

# Intellect Design Arena Limited

Digital Product Powerhouse

**Earnings Announcement – Q2 FY 17  
ending 30<sup>th</sup> September 2016**

November 3 , 2016



# Industry Landscape



# Industry Landscape

**BFSI** is the largest segment of IT spend

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**18%** of the IT spend in this sector is on products

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**The Digital push** is the biggest catalyst for investments, towards deeper customer engagement and leaner operations

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Beyond Digital, **Block-chain, Artificial intelligence, Natural Language processing and Data sciences** continue to drive investment

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*On the other hand there is a rise in uncertainty caused by Brexit, US elections, Commodity Prices, state of the world economy*



# Business Projection in face of Volatility

## Our Commitment to you

- To continue to evolve the metrics that give better ability to control the business
- To share the metrics with you that help you understand the business better

## Introducing New metrics

- Constant currency to remove the variance noise
- Next Twelve Months (NTM). To Provide a more nuanced business outlook
- Destiny Deal Book. The best lead indicator of growth
- Split of Licence and AMC revenue. A good indicator of Margins



# Outlook



# Our Outlook and Experience

## 1. Confident but Cautious

## 2. Current year Projection

### 2.1. Change

- from 22% to 26% growth
- to 16% to 22%

### 2.2. Reasons for Projection change

- Robust deal pipeline gives us the confidence.
- Uncertainty that could delay decisions makes us cautious enough to change the lower end of projection

## 3. Next Twelve Months (NTM)

- 18% to 22%



A low-angle, upward-looking shot of a modern skyscraper's glass facade. The image features a strong geometric pattern of intersecting lines from the window frames. A color gradient is applied, transitioning from a cool blue on the left to a warm yellow on the right, suggesting a bright light source like the sun. A solid blue horizontal bar is positioned in the lower-middle section of the frame.

Performance

# Business Performance. Financial

## 1. Revenue. Good uptick powered by Digital Projects

- Revenues went up to **Rs 231 crores vs 206 Crores** in the last quarter and **Rs 207 Crs** in Q2 FY 16.
- In USD terms the revenue went up to **\$ 34.5 Mn vs \$ 30.74 MN**
- In Constant Currency terms
  - At Q1 FY 17 rates the Q2 FY 17 revenue was **\$ 35.26Mn vs \$ 30.74 Mn** in Q1 FY 17
  - At Q2 FY 16 rates the Q2 FY 17 revenue was **\$ 35.83 Mn vs \$ 31.94 Mn** in Q2 FY16
  - Q-on-Q Revenue growth **14.7%**
  - Y-on-Y Revenue growth **12%**

## 2. Margins

- Margin stood at **50%**

## 3. DSO

- DSO – 164 days
  - Billed - 80 days
  - Unbilled - 84 days



# Business Performance. MarketPlace

## 1. Market Penetration. Demonstrates Digital competitiveness

- **Quarter : 18 Digital led deal wins** across Business units in this quarter
- YTD : 30 digital led wins
- Last year : 50 Digital led wins in FY16

## 2. Destiny Deal Pipeline. A Strong indicator of growth

- 3 Destiny deals won, 2 deals deferred, 2 deals lost
- Total number of strategic deals in funnel = 24
  - 5 pursuits are of value more than Rs. 50 Cr. Each
  - 8 pursuits are of value between Rs. 30 Cr - Rs. 50 Cr. Each
  - 11 pursuits are of value between Rs. 20 Cr - Rs. 30 Cr. Each

## 3. Deal Commentary. Increasing ability to win large turnkey financial infrastructure

- Three transformational deals
  - Life Insurance Corporation the largest Insurance company in India
  - Largest insurance & wealth management company in Europe
  - Large Currency management deals on the back of an equally large Government Payments Infrastructure deal from a central bank

# Business Performance. Competitiveness

## Intellectual Property. Beyond Functionality

**iGTB's Algorithmic Liquidity Solution achieves a new benchmark on SPARC T7 Server.**

GTB Solution achieves 10 times faster benchmarks on Liquidity Platform running on SPARC T7 servers for processing transactions covering the key functions of corporate Algorithmic Liquidity Management (ALM). The iGTB solution can process over one million complex sweep structures at 7,516 instructions per second. It is also capable of processing over 200,000 transactions with up-to-three-months back dated sweeps in a little over three minutes; and over a million with full intercompany loan processing in nine minutes (1,692 per second)

**Digital Transaction Banking (DTB)** is available as software as Service (SaaS)

**Block Chain** First payment transaction between CIBC Canada and NAB Australia

22 Sep 2016

THE AGE

BusinessDay

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## With a \$10 payment, NAB starts to unlock blockchain



Georgia Wilkins



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MORE

It was one small transfer for National Australia Bank, one giant leap for Australian banks.

NAB says it has successfully transferred \$10 across the world using blockchain – the algorithmic technology that underpins cryptocurrencies such as bitcoin.



Angelo Georgiades

Senior Business Analyst at NAB

Thanks to everyone who collaborated with our team at NAB to make this blockchain proof concept a success. I'd like to acknowledge the fantastic work by Ripple, IBM, CIBC and Intellect. Amazing milestone achieved for all.



With a \$10 payment, NAB starts to unlock blockchain

theage.com.au • A small payment from one banker to another is part of a massive change in the way money m...

Media &amp; Communications

Our platform is your  
key to un  
competit

Learn more

To everyone at Ripple, IBM, CIBC and Intellect – thanks for all your hard work on the NAB/CIBC blockchain proof of concept:

[www.linkedin.com/hp/update/6184518642013663232](https://www.linkedin.com/hp/update/6184518642013663232)

Regards,

Angelo Georgiades

National Australia Bank

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Intranet: [Enterprise Business Analysis](#)  
*Make it simple for our people and customers*



# Business Performance. Execution

## Strengthening leadership. Beyond operational leaders

The leadership has been augmented with an addition of Five senior executives from the industry

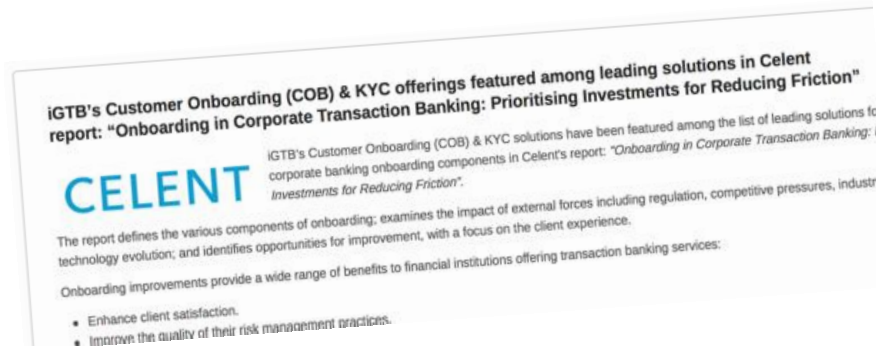
**Banesh Prabhu, Chief Strategy Advisor:** Banesh, a financial services veteran in Technology & Operations solutions management having developed and implemented global strategies for digital delivery and servicing of clients. He has managed senior global responsibilities in Operations, Distribution and Technology for over 30 years, of which 23 years were in Citibank where he was responsible for servicing clients in 55+ international markets directly managing expenses of over \$ 3 billion per annum.

## Implementations. Steady performance

**21 successful Go-Lives;** continues to deliver over 95% implementations ahead of schedule and in full

Performance

# Business Performance. Market recognition



Intellect Design Arena Ltd Implementation at SONALI Bank ranked "Winner - Overall" and "Winner - Enterprise Efficiencies" at IDC FinTech Real Results Awards

**Gartner** Intellect Design Arena recognized as a Leader for the 6th consecutive year in Gartner's Magic Quadrant for Global Retail Core Banking

**Aite** Intellect recognized among Leading Global Core Vendors with US presence in Aite report

**CELENT** Intellect SEEC E-App & Product Configurator Business App (part of Digital Distribution Suite) featured amongst Leading North America Life Insurance New Business and Underwriting Vendors in Celent's report

**Aite** Intellect SEEC's Risk Analyst featured amongst Leading U.S. Insurance Underwriting Data & Analytics Vendors in Aite report

**NOVARICA** Intellect SEEC Risk Analyst features amongst leading Predictive Analytics Solutions for US P/C Insurers in Novarica's report





# Financial Updates



# Financial Results for the Second Quarter Ended September 30, 2016



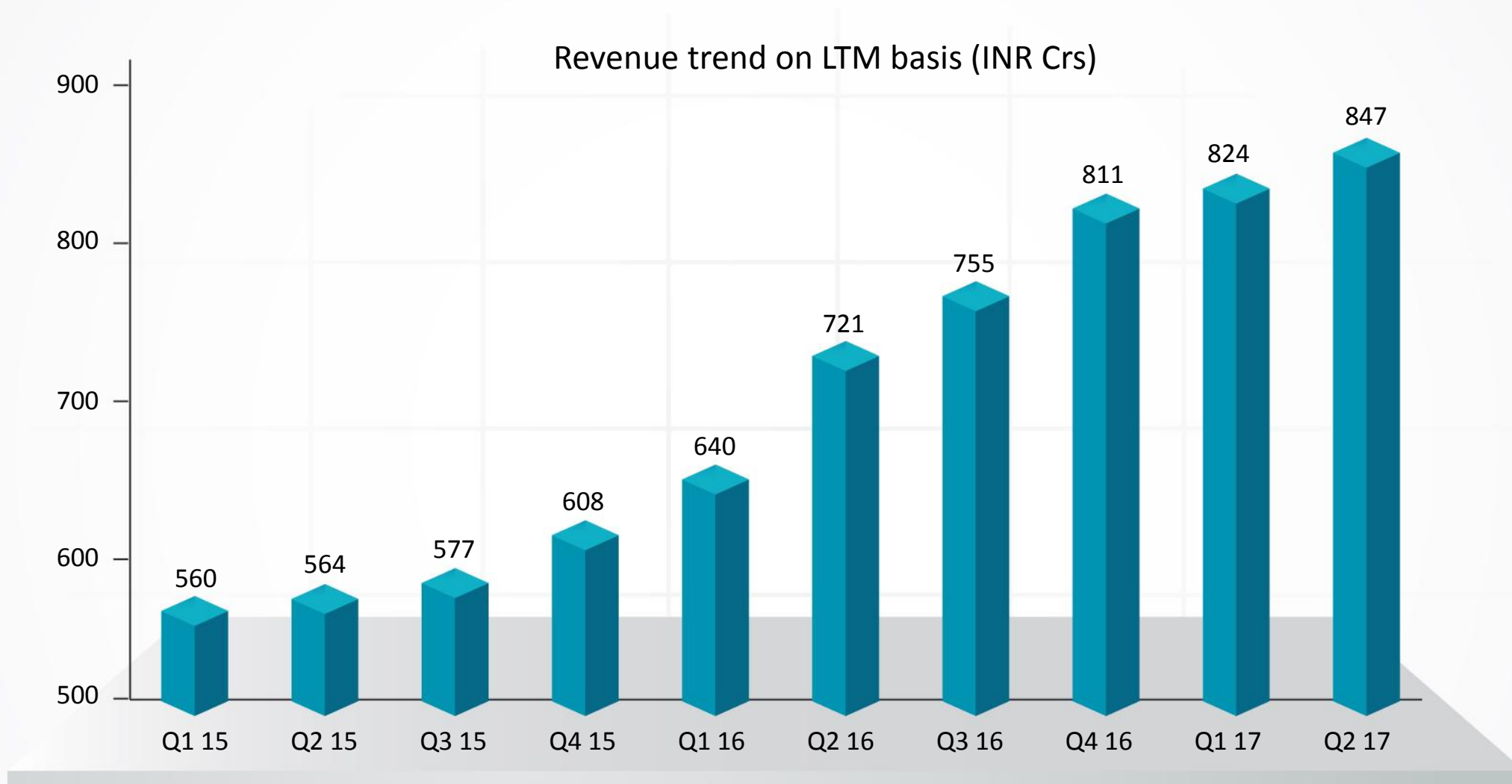
Additional information on function wise classification of statement of Profit and Loss of the group (Unaudited/ Not Reviewed)

Rs. Lakhs

Particulars	QUARTER ENDED		
	September 30, 2016	June 30, 2016	September 30, 2015
<b>INCOME</b>			
Gross Income from software product license and related services	22,942.42	20,475.00	20,612.86
Forex impact on Hedge accounting	154.00	105.25	120.10
<b>Income from software product license and related services</b>	<b>23,096.42</b>	<b>20,580.25</b>	<b>20,732.96</b>
<b>EXPENDITURE</b>			
Software delivery expenses	11,539.28	10,122.64	9,768.24
Gross Margin	11,557.14	10,457.61	10,964.72
Gross Margin %	50.0%	50.8%	52.88%
Selling & marketing and General & Administrative expenses (SG & A)	10,558.68	10,127.20	8,203.05
<b>Total Expenditure</b>	<b>22,097.96</b>	<b>20,249.84</b>	<b>17,971.29</b>
<b>Profit / (Loss) before interest, depreciation &amp; amortization</b>	<b>998.46</b>	<b>330.41</b>	<b>2,761.67</b>
Research & Engineering expenses	1,987.05	1,555.35	3,380.00
Depreciation/Amortisation	610.24	591.13	495.00
Finance Charges	240.67	161.09	26.93
<b>Profit / (Loss) after interest, depreciation &amp; amortization</b>	<b>(1,839.50)</b>	<b>(1,977.16)</b>	<b>(1,140.26)</b>
Other Income including exceptional items	368.36	1,649.47	404.77
Minority Interest/ Share of profit/(loss ) of Associate Companies	357.20	125.28	12.09
<b>Profit / (Loss) before tax</b>	<b>(1,113.94)</b>	<b>(202.41)</b>	<b>(723.40)</b>
Provision for taxation	270.00	350.00	71.14
<b>Profit / (Loss) after tax</b>	<b>(1,383.94)</b>	<b>(552.41)</b>	<b>(794.54)</b>

# Financial Growth

Positive Trending Performance over 10 quarters

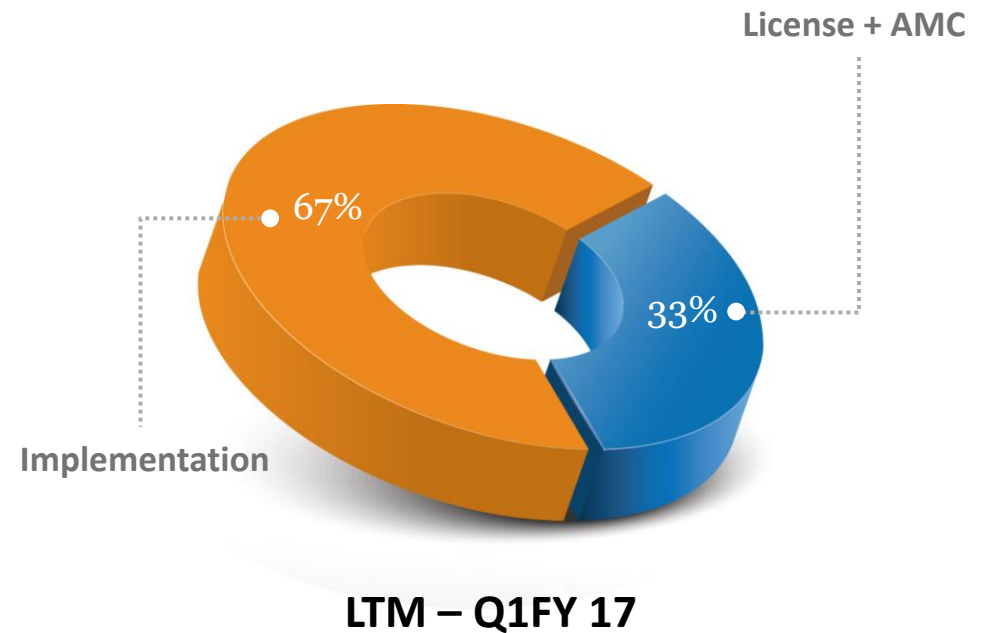
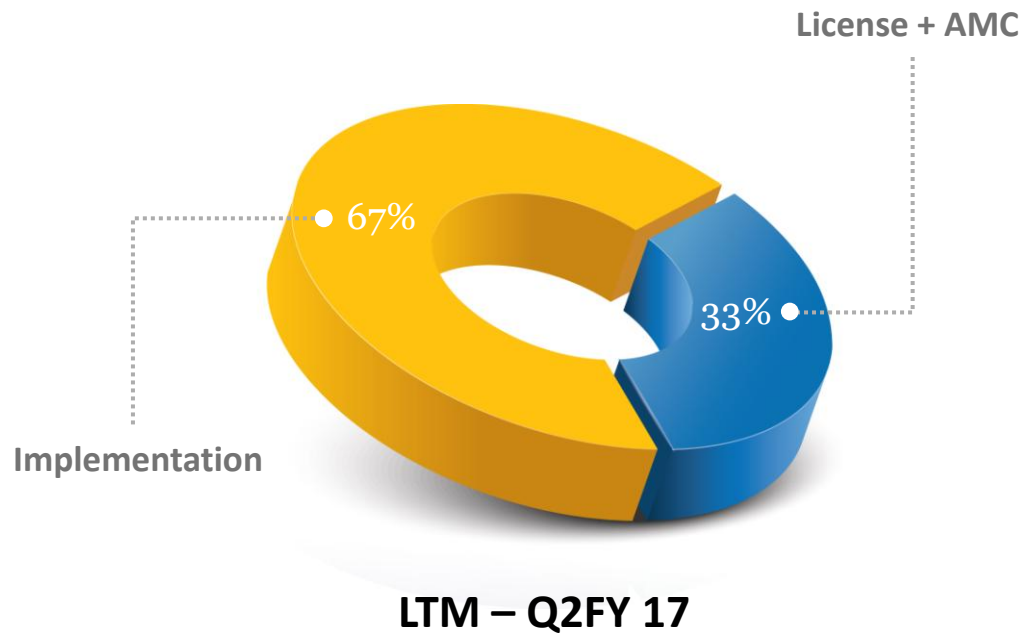


LTM = Revenue of current quarter + last three quarters

# Revenue Distribution: 33% from License & AMC



Plenty of Headroom for growth

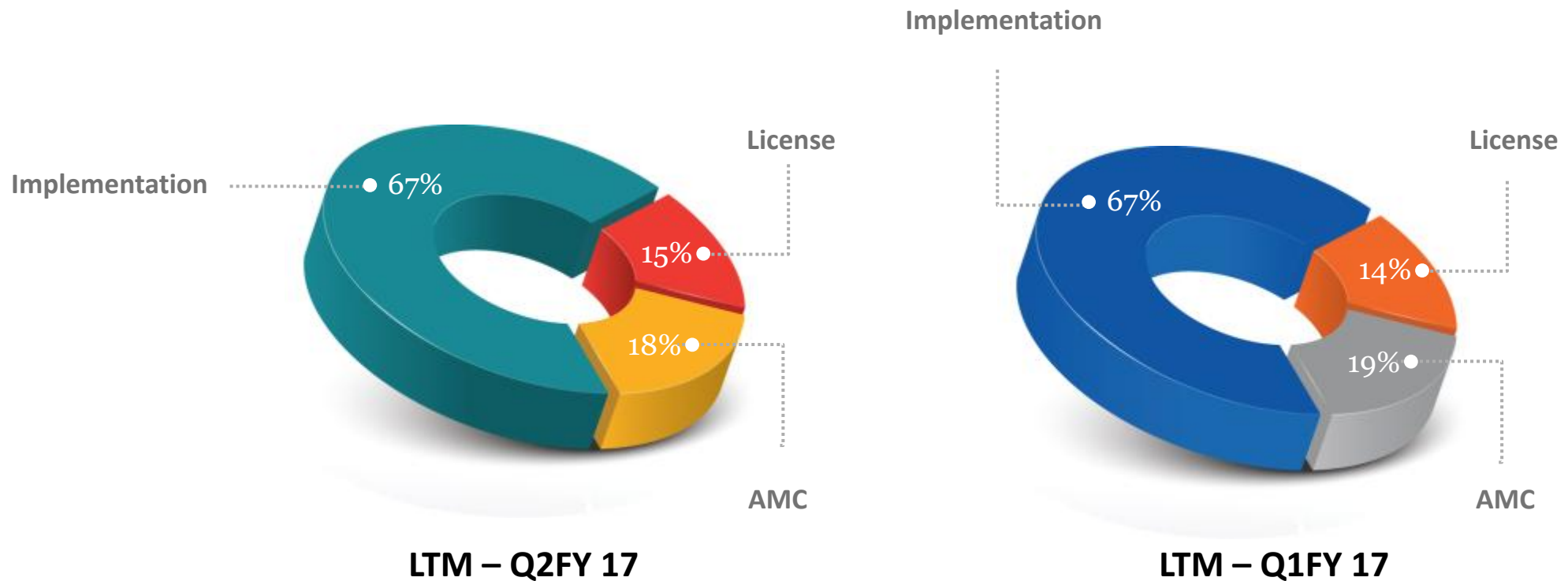


LTM = Revenue of current quarter + last three quarters



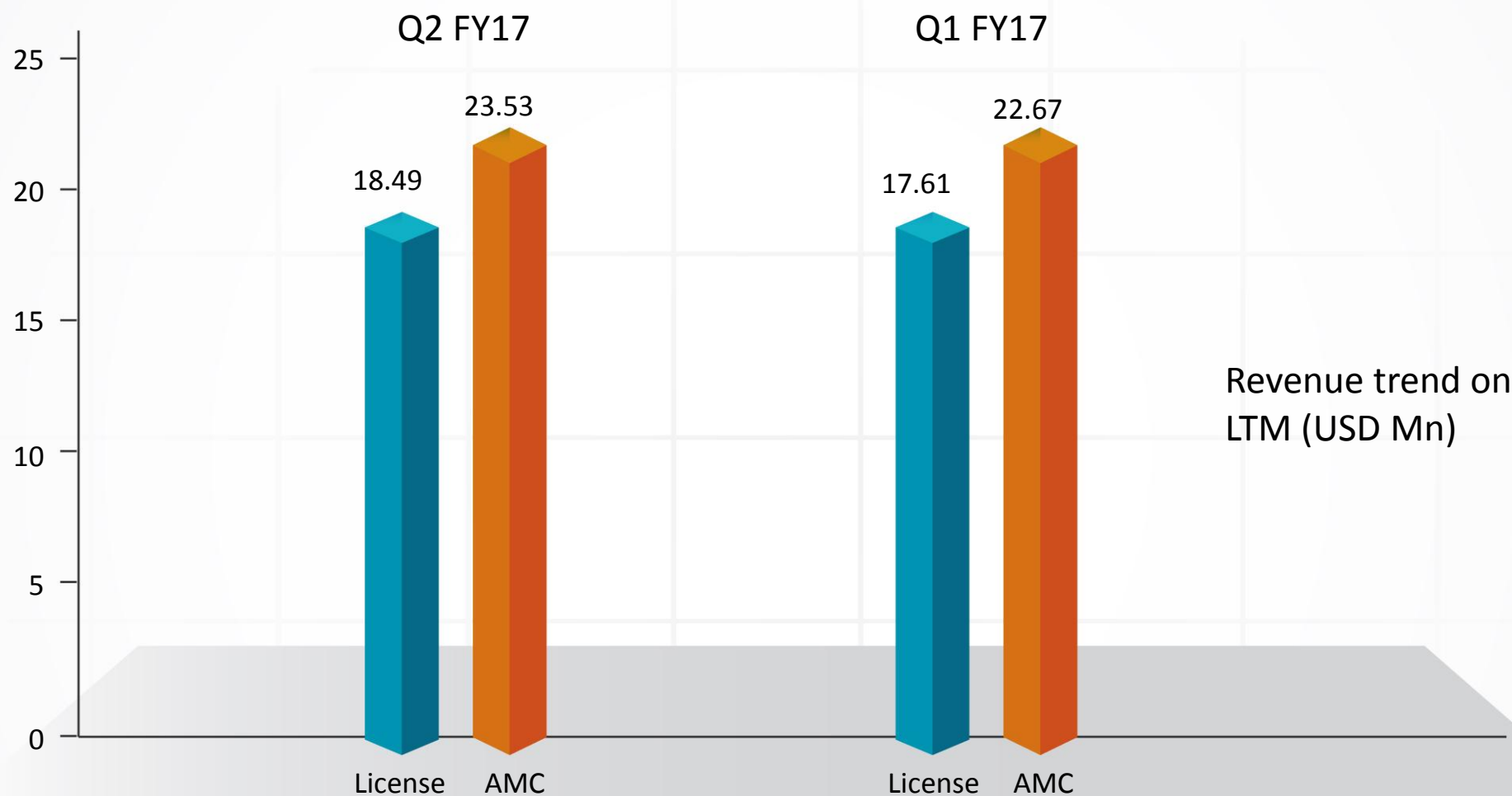
# Revenue Distribution Split: 33% from License & AMC

Plenty of Headroom for growth



LTM = Revenue of current quarter + last three quarters

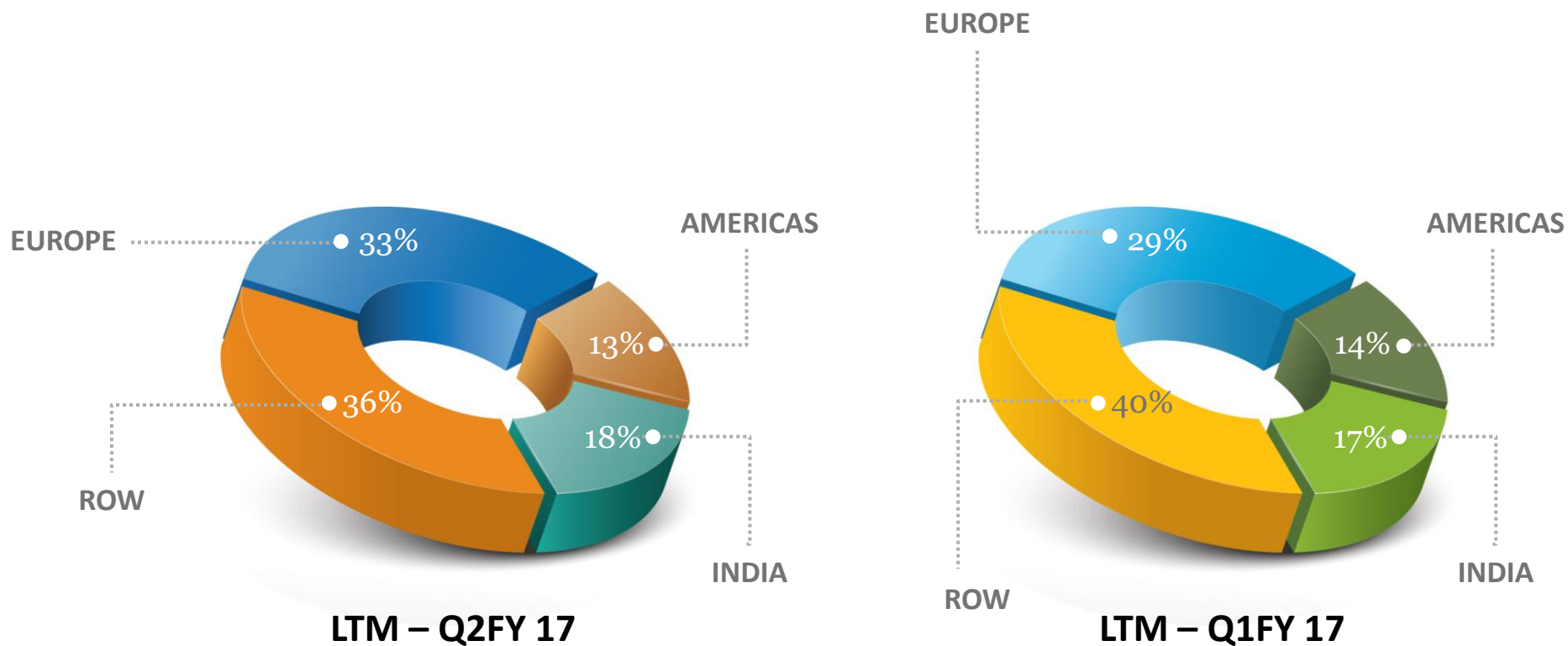
# License & AMC



Revenue from license stood at \$ 6.7 Mn in Q2 FY 17 as against \$ 4.2 Mn in Q1 FY 17

License constitutes 15% of the revenue  
AMC constitutes 18% of revenue in Q2 FY17 on LTM basis

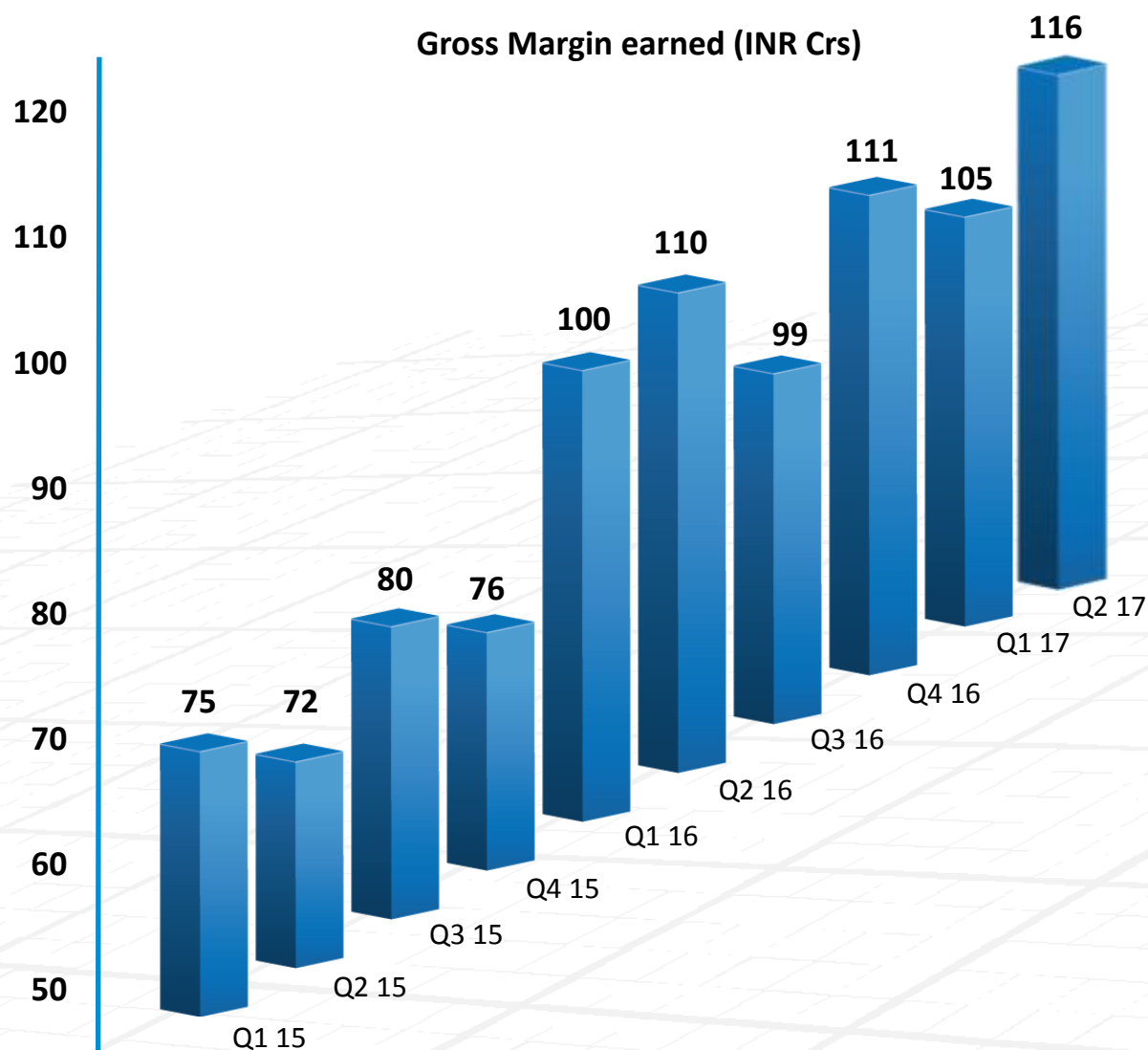
# Revenue Distribution: By Markets



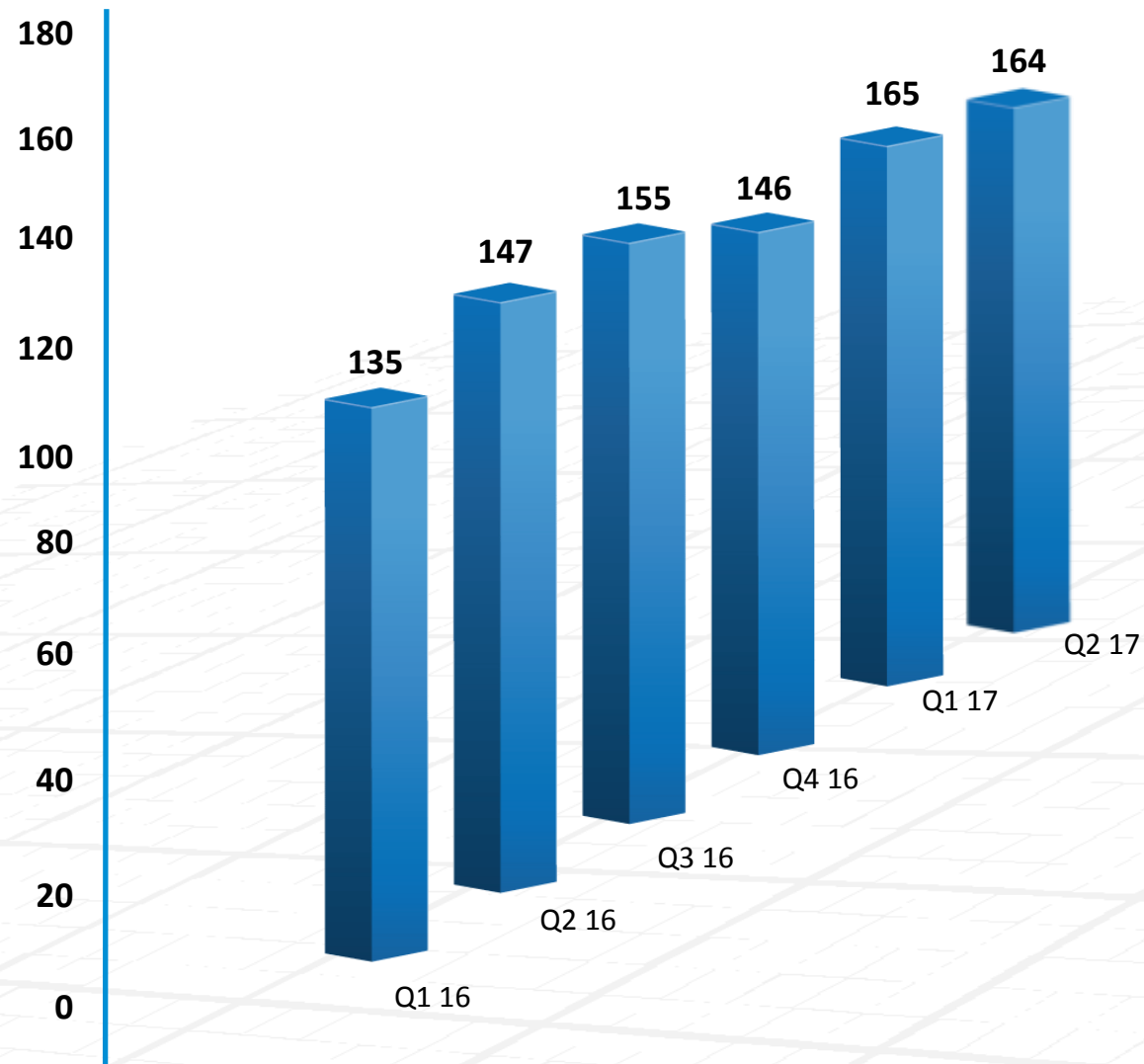
LTM = Revenue of current quarter + last three quarters



# Gross Margin sustained at 50%



# DSO – Billed & Unbilled



DSO = No. of Days



# Divisional Commentary



# Global Transaction Banking



## Go Lives

- Intellect's iGTB Payment Hub is live in CIBC, one of the largest Canadian Bank. CIBC has implemented phase 1 of the bank's next generation payments infrastructure for business clients. CIBC's goal is to drive growth by leading with innovation while helping to simplify how clients manage their business.
- Two leading and multi-national financial institutions in Europe have gone live with iGTB's Risk Management solution
- A well known Spanish bank has gone live with iGTB's Payment Hub in another Latin American country.
- Leading UK High Street Bank has rolled out iGTB's Payments Limit Management solution across 2 more countries in Europe supporting Faster Payments
- Intellect's iGTB Commercial Risk - Sanctions Screening Exception Management module went live in one of the largest multinational financial institutions in Europe.
- Intellect's iGTB Digital Transaction Banking went live in 3 leading financial institutions in Middle East and APAC

## Key wins

- One of the largest North American Bank, has chosen Integrated Receivables from iGTB to drive growth by leading with innovation
- Intellect won 2 deals during the quarter from the Middle East for implementing the Digital Transaction Banking platform suite from iGTB. This includes, a leading lender bank operating in United Arab Emirates for its operations in Kuwait and Bahrain and a Qatari commercial bank headquartered in Doha.
- A leading financial institution in India chose Intellect's Supply Chain Finance solutions from iGTB to automate the best financing programs for various stakeholders, thereby achieving operational efficiency

# Global Transaction Banking



## Leadership hires

- **Gregory Cleveland, Strategic Business Development, iGTB:** Greg joined Intellect from FIS where he served in various Sr executive roles. In his last role with FIS, as the SVP of Global Market Strategy and Enablement, Greg helped define the company's market strategies across multiple geographies and also headed up the Strategic Investment review, drove the capital allocations for all product portfolios across the Investment Review Process of that enterprise. In a career spanning over 25 years in IT and Banking experience, he has held a number of senior management positions in sales, marketing, product management and corporate development and strategy.

# Global Consumer Banking



## Go Lives

- Intellect Digital Core went live in 3 financial institutions which includes one of the leading lender bank in Middle East, a leading diversified Japanese financial institution and the largest development bank in Myanmar which makes Digital Core operational in 58 sites.
- Intellect Lending has gone live in 3 leading financial institutions in India and Middle East regions. All the three implementation were delivered ahead of schedule. With this Intellect Lending is successfully running in 57 sites.
- A leading multinational financial institution in India has gone live with Intellect Wealth Management

## Wins

- One of the largest Central Bank in South Asia chose Intellect Quantum Currency Chest Management (QCMS) for real time currency transaction and reporting system.
- Intellect Digital Core from Global Consumer Banking division has won 2 deals - from Sri Lanka and Mongolia. A leading financial institution in Sri Lanka chose Intellect Core to be rolled out in its newly acquired subsidiary.
- Intellect Digital Lending suite has won 4 deals in this quarter. A leading Qatari commercial bank which got an in principle approval to start operations in Saudi chose Intellect Digital Lending suite. One of the largest banks in Mongolia and a leading Qatari bank for its operations in Tunisia chose Debt Management solution from the Digital Lending suite. The largest bank in Philippines has chosen Central Liability from LOS.
- One of the leading banks in UAE chose Intellect Digital Wealth Management solution to empower the customer with actionable insights for informed decisions.



# Global Consumer Banking



## Leadership Hires

- **Nishant Pradhan, Chief Solution Architect, Intellect Wealth** Nishant has 17 years of IT software experience focussed on Banking & Capital Markets where he has played various roles like FINACLE product development & implementation, FLEXCUBE project management consultant, Solution Architect for Wealth Management and Enterprise Architect for Banking & Capital Markets. Nishant joins us from JP Morgan where he has been working as an Executive Director in their Asset Servicing Technology division and was responsible for creation of a Target State Platform for Asset Servicing catering to multiple Lines of Business like Custody, Prime Brokerage, etc.
- **Shiv Sivaraman, Service Delivery Head, Lending, iGCB:** With 30 years of experience in the field of Consulting, Business process re-engineering, Design, Development of business solutions, product development, System Integration, application Maintenance and Application Support, Shiv has handled numerous projects globally in retail and investment banking space. He was responsible for delivering a bespoke small business lending and commercial lending solution to a leading US regional bank. Shiv joins us from Tech Mahindra where he was heading the BU, delivering to BFSI customers in Europe region for nearly eight years.

# Risk, Treasury & Markets



## Key Go Lives

- Intellect OneTREASURY went live in 2 leading financial institutions. One of the small finance banks in the country and one of the leading public sector bank in India went live with Foreign Exchange, Money Market and other modules from OneTREASURY. With this Intellect OneTREASURY has 32 live sites including Reserve Bank of India, NABARD, Saigon Hanoi Bank

## Key Wins

- Intellect OneMARKETS, a comprehensive product for Securities Trading and Asset Services has won 4 deals during this quarter. This includes two leading private sector banks in India, a full service bank in Jordan and one of the leading domestic banks in the United Arab Emirates. Launched in July 2016, the product has got significant traction in a short span and reaffirms its growing reputation in the global market
- Capital Small Finance Bank, India's first Small Finance Bank chose Intellect OneTREASURY. This is an integrated solution that helps to leverage risk thereby giving the banks the upper edge to compete globally

## Divisional Commentary

# Insurance



### Key Wins

- Life Insurance Corporation of India (LIC), the largest insurance corporation in India has partnered with Intellect embarking on a digital transformation journey by implementing Intellect SEEC's digital solution. Intellect won this large deal against stiff global competition and has commenced the implementation of the three year digital transformation agenda of LIC.
- Intellect has won a large multi-year digital transformational deal from one of the largest insurance and wealth management company in Europe. In this landmark deal, the company has chosen Distribution Suite from Intellect SEEC for its Digital Transformation initiatives

### Key Go lives

- A well known UK based Wealth Management Company has integrated Intellect SEEC's Distribution Suite UI architecture with the existing services of service provider for its partner portal





# Management Statement



# Fund Raising Plan

The Board has approved the raising of funds through issue of equity shares to the existing shareholders of the Company on a right basis (Rights Issue) subject to all applicable statutory and regulatory approvals.

The terms and conditions of the Rights Issue including the timing of issue, quantum of offer, issue price, rights entitlement ratio, record date and other matters shall be decided in consultation with the Lead Manager to the Rights Issue.

# Management Statement



**Arun Jain**

Chairman & Managing Director,  
Intellect Design Arena Limited

“

It is no coincidence that in this quarter we have won three large transformation deals including one from Europe. That large customers have trusted us with transformation of their core business is a proof of the robust engineering capability that we have built. The investments that we have made have given our Products a Digital edge and if we participate in a deal we find ourselves invited to the negotiation table more often than not.



**S Swaminathan**

Chief Financial Officer,  
Intellect Design Arena Limited

“

In the current environment of global volatility, I am pleased to observe that we have delivered growth in this quarter. Our Portfolio approach to business provides us the assurance of growth. Given the pay off of a portfolio approach, we would continue to make investments to build deeper moats around our products. Indeed such a strategy requires more investments than a single product company. We would shortly raise more funds to fuel this growth.

