

Intellect to slash complexity of IT infra in banking

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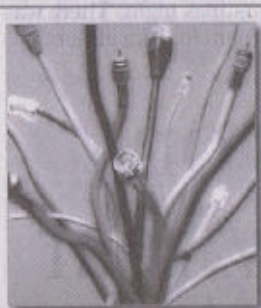
POLARIS group company Intellect Design Arena plans to focus on reducing complexity of IT infrastructure in the banking industry. The division was recently spun off from the mid-size software services firm Polaris Consultancy & Services.

Arun Jain, chairman and managing director of Intellect, said: "Western banks incur costs of about \$100 per customer per annum. They have a lot of disparate legacy IT infrastructure, which requires enormous amounts of maintenance investments. Moreover, with every cycle of technology upgrade there are extra costs. When the banks adapt digital technologies such as social, mobile, analytics and cloud, their expenses go up to \$200 per customer per annum. However in India, banks spend about \$4 per

customer per year, which may go up to \$10 over the next few years. The Western banks' problem is in reducing the complexity and hence reducing costs. That is our opportunity."

The Intellect business is based on intellectual properties in the banking technology space. Polaris announced the de-merger of its products business into an independent entity in March this year and filed for the scheme of de-merger, which was approved by the regulatory authorities, shareholders and subsequently by the Madras High Court on September 15. From October 10, the services business started to trade independently as Polaris Financial Technology and the name was changed to Polaris Consulting & Services on October 21. Intellect was listed on the Bombay and National Stock Exchanges on December 18.

During 2002 Polaris ac-



Fresh approach

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quired intellectual property through its acquisition of Oribtech, the technology arm of Citibank, and decided to move into the

software products business. Over the last 12 years, the company has built this business to generate over Rs 500-crore revenue by selling products to global banks, insurance companies and financial institutions including Citibank, Bank of Montreal and Lloyds Bank across 30 countries. For the quarter ended June 30, 2014, Intellect reported net loss of Rs 9.83 crore with revenue of Rs 150.68 crore.

"Since inception, we were fully focused on the banking industry. However, post the demerger, for the services business, we may look at other verticals including retail and e-commerce. But, the products business (Intellect) will continue to focus on the BFSI vertical," Jain said.

While listing, Polaris Banyan Holding along with 14 individuals including Arun Jain and his family are the promoter group

owning 29.04 per cent of the Intellect.

The former holds 20.05 per cent. Orbitech (15.40 per cent) and Franklin Mutual Series Funds-Mutual Beacon Fund (sic) (7.12 per cent) are the major public shareholders. Orbitech along with Citibank disposed all of its holdings (17.48 per cent) in the company through open market sale on Tuesday. Woodlands Retail and Franklin Mutual Series Funds also sold 5-lakh and 6.3-lakh each on the open market at Rs 77.97 and Rs 79 respectively on Wednesday. Reliance Mutual FD-Reliance Regular Saving FD-Balanced Option (sic) bought the shares, amount to 10.25 lakh at Rs 80.12 per share. Intellect's stock ended Wednesday at Rs 80.35, up 4.96 per cent compared to the previous day's closing price.

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