

## Intellect Q2 FY 16 revenues grow 44% Y-o-Y to Rs 207 Cr

### *15 digital-led wins, including 2 digital transformation engagements*

**Chennai (India), October 21, 2015:** Intellect Design Arena Ltd, a specialist in applying true Digital Technologies across Banking & Insurance, announced its second quarter results for FY 2015-16 today. Intellect drives some of the most successful digital transformations across Global Consumer Banking, Global Transaction Banking, Risk & Treasury Management and Insurance.

#### **I. Revenue Grew by 44% YoY. Revenue Guidance revised upward.**

- 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 Rs. 109.6 crore.
- 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.

#### **II. Driving Accelerated Digital programs and Digital Transformations**

The Intellect suite of products is built on robust & contemporary Digital Technologies helping our customers accelerate their digital programs. Intellect's path breaking approach of Digital 360 has helped in gaining client trust with their digital programs and digital transformations.

The company was awarded 15 Digital programs in the last quarter, including 2 transformational programs.

A few of these are highlighted below :

- 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 enable the bank 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's iGTB Suite to implement Corporate Banking Exchange (CBX), Mobility, Payments, Collections & Receivables, and Liquidity as the Transaction Banking standard for their 12 Country operations.

- One of India's leading integrated infrastructure finance players chose Intellect as their Treasury transformation partner. Intellect will be offering its expertise in the area of Treasury analytics.
- A Turkish state-owned bank, one of the country's strongest and most reputable institutions, has chosen Intellect Collect to drive their digital transformation agenda.
- One of the leading Local Area Banks in India, which pioneered modern banking facilities in rural areas, chose Intellect's Digital Core, with inbuilt Mobility & Omni-channel, for enabling mobilization of rural savings by local institutions to make them available for investments in local areas.
- One of the oldest and top public sector banks in India chose Intellect Treasury to drive its FOREX business.

### III. Delightful and reliable 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:

- 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.
- A leading Commercial Bank in the Middle East went live with Intellect's Collect for more efficient credit life cycle management.
- One of the largest lender banks in UAE implemented Intellect's Digital Core for its India Operations, a perfect Zero defect implementation.
- 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.
- 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.

### IV. Design in Our DNA. Powering Digital transformations with Research & Innovation

The FT 8012, the World's First Design Centre for Financial Technologies, was set up by the company in Chennai, India in 2013. The power of collaborative design is unleashed at the design centre to make digital transformations easier, faster and more cost effective. Intellect's next generation digital products and platforms are also designed at FT 8012.

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.

## V. Acclaimed by Experts

Intellect's cutting-edge digital technologies and digital products for Consumer Banking, Transaction banking, Risk & Treasury Management & Insurance have been acclaimed by well known global analysts and research firms.

- 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

## VI. Leadership Additions

Given the rich suite of Digital FinTech products and the exciting market opportunities, the company continued to strength the Leadership team. Senior Leadership hires in the quarter include:

- **Delisa Stone, SVP and 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.

## Management Statement

**Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited** said, "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, Intellect Design Arena Limited, said,** "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."

## Financial Results for the Second Quarter Ended September 30, 2015

Unaudited consolidated financial results for the second quarter ended September 30, 2015 prepared as per Indian GAAP

	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)

[Investor Conference Call](#)

The Board of Directors of Intellect Design Arena Limited met on **21<sup>st</sup> October 2015**, to take on record the financial results of the company for the Second Quarter ended September 30, 2015.

Intellect Design Arena Ltd. will host an Investors Conference Call on **21<sup>st</sup> October 2015**, where the Senior Management of Intellect will comment on the company's performance during the Second Quarter ended September 30, 2015 and respond to questions from participants. **The conference call will take place at 16:00 Hrs IST on Wednesday, 21<sup>st</sup> October 2015.**

The dial-in numbers to join the conference call:

<b>Conference Name</b>	:	<b>Q2 FY16 Investor earnings call</b>
<b>Date</b>	:	<b>21<sup>st</sup> October 2015</b>
<b>Time</b>	:	<b>16:00 to 17:00 IST</b>
<b>Conference ID</b>	:	<b>62302606</b>
<b>ACCESS NUMBERS</b>		
MUMBAI	:	Primary Access Toll Number : 02230360400
BANGALORE	:	Primary Access Toll Number : 08030360400
DELHI	:	Primary Access Toll Number : 01130360400
CHENNAI	:	Primary Access Toll Number : 04430360400
INDIA	:	Primary Access Toll free Number : 180030131313
HONG KONG	:	Primary Access Toll free Number : 800901420
SINGAPORE	:	Primary Access Toll free Number : 8001011906
US and Canada	:	Primary Access Toll free Number : 18663944523
UK	:	Primary Access Toll free Number : 08081681758
UAE	:	Primary Access Toll free Number : 8000174397

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