

# Intellect Design Arena Limited

Digital Product Powerhouse

**Earnings Announcement – Q1 FY 15-16**

July 28, 2015



# DIGITAL IS A PIVOTAL VALUE DRIVER IN EVERYTHING WE DO





# Section 1 : Financial Highlights

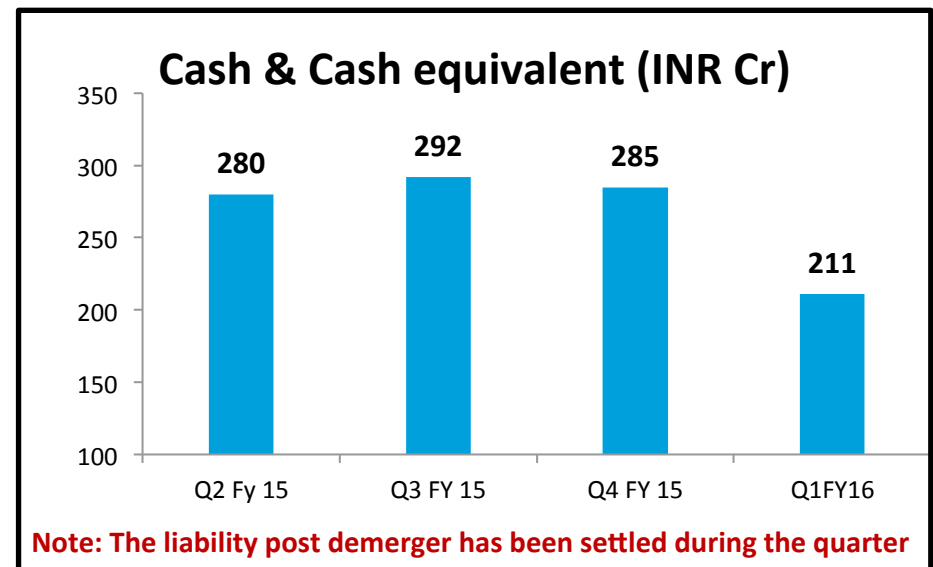
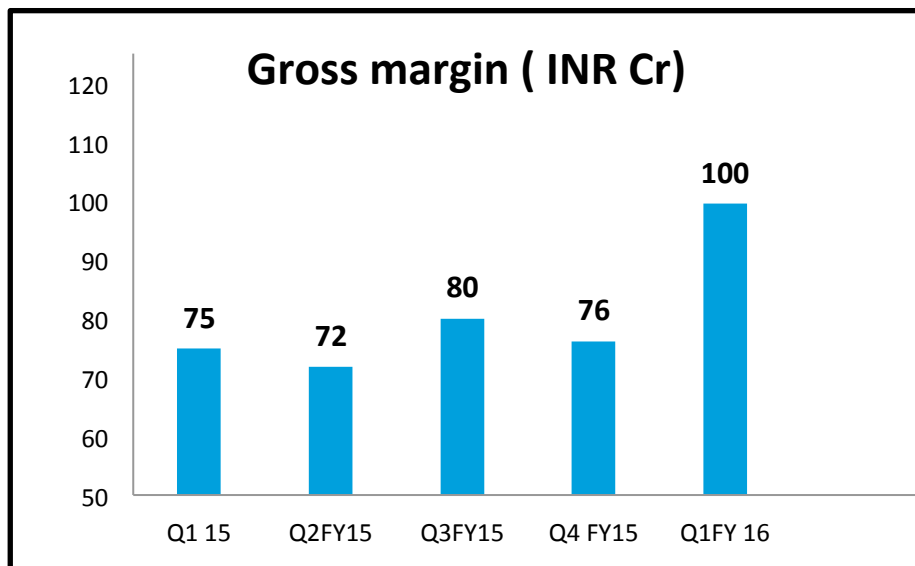
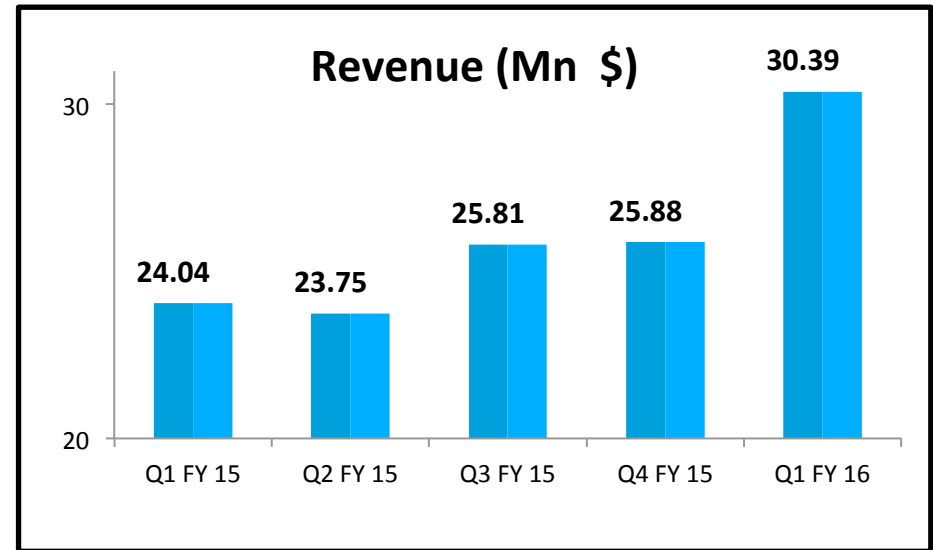
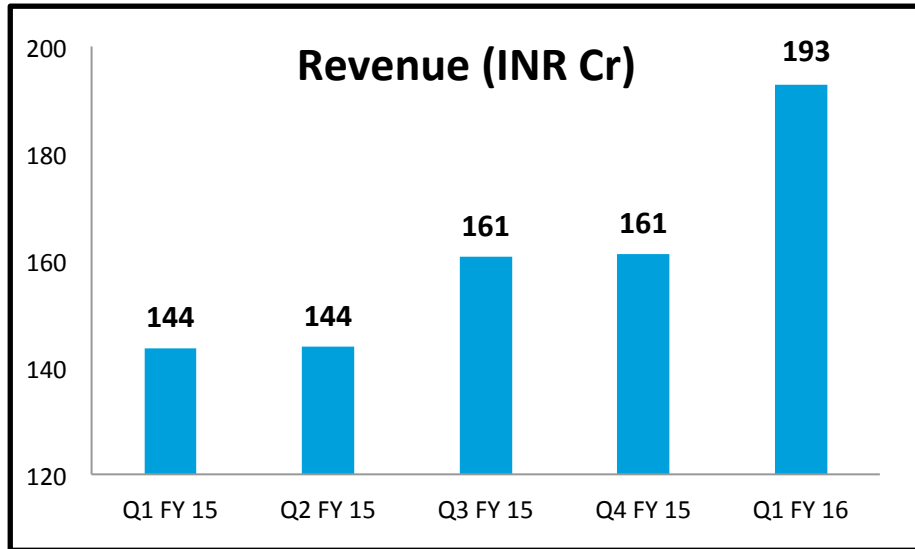
# 1.1: Q1 FY 16- Consolidated Business Financials



Rs. Lakhs

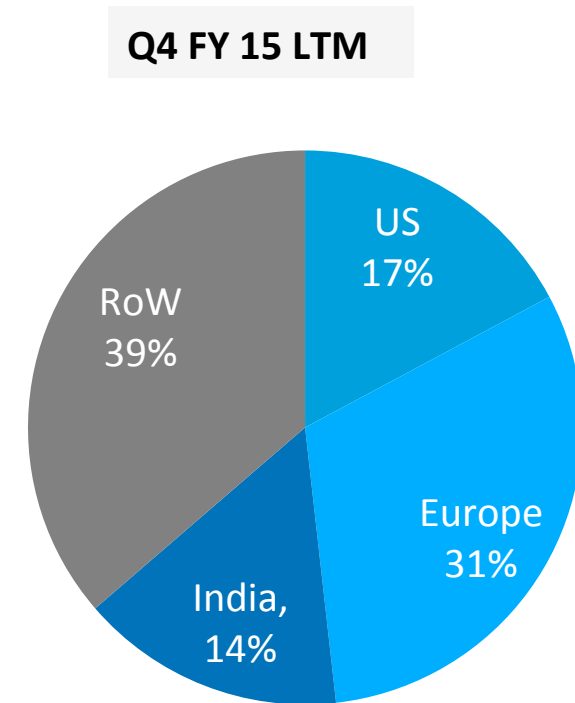
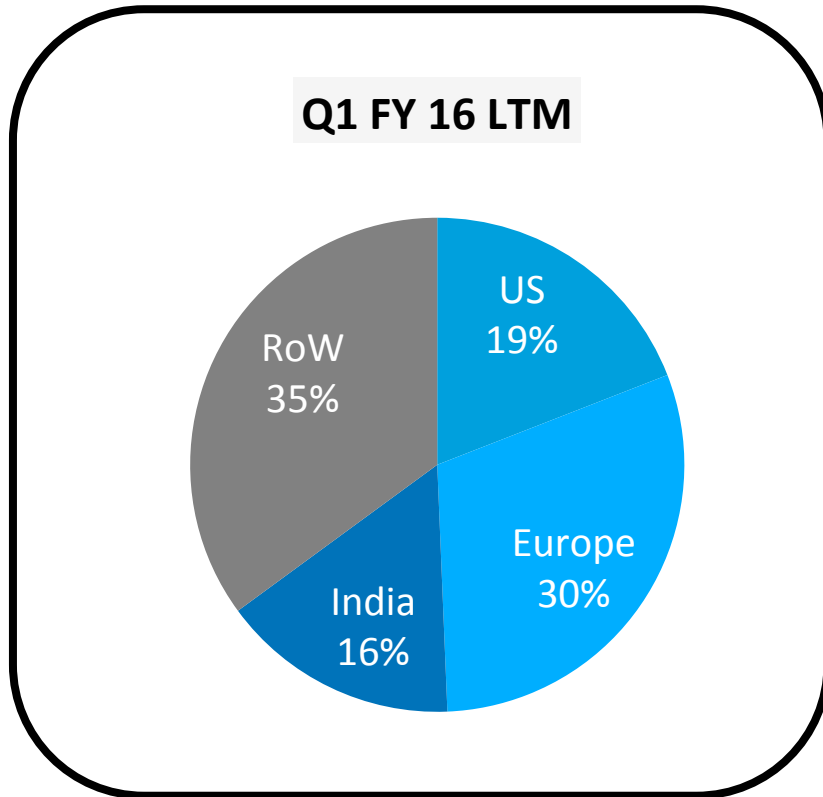
Particulars	QUARTER ENDED			YEAR ENDED
	June 30 2015	March 31, 2015	June 30 2014	March 31, 2015
<b>INCOME</b>				
Gross Income from software product license and related services	19,180.59	15,995.18	14,284.16	60,483.87
Forex impact on Hedge accounting (AS30)	112.00	130.40	78.26	391.08
<b>Income from Operations</b>	<b>19,292.59</b>	<b>16,125.58</b>	<b>14,362.42</b>	<b>60,874.95</b>
Software development expenses	9,342.53	8,514.27	6,875.81	30,597.47
Gross Margin	9,950.06	7,611.31	7,486.61	30,277.48
Gross Margin %	51.57%	47.20%	52.12%	49.73%
Selling & Marketing and General & Administrative expenses	7,963.23	7,070.62	5,968.06	26,104.60
<b>Total Expenditure</b>	<b>17,305.75</b>	<b>15,584.89</b>	12,843.87	<b>56,702.07</b>
<b>Profit / (Loss) before interest, depreciation &amp; amortisation</b>	1,986.84	540.69	1,518.55	4,172.88
Research & Development expenses	2,962.86	3,347.61	2,575.22	12,203.58
Depreciation/ Amortisation	496.86	459.95	519.04	1,901.27
Finance Charges	24.79	23.08	13.97	80.78
<b>Profit / (Loss) after interest, depreciation &amp; amortisation</b>	(1,497.67)	<b>(3,289.96)</b>	(1,589.68)	<b>(10,012.75)</b>
Other Income including exceptional items	325.54	262.17	610.93	1,776.19
Minority Interest/ Share of profit/(loss ) of Associate Companies	53.72	113.07	-	113.07
<b>Profit/ (Loss) before tax</b>	(1,118.41)	<b>(2,914.72)</b>	(978.75)	<b>(8,123.49)</b>
Provision for taxation	(6.86)	51.18	4.30	175.84
<b>Profit/ (Loss) after tax</b>	(1,111.55)	<b>(2,965.90)</b>	(983.05)	<b>(8,299.33)</b>

# 1.2: Financials Highlights



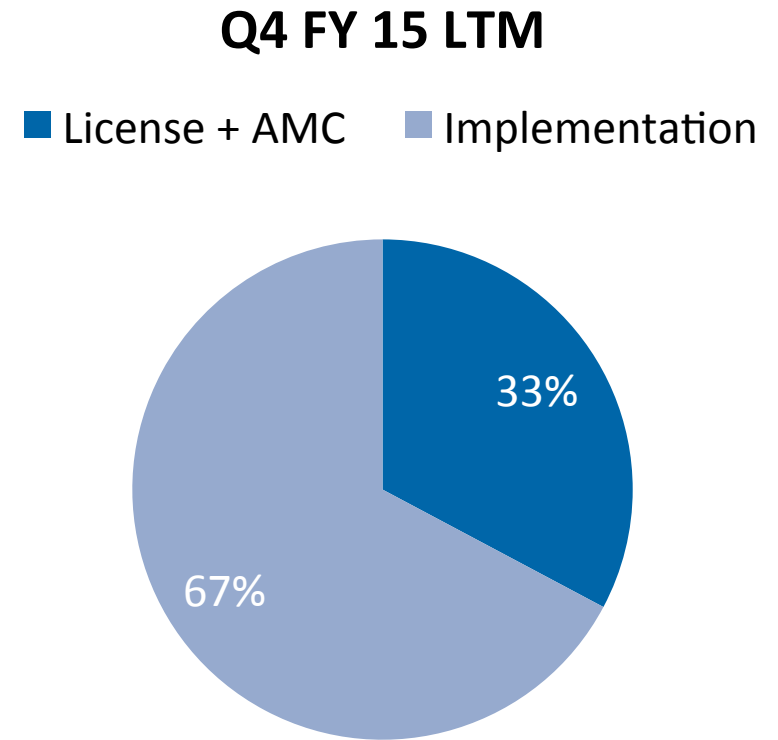
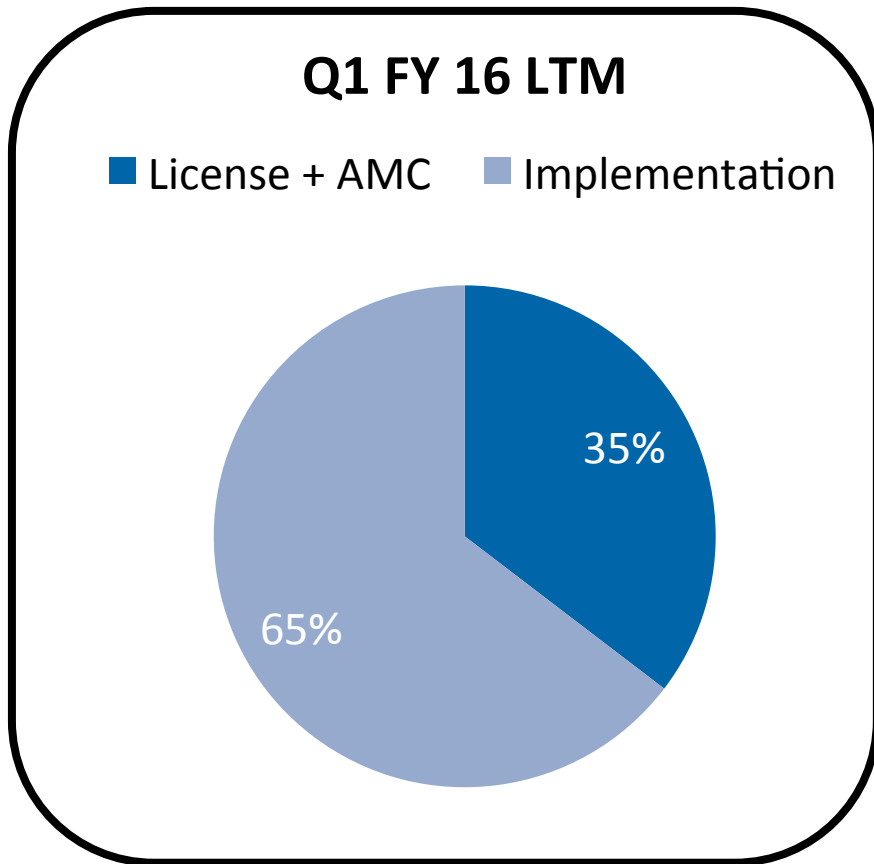


# 1.3: Revenue Distribution – 49% from Advanced Markets





# 1.4: Revenue Distribution – 35% from License & AMC





## **Section 2 : What is working well**





# What is working well

## 1. Digital proposition gains acceptance in Global marketplace

- Acceptance of Intellect products in advanced markets such as North America and Europe
- 13 new wins including 2 large Digital Transformation Deals (North America, APAC)
- Banking Veterans, Andrew England (Formerly MD, Head of Transaction Banking, Lloyds) and Anand Pande (Formerly with RBS) leading digital transformational engagements in Strategic Accounts

## 2. Revenue grew 34% YoY , stood at Rs. 193 Crore

- 4 Line of Business with independent leadership for driving more predictable growth
- LoBs serve Consumer Banking, Transaction Banking, Risk & Treasury Management and Insurance
- Revenue crosses \$30mn mark

## 3. Gross Margin sustained at over 50% level over last 12 quarters

- R&D costs contained within \$20mn annually
- S & M at 29.18% of revenues in Q1 vs 32.35% in Q4 FY 15



## Section 3: Market Opportunities



# 3.1 Global Transaction Banking (iGTB)

## HIGHLIGHTS

- **Unique App based new age face of Corporate Banking**
- **Acceptance of Payments solutions in North America**
- **Leadership for integrated GTB in Middle East. Expansion in Asia**





## 3.2 Global Consumer Banking (iGCB)

### HIGHLIGHTS

- **Unique Omnichannel Retail Banking Exchange using App based technologies. Single solution encompassing Online, Mobile, Branch Banking and Call Center**
- **Comprehensive lending platforms for SMEs with integrating Origination, Loan processing and Collections**
- **Traction in Central Banking platform**





## 3.3 Risk & Treasury Management (iRTM)

### HIGHLIGHTS

- **Next generation One Treasury product. Single solution connecting front office, mid office, back office across all assets classes with integrated risk management**
- **Comprehensive Basel III Liquidity Risk Management (LRM) product. Plan to launch 'One LRM' by Sep 2015**





## 3.4 Insurance (Intellect SEEC)

### HIGHLIGHTS

- **Digital Underwriting using Social Media, Big Data and Artificial Intelligence**
- **Exclusive partnership with Outside IQ to deliver the most advanced Risk Discovery tool in the Insurance industry**
- **Large deal won in North America for Digital Distribution**





## Section 4: Risks & Challenges



# Risks & Challenges

1. Critical 'Enterprise Sales' leading to longer Sales Cycle
2. Designing a predictable revenue model





## **Section 5: Awards & Accolades**



# Awards & Accolades

- 1. Intellect Cards** named "Regional Champions" and "Specialist" in Origination & Collect among Global Card Management and Transaction Processing Vendors by Celent, a research and consulting firm focused on the application of information technology in the global financial services industry.
2. 'MyPrivateBanking Research' an independent research firm awarded **Intellect Wealth** the "Leading Vendor Digital Tools for Financial Advisors 2015". **This award positions Intellect as a Partner for digital transformation of banks & financial institutions.**
- 3. Intellect AML** clients indicate "High Satisfaction Levels" with Intellect's Service and Support, Performance & Responsiveness in Aite Group's report



## Section 6: Outlook & Management View



# Outlook

- **Guidance Maintained for FY 16**
- Expecting revenue growth of 22% to 26 % on YoY basis.
- To break even/become profitable in Q4 in FY 16



# Management View

## **Arun Jain, Chairman and Managing Director**

*“The first quarter has been a good start to this financial year. In the first year of independent operations since the demerger from Polaris and public listing, we focused on designing the business model for predictable, profitable growth. We made the right investments to position us to ride the Digital wave and partner banks, financial institutions and insurance companies for their digital transformation programs. We are building 4 robust businesses, providing the digital edge to Consumer banking, Transaction banking, Risk & Treasury and Insurance. We have equipped the businesses with the right leadership capacity to drive product leadership. The acceptance of our New-age products in advanced markets such as North America and Europe, as well as winning two significant digital transformation deals in North America and APAC is extremely encouraging.”*

## **S Swaminathan, Chief Financial Officer**

*“We are on track to meet our guidance of revenue growth of 22% to 26% this year. There has been a significant reduction in losses from Rs. 29 crore in the previous quarter to Rs. 11 crore in quarter one. We are managing investments in digital platforms and market opportunities for sustained growth.”*



# intellect™

## DESIGN FOR DIGITAL DOMINANCE

EXPERIENCE DIGITAL 360

OPERATIONAL  
EXCELLENCE

CUSTOMER  
EXPERIENCE

