

Intellect revenues grow 33% in FY 2015-16

Revenues cross Rs 800 Cr; New products widen opportunity canvas

Chennai (India), May 3, 2016: Intellect Design Arena Ltd, a specialist in applying true Digital Technologies across Banking & Insurance, announced its fourth quarter and annual results for FY 2015-16 today. Intellect drives some of the most successful digital transformations across Global Consumer Banking (iGCB), Global Transaction Banking (iGTB), Risk, Treasury & Markets (iRTM) and Insurance (Intellect SEEC).

I. Business Performance

1. Revenue

Revenues of this year (FY 2015 -16) grew by 33% Y-o-Y stood at Rs. 810.65 Cr (in dollar terms, \$123.81 Mn) as against Rs. 608.75 Cr (in dollar terms, \$99.48mn) in the same period last year

2. Margins

Gross Margin stood at 51.73% as against 49.74% in the same period last year. Margins of this year (2015-16) were at Rs. 419 Cr as against Rs. 303 Cr in the same period last year.

3. Digital led wins

Intellect was awarded 50 Digital led wins in FY16 including 11 wins in this quarter.

4. Investment in SG & A

Investment in Selling & Marketing and General & Administrative expenses(SG & A) for FY2015-16 stood at Rs. 340 Cr (42% of Revenue) as against Rs. 261 Cr (43% of Revenue) last year. Funnel pipeline currently stands at \$ 450mn with 463 opportunities.

5. New products

Intellect has 26 Digital led Financial Technology products including 4 new products launched this year. Intellect proudly unveiled iGTB Release 16, including Apple Watch Support & Artificial Intelligence powered KYC solution, Digital Distribution Suite for the UK Life and Pension markets, Intellect Risk Analyst, the first-ever virtual assistant for underwriters and OneLRM, a comprehensive Basel III Liquidity Risk Management Platform powered by Zf Omni-Channel Risk Visualizer.

Financial Results for the Fourth Quarter Ended March 31, 2016

Audited consolidated financial results for the fourth quarter ended March 31, 2016 prepared as per Indian GAAP

	Rs. Lakhs					
	QUARTER ENDED			YEAR ENDED		
	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2015	March 31, 2016	
Revenue (INR Lakhs)	21,665.19	19,374.82	16,125.58	60,874.95	81,065.55	
Revenue (Mn \$)	32.09	29.39	25.88	99.48	123.81	
Software development expenses (SDE)	10,580.13	9,436.46	8,514.27	30,597.47	39,127.37	
Gross Margin	11,085.06	9,938.36	7,611.31	30,277.48	41,938.18	
Gross Margin %	51.17%	51.30%	47.20%	49.74%	51.73%	
Selling & marketing and General & Administrative expenses (SG & A)	9,832.02	8,031.56	7,070.62	26,104.60	34,029.86	
Research & Engineering expenses (R& E)	927.54	3,359.37	3,347.61	12,203.58	10,629.77	
EBITDA	325.50	(1,452.57)	(2806.92)	(8030.70)	(2721.45)	
Depreciation/ Amortisation	564.88	520.37	459.95	1,901.27	2,077.11	
Finance Charges	40.77	26.73	23.08	80.78	119.22	
Profit / (Loss) after interest, depreciation & amortization	(280.15)	(1,999.67)	(3,289.96)	(10,012.75)	(4,917.78)	
Other Income / Expense	663.33	868.43	375.24	1889.26	2327.88	
Profit/ (Loss) before tax	383.18	(1,131.24)	(2,914.72)	(8,123.49)	(2,589.90)	
Provision for taxation	(1,030.60)	60.00	51.18	175.84	(906.32)	
Profit/ (Loss) after tax	1,413.78	(1,191.24)	(2,965.90)	(8,299.33)	(1,683.58)	

II. Management Statement

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, "Achieving over 33% growth during the year and building a healthy qualified funnel for the coming year gives us confidence that Intellect will continue to lead the BFSI segment of products. Intellect has grown its footprint in Asia, India, Middle East, Africa and Europe substantially. America growth was subdued last year. Two of our products, Digital Transaction Banking (DTB) for corporate banks and Quantum Core Banking solution (QCBS) for Central Banks, have acquired global leadership gives us additional confidence for other products to get into leadership quadrant."

S Swaminathan, Chief Financial Officer, Intellect Design Arena Limited, said, "With the success of last year growth, we have increased our investments in Marketing, Pre sales and additional leadership during the quarter for capacitating growth target of 22% to 26% in coming year. The Board took decision during the quarter to follow global Product companies' practice of capitalizing new product developments effective Jan 1st, 2016. After considering the capitalization of new product development during the quarter and tax adjustments, we could realize 14.14 Cr PAT during the quarter."

III. Board Announcement

Arun Shekhar Aran inducted as Additional Director on the Board and will be an Independent Director of Intellect

Arun Shekhar Aran is the CEO of NUCSOFT Solutions Ltd., an end-to-end solutions provider to the BFSI sector. With over two decades of being associated with the financial technology space, Arun Shekhar brings significant experience, business insight, management acumen and global perspective to Intellect Design Arena Limited. He holds a B. Tech. degree from Indian Institute of Technology, Delhi and an MBA degree from Indian Institute of Management, Ahmedabad.

IV. Digital led Wins

The Intellect suite of products is built on robust and contemporary Digital Technologies. With our path-breaking Digital 360 approach, we have been able to address all aspects of our customers' digital transformation requirements, and also to forge strong relationships, which unlock lasting value. Q4 shows promise of such rich engagements.

- Intellect won 2 multiyear deals from new license holders for Small Finance Banks for Intellect Digital Core Banking. Intellect won these deals because of superior Digital 360 technology against all established players in the market.
- One of the largest Bank of Bahrain has chosen Digital Transaction banking platform suite to lead in Corporate banking. This win makes 11th win in a row for DTB platform during the year.
- Intellect One Treasury won 2 deals during the quarter from Indian banks. This makes One Treasury live in over 35 institutions globally.
- Intellect Lending platform has won 2 deals during the quarter from Middle East and Asia Pacific because of Digital 360 technology. This win will make 61 banks using Intellect Digital Lending.
- Digital Face launched during December 2015, has acquired 4 new customers during the quarter

V. Powering Digital Transformations with Research & Innovation

FT 8012, the World's First Design Center for Financial Technologies, was set up by the company in Chennai, India in 2013. The power of collaborative design enabled at the design center makes 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 four products during FY 2015 – 16:

- **iGTB Release 16, including Apple Watch support and A.I. KYC:** iGTB Release 16, including Sanctions Screening – a new, faster and more comprehensive KYC solution – and the extension of CBX (Corporate Banking Exchange), the **true omni-channel digital enterprise platform**, to Apple Watch and other smartwatch devices. Sanctions Screening, designed by iGTB, is an Artificial Intelligence (AI) powered solution that goes beyond current KYC methods by incorporating a **natural language contextual search** of social media to construct a broader and more accurate view. iGTB's new solution, now live, leverages machine learning, Artificial Intelligence and other state-of-the-art technologies to help protect banks from commercial risk.
- **Intellect OneLRM:** Intellect One LRM 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. This product also provides cost effective funding option, which helps mitigate risk of credit erosion, regulatory fines and reputational damage. The solution acts as single point for managing liquidity risk across the organisation.
- **Digital Distribution Suite for the UK Life and Pension markets:** Digital Distribution Suite for the UK Life and Pension markets is designed to strengthen the customer relationship throughout all touch points of the sales and service process, delivering consistent, high quality customer experience irrespective of channel or device. The first end-to-end transformation suite of its kind designed for the UK market comprises of seven business apps that enable insurers to provide innovative customer centric capabilities leading to profitable growth far more quickly and cost effectively than previously possible.
- **Intellect Risk Analyst:** Intellect Risk Analyst is the first ever virtual assistant for underwriters launched on the Cloud. Available until recently only as enterprise software, this tool is now available via a subscription model directly to underwriters, agents and carriers. Intellect Risk Analyst is aimed to change the manual approach to underwriting with the latest advancements in technology and improve loss ratios and profitability. It is designed to make underwriting faster and more efficient than it ever was. It offers quick, effective and accurate risk predictions in minutes by just entering a single company name.

VI. Delightful and Reliable Implementations

Intellect continues to deliver over 87% implementations ahead of schedule and in full in FY16. Some of the significant implementations during the last quarter:

- Tacirler Investment, a leading investment company in Turkey has gone live with Intellect Order Management System. This go-live enables much needed flexibility to adapt to changing regulatory needs and gives faster time to market advantage.
- One of the leading private sector banks in the country has gone live with Intellect's SME Digital initiative demonstrating the power of apps and Canvas technology.
- A leading government-owned commercial bank in India has gone live with Intellect's Anti Money Laundering product.
- A leading Indian multinational banking and financial services company has gone live with Intellect Wealth to provide its clients enhanced customer experience.
- One of the most sought after micro finance institutions in the country has gone live with the Intellect Lending suite. This solution will power the client's wholesale portfolio covering SME, Business Enterprise (Corporate) and Channel Finance verticals.
- A leading wealth management company in London has gone live with Fund Switch from Intellect SEEC. This solution allows Partners to perform fund switches on behalf of clients, making use of straight through processing to achieve cost savings per switch.

VII. Acclaimed by Experts

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

- Intellect included as a "Global Player" for Combined Deals & "Global Pursuer" for New Named Deals in Forrester' Global Banking Platform Deals report¹
- Intellect Digital Core featured in Ovum's Decision Matrix report for Core Banking Systems in the European Market
- Intellect Design ranked amongst the Global Top 100 vendors by IDC in 2015 Fintech Ranking
- Intellect Cards named amongst "Regional Champions" and "Specialist" in Origination & Collect in Celent's report titled "Card Management and Transaction Processing Vendors Part II: Packaged Software Vendors"
- Intellect ranked #1 in "Overall Winner" and #1 in "Enterprise Efficiency" at IDC FinTech Real Results Awards for iGCB Lending Suite Implementation at Ahli Bank
- Intellect ranked #1 in "Customer Experience" at IDC FinTech Real Results Awards for implementation of CBX at National Bank of Kuwait
- Intellect Claims implementation at Nationwide financials featured as an Example for Claims Marketplace in Novarica's report

¹Global Banking Platform Deals Survey 2016: New Customer Dynamics Reshape The Industry, Forrester Research, Inc., March 24, 2016

VIII. Leadership Additions

Given the exciting market opportunities, the rich suite of Digital FinTech products and the brand that Intellect has in the global arena, the company has been able to attract Senior Executives from Competition, who bring strategic expertise into its over 100-strong Leadership team. Senior Leadership hires in the quarter include:

- **Ravi Srinivasan, Head – Service Delivery, Digital Core, iGCB:** Ravi Srinivasan brings with him global expertise of over 25 years spanning BFSI and specializing in enterprise-wide turnkey solutions for some of the world's largest financial institutions. Formerly with Wipro as a global client partner, he has demonstrated success in implementing complex projects across APAC, Australia, EMEA, UK and US including upgrade projects for the Ministry of Finance, Government of Singapore. With his vast experience across geographies Ravi supports implementation of Digital Core.
- **Michel Jacobs, Head - New Market Strategy, iGTB:** Michel Jacobs is from Netherlands and graduated with a degree in Computer Science. After serving the Dutch Air Force, he moved to the US where he has handled various senior leadership roles with eFunds and S2 Systems across banking and payments. Prior to Intellect, Michel served as EVP – Central Product Strategy with FIS. Within Intellect, Michel is responsible for driving iGTB's product and marketing strategy for new cloud based market segments and will also lead the Partner Alliances & Acquisition strategy.
- **Akash Gupta, Head - Service Delivery, Intellect Payments:** With nearly three decades of experience in the financial services industry, Akash has handled senior leadership roles while working with Royal Bank of Scotland, ABN AMRO Bank, Bank of America and ITC Classic Finance. He was part of the leadership team that pioneered 365 days banking, doorstep delivery, and extended banking hours at Bank of America. During his tenure with Arete Financial Partners, Singapore, he has also influenced geographies such as Malaysia, Thailand, Indonesia, Vietnam, and the UK.
- **Mikael Estvall, Head - Business Development, Nordics & Baltics region, Sweden:** Mikael Estvall has over 25 years of experience in financial services. He has worked in multiple roles spanning from sales, training, product management, marketing and divisional management. He has been closely associated with the digitization of FX markets, electronic trading, straight through processing and clearing. He has worked with Misys, NASDAQ, OMX, Reuters and other firms in the financial technology space. He is based in Stockholm, Sweden.

[Investor Conference Call](#)

The Board of Directors of Intellect Design Arena Limited met on **3rd May 2016**, to take on record the financial results of the company for the Fourth Quarter ended March 31, 2016.

Intellect Design Arena Ltd. will host an Investors Conference Call on **3rd May 2016**, where the Senior Management of Intellect will comment on the company's performance during the Fourth Quarter ended March 31, 2016 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Tuesday, 3rd May 2016.**

The dial-in numbers to join the conference call:

Conference Name	:	Q4 FY16 Investor earnings call
Date	:	3rd May 2016
Time	:	17:00 to 18:00 IST
Conference ID	:	2422409
ACCESS NUMBERS		
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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