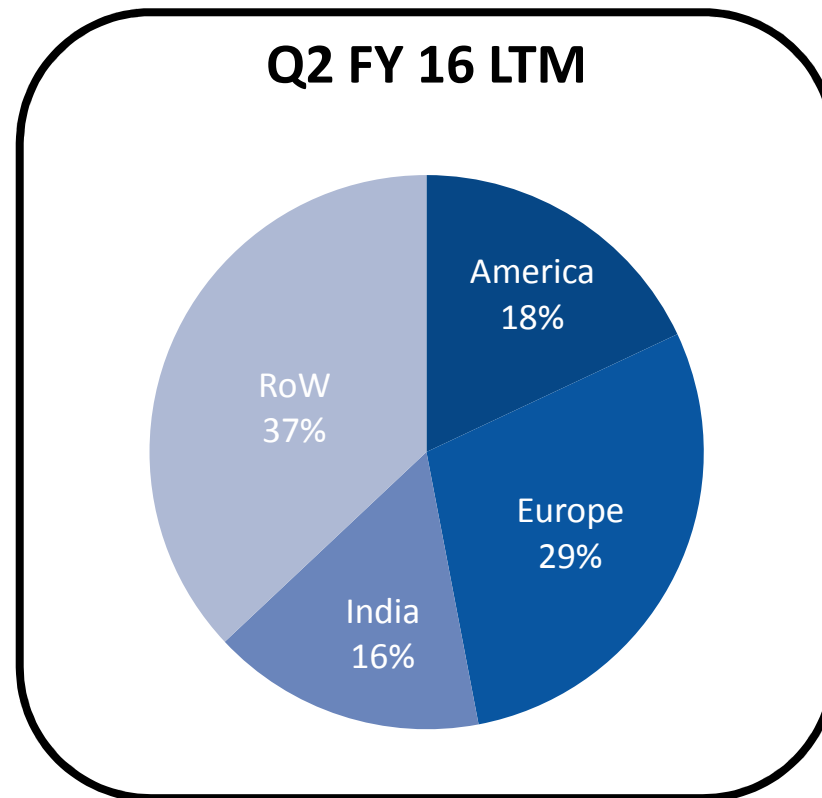
Rs. Lakhs

	QUARTER ENDED			YEAR ENDED
	September 30, 2015	June 30, 2015	September 30, 2014	March 31, 2015
Revenue (INR Lakhs)	20,732.96	19,292.59	14,383.20	60,874.95
Revenue (Mn \$)	31.94	30.39	23.75	99.48
Software development expenses (SDE)	9,768.24	9,342.52	7,204.77	30,597.47
Gross Margin	10,964.72	9,950.07	7,178.43	30,277.48
Gross Margin %	52.88%	51.57%	49.9%	49.73%
Selling & Marketing and General & Administrative expenses (SG & A)	8,203.05	7,963.23	6,286.10	26,104.60
Research & Development expenses (R& D)	3,380.00	2,962.86	2,955.15	12,203.58
EBITDA	(618.33)	(976.02)	(2062.82)	(8030.70)
Depreciation/ Amortisation	495.00	496.86	451.93	1,901.27
Finance Charges	26.93	24.79	20.05	80.78
Profit / (Loss) after interest, depreciation & amortisation	(1,140.27)	(1,497.67)	(2,534.8)	(10,012.75)
Other Income / Expense	416.86	379.26	(136.24)	1889.26
Profit/ (Loss) before tax	(723.41)	(1,118.41)	(2,671.04)	(8,123.49)
Provision for taxation	71.14	(6.86)	38.12	175.84
Profit/ (Loss) after tax	(794.55)	(1,111.55)	(2,709.16)	(8,299.33)

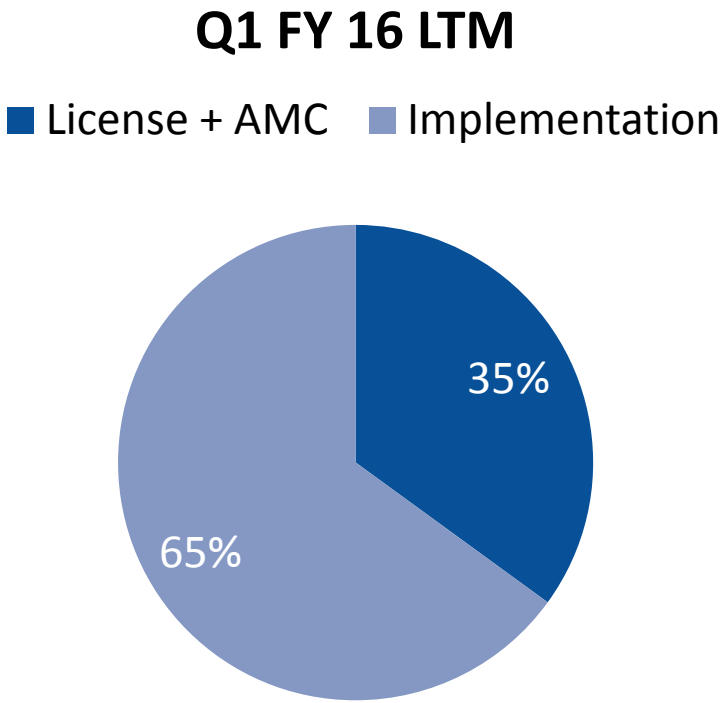
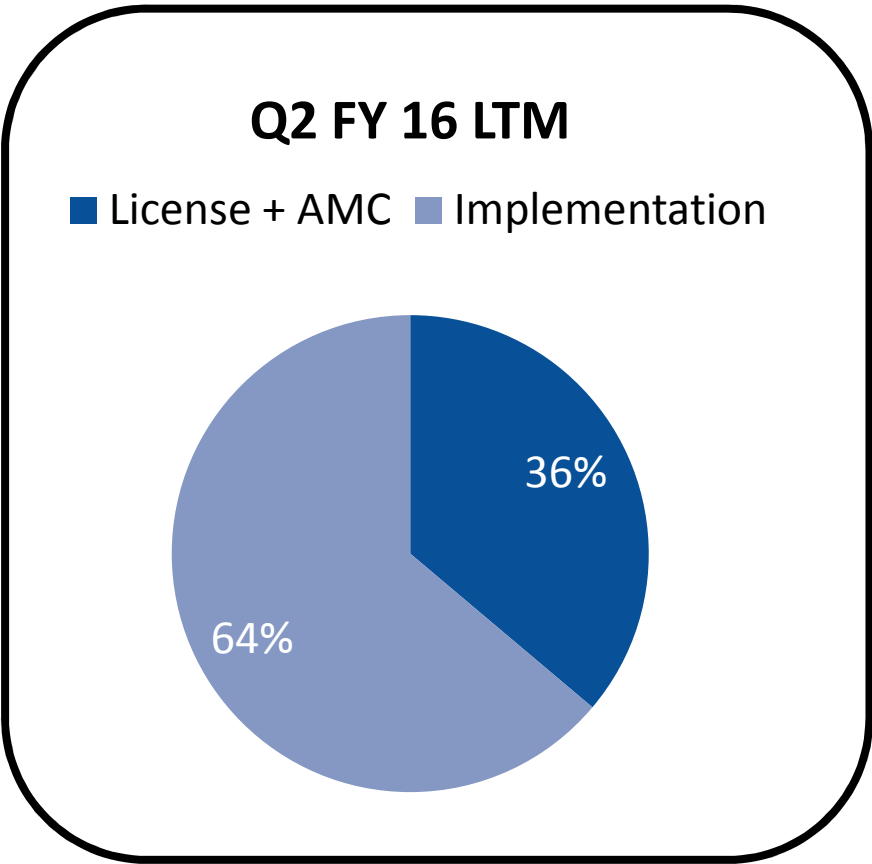
1.3: Financial Highlights



1.4: Revenue Distribution: 47% from Advanced Markets ■ ■ ■



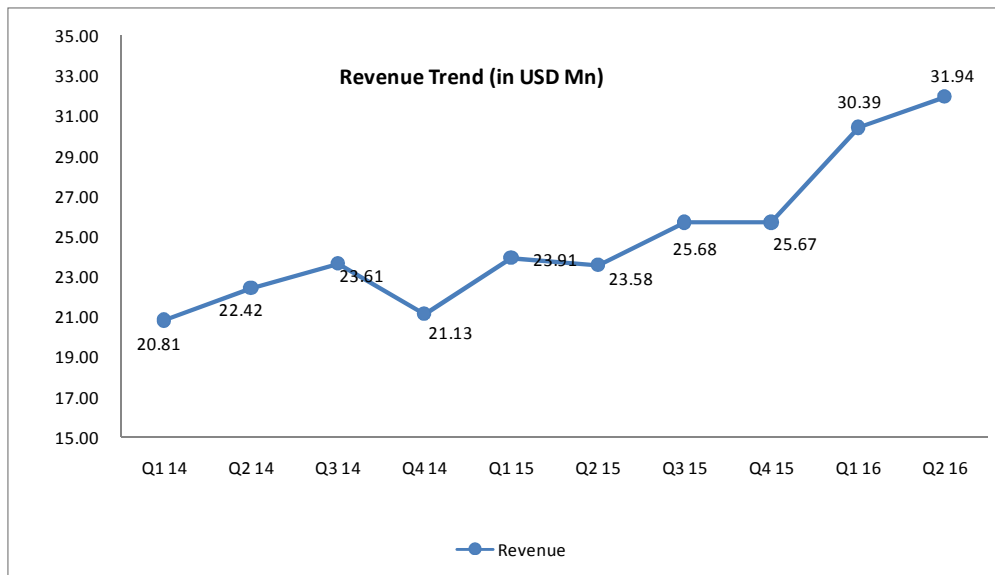
1.5: Revenue Distribution: 36% from License & AMC ■ ■ ■



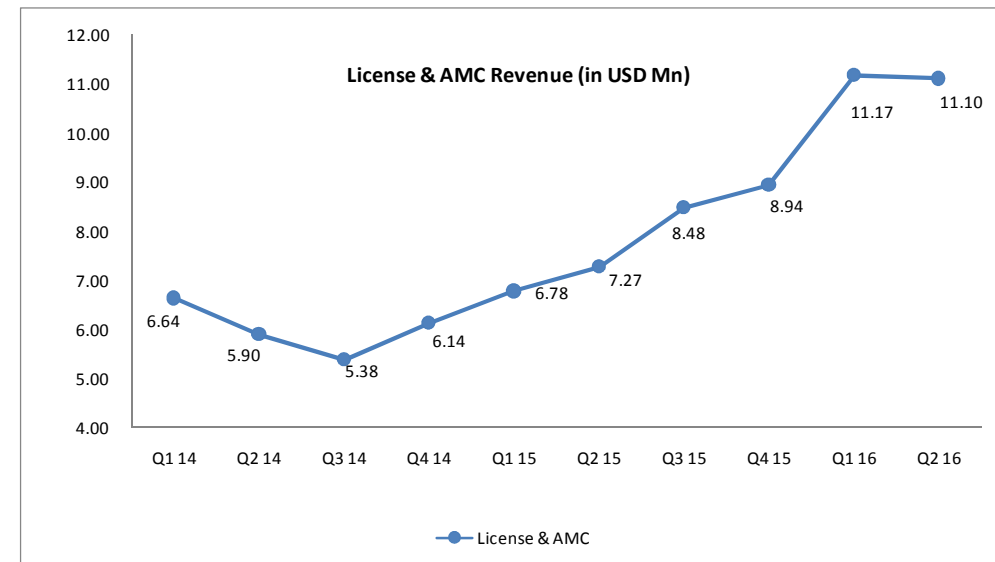
1.6: 10 Quarter trend: Revenue, License + AMC



Revenue



License + AMC





Section 2 : Digital Programs

DIGITAL IS A PIVOTAL VALUE DRIVER IN EVERYTHING WE DO

Experience Digital 360

**OPERATIONAL
EXCELLENCE**

**CUSTOMER
EXPERIENCE**





2.1 Global Transaction Banking (iGTB)

HIGHLIGHTS

5 New Digital Programs

- Hong Leong Bank, Berhad, a leading financial services organization in Malaysia, chose Intellect as its partner to transform and digitalize its wholesale banking offerings with the Intellect Global Transaction banking (iGTB) suite. This consists of a digital omni-channel delivery platform and rich applications across Digital Cash Management, Liquidity Management, Domestic and Foreign Payments, Trade Finance and Supply Chain Finance which will equip HLBB to facilitate mass adoption of real-time digital payments amongst its Corporate clients
- One of the largest financial institutions in the Middle East chose Intellect iGTB Suite to implement Corporate Banking Exchange (CBX), Mobility, Payments, Collections & Receivables, and Liquidity as the Transaction Banking standard for their 12 Country operations.





2.2 Global Consumer Banking (iGCB)

HIGHLIGHTS

7 New Digital Programs

- One of the leading Local Area Banks in India, which pioneered modern banking facilities in rural areas chose Intellect Digital Core, with inbuilt Mobility & Omnichannel, for enabling mobilization of rural savings by local institutions to make them available for investments in local areas.
- A Turkish state-owned bank known to be one of the Industry's strongest and most reputable institutions has chosen Intellect Collect to drive their digital transformation agenda.





2.3 Risk & Treasury Management (iRTM)

HIGHLIGHTS

3 New Digital Programs

- One of oldest and top public sector banks in India chose Intellect Treasury to drive its FX business
- One of India's leading integrated infrastructure finance player chose Intellect as their Treasury transformation partner. Intellect will be offering its expertise in the area of Treasury analytics.





Section 3: Reliable and Delightful Implementations



IMPLEMENTATION **CERTAINTY**

Consistent delivery 3 days ahead of schedule and in full

Reliable and Delightful Implementations

Over 85% of Intellect's implementations have been ahead of the schedule and in full. Some of the significant implementations during the last quarter:

1. One of the largest micro finance organisations in India which received a banking license from the Reserve Bank of India in 2014, has successfully digitalized its domestic treasury operations in a record time of 3 months.
2. A leading Commercial Bank in the Middle East went live with Intellect's Collect for more efficient credit life cycle management.
3. One of the largest lender banks in UAE implemented Intellect's Digital Core for its India Operations, a perfect Zero defect implementation.
4. A large European Bank implemented Intellect Liquidity with a unique liquidity pooling overview on OCM, enabling end customers to view online real-time balance of the notional pool and that of relevant accounts participating in the pool for active decision making and regularization.
5. NABARD's implementation of Intellect's Centralized Loan Management and Accounting product went live across all its offices encompassing all lending and accounting operations to align its current and future requirements.
6. New release of Intellect Claims software delivered to a major Tier 1 Carrier in the US.
7. Three applications of Digital Distribution suite delivered to one of the largest bank and insurance companies in North America.



Section 4: Design in our DNA. Strong Commitment to Research and Innovation

DESIGN DNA

THE SINGLE MOST POWERFUL COMPETITIVE DIFFERENTIATOR
FOR FINANCIAL INSTITUTIONS



World's first design center for financial institutions opened in 2013. 8012 FT Design Center, Chennai.

8012 FT Design Center, Mumbai opened in 2014 for digital design sessions in banking and insurance.



Edison Center sees collaborative engineering come alive with teams working in Benzene units.



Deming Center heralds the unshackling of limiting beliefs. Institutionalising customer centric design to leverage digital to the fullest.

Unveiling 8012 FT Design Center, US in early 2016



Product Launch

Intellect proudly unveiled two products during the quarter:

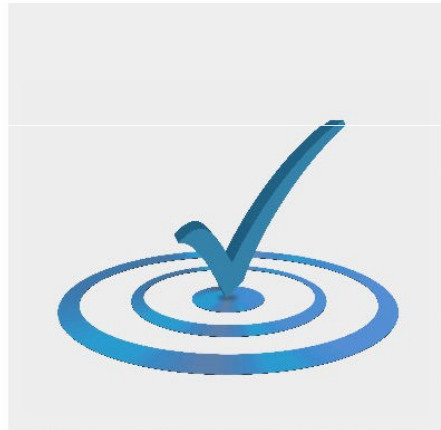
- **Intellect OneLRM**, is a comprehensive BASEL III Liquidity Risk Management solution specifically designed for advanced markets. With a power packed BCBS 248 Intraday Bank Liquidity Management, and Omni-Channel digital Risk Visualizer Treasurers, CROs CFOs and Funding Managers now have a comprehensive Liquidity Risk Management product to prevent liquidity squeezes, by providing accurate cash projections with hi-order precision and by providing the cost effective funding option, thereby mitigating risk of credit erosion, regulatory fines and reputational damage.
- **Intellect Risk Analyst from Intellect SEEC**, is the first ever virtual assistant for underwriters launched on the Cloud. It enables a change from the manual approach of underwriting with the latest advancements in technology to improve loss ratios and profitability. It is designed to make underwriting faster and more efficient with quick, effective and accurate risk predictions in minutes.



Section 5: Acclaimed by Experts

ACCLAIMED BY EXPERTS

COMPETING WITH THE BEST IN THE BUSINESS – WORLDWIDE





Acclaimed by Experts

- Intellect ranked #1 in 3 categories at IDC Financial Insights FinTech Real Results Awards - 2015 for 'future-enabling' digital transformation
- Forrester, an independent research and consulting firm featured Intellect Core Banking Solution & Intellect Wealth in the report titled Banking-specific SaaS Solutions helping Banks to accelerate their Digital Transformation
- Novarica's report featured Intellect Risk Analyst features amongst the TOP 10 Underwriter Workbench Systems for the US Property/Casualty Market
- iGTB Payments featured amongst Global Top 12 Payments Vendors Worldwide in CEB Report



Section 6: Leadership

Leadership



Delisa Stone, SVP & Senior Business Development Manager – iGTB

Delisa brings over 20 years of experience shaping and driving revenue growth to FTSE50 and Fortune 50 Financial Services clients up to 2bn in value. Over the past 5 years, Delisa worked with HSBC Group to lead and drive Digital lead Commercial Strategies across Transaction Banking, Wealth, Private, Commercial, Corporate and Retail Banking.



George Lee, SVP – Sales, iGTB

George joins us with 27 years of global transaction banking, software management and technology consulting experience. His distinguished career includes senior positions at JP Morgan Chase, Citi, Deutsche Bank as well as the global IT consulting firm – American Management Systems and FundTech. George will be focus on driving new and existing relationships, revenue growth and iGTB's brand recognition in the financial services market place



Indranil Dasgupta, SVP & Business Head of OneLRM

Indranil has over 25 years of P&L Leadership, Strategy, Marketing & Delivery experience in FinTech and Change Management in Investment Banks. He joins us from Credit Suisse. In the area of Investment Banking, he has worked at senior levels at Deutsche Bank, Nomura & Lehman Brothers.



Section 7: Outlook & Management View

Outlook

- **Revenue Guidance for FY16 revised upward**
- Expecting revenue growth of 26% to 30 % on YoY basis, upward from the earlier guidance of 22% to 26%
- To break even/become profitable in Q4 in FY 16



Management View

Arun Jain, Chairman and Managing Director

“The investments made in digital technologies, structure and leadership has started delivering the desired results. We have invested considerable efforts into the design of products perfectly tailored for the digital & experience economy. This means we will not only be able to accelerate the digital initiatives of the bank, we will also enable ease of change and a delightful implementation. Be it a Digital Core banking implementation or Treasury digitalisation, we are able to crunch the implementation timelines significantly better than our competition”

S Swaminathan, Chief Financial Officer

“The Q2 & half year Financial Performance gives us the confidence of upgrading the guidance to 26-30% growth compared to the earlier levels of 22-26% growth. We continue our focus on operating costs in order to meet our guidance of breakeven in Q4, while sustaining our investments in new digital platforms, technologies and market opportunities.”



intellectTM

DESIGN FOR DIGITAL DOMINANCE

EXPERIENCE DIGITAL 360

OPERATIONAL
EXCELLENCE

