



Intellect Design Arena Ltd

INTELLECT DESIGN ARENA LTD. (IDA)

Market Cap.
Rs. 9,174 cr.
52 Week H/L
Rs. 1198/632
CMP
Rs. 660
Target Price
Rs.849

IT

STOCK DATA

BUY

Reuters Code	INEE.BO	
Bloomberg Code	INDA IN	
BSE Code	538835	
NSE Symbol	INTELLECT	
Face Value	5	
Shares Outstanding	14 cr.	
Avg. Daily Vol. (6m)	1,087,359	
Price Performance (%)		
1M	3M	6M
(21)	(17)	(34)
200 Days EMA Rs. 856		

SHARE HOLDING (%)

Promoters	29.95
FII	26.21
FI/MF	6.67
Body Corporate	0.43
Public & Others	36.74

RESEARCH ASSOCIATE

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Purple Fabric to propel growth

Purple Fabric, Intellect Design Arena Ltd's (IDA) Multi-Agent AI Platform, is set to propel the organisation forward by revolutionising enterprise operations through intelligent automation. The platform improves efficiency in crucial functions such as claims processing, risk management, and compliance by employing AI-powered expert agents, resulting in considerable cost savings and faster turn-around times. Purple Fabric aims to establish IDA as a leader in AI-powered enterprise solutions, as financial institutions prioritise scalable solutions to streamline back-office activities, which account for almost 50% of total BFSI expenditures. Additionally, Purple Fabric has received extremely positive feedback from IDA's partner ecosystems, customers, and prospects.

Strong revenue funnel accelerated by eMACH.ai

IDA's eMACH.ai has significantly influenced the company, serving as a catalyst for transformation and a key driver for growth and market recognition. The platform's AI capabilities allow financial institutions to automate operations, optimise resources, and make data-driven choices, resulting in increased client happiness and loyalty. The company further appointed industry veteran John Owen as President of the Western Hemisphere for eMACH.ai with the objective to advance the adoption of the platform through his strong client relationships in USA, Canada, South America, Europe, and UK. This strategic move will help expand eMACH.ai's market reach within these regions, thereby, driving business growth.

Won significant deals in FY25 demonstrating growth and expansion

In FY25, Intellect Design Arena Ltd achieved several significant deal wins across various regions which include large financial institutions in USA, Canada, UK, India, UAE, Hungary, Australia, Kenya, and other key regions around the world. These strategic deals underscore IDA's expanding global footprint and its commitment to providing innovative digital solutions across the financial services industry.

OUTLOOK & VALUATION

Factoring the various positive triggers for the stock, we expect revenue at Rs.3189.8 cr, EBITDA at Rs.743.3 cr at an EBITDA margin of 23.3% and Adjusted PAT of Rs.469.4 cr. Given the strong growth and margin outlook, we estimate FY27E EPS at Rs.34.0, and assign a PE multiple of 25x to arrive at a target price of Rs.849, which is an upside of ~28.7% from its last closing price of Rs.660. We initiate coverage for Intellect Design Arena Ltd. with a BUY rating, over an investment horizon of 24 months.

Y/E Mar	Revenue (Rs. Cr)	EBITDA (Rs. Cr)	EBITDA Margin (%)	PAT (Rs. Cr)	NPM (%)	A-EPS (Rs.)	P/E (x)	EV/ EBITDA (x)	P/B (x)
FY24	2,565.4	598.3	23.3%	322.7	12.6%	23.6	28.0	15.0	3.7
FY25E	2,498.1	533.0	21.3%	313.0	12.5%	22.7	29.1	16.8	3.3
FY26E	2,822.8	643.9	22.8%	395.6	14.0%	28.6	23.1	13.9	3.0
FY27E	3,189.8	743.3	23.3%	469.4	14.7%	34.0	19.4	12.1	2.7

COMPANY OVERVIEW



Intellect Design Arena Ltd (IDA) is a niche IT company that possesses a global presence in the areas of financial technology for banking, insurance, and other financial services. IDA is a next-gen FinTech and InsurTech company that provides various key softwares for banking organisations, insurance carriers, and other similar organisations. With a presence in 57 countries and serving over 300 financial institutions, IDA provides cutting-edge, AI-driven solutions across four key business lines: Global Consumer Banking, Global Transaction Banking, IntellectAI, and Digital Technology for Commerce.

The company's flagship platform, eMACH.ai, leverages first-principle thinking, microservices, and APIs to create a composable and intelligent open finance ecosystem. Supported by proprietary technologies like iTurmeric (a composable integration platform) and Purple Fabric (an AI-driven enterprise intelligence platform), IDA enables financial institutions to modernize their infrastructure, improve operational efficiency, and enhance customer experience. Over the years, the company has established a strong foothold in global banking, with its technology powering 6 of the top 10 North American banks, 9 of the top 10 European banks, 13 of the top 15 Indian banks, 10 of the top 15 Middle East banks, and 7 of the top 10 banks in South East Asia and ANZ. The company's revenue verticals are License Revenue, Platform Revenue, Annual Maintenance Charges (AMC), and Implementation and Support.

Intellect Design Arena Ltd has invested in product development for nearly a decade in order to improve its product offering. It is one of the few companies in the world having a complete range of technology products for banking, financial services, as well as insurance. This provides IDA with an opportunity to expand its clientele and drive business growth.

INVESTMENT RATIONALE (1/2)

Purple Fabric to propel growth

Purple Fabric, Intellect Design Arena Ltd's Multi-Agent AI Platform, is poised to drive the company's growth by transforming enterprise operations through intelligent automation. By leveraging AI-driven expert agents, the platform enhances efficiency in critical areas such as claims processing, risk management, and compliance, significantly reducing operational costs and turnaround times.

For example, its application in claims investigation has resulted in a five-week processing time reduction to only 20 minutes, demonstrating its ability to transform workflows. As financial institutions seek scalable AI solutions to optimise back-office activities, which account for almost 50% of total BFSI costs, Purple Fabric strives to position IDA as a leader in AI-powered enterprise solutions. Furthermore, its ability to provide hyper-personalization, improved risk management, and compliance automation opens up additional revenue prospects, bolstering the company's competitive advantage and broadening its market reach in the global fintech ecosystem.

Intellect Design Arena Ltd's Purple Fabric platform has recently signed a large multi-year deal for Rs.200 crore with a leading London-based insurance and re-insurance broking firm. This collaboration intends to change the client's underwriting procedures by adopting Intellect AI's Magic Submission and Xponent solutions, which are both based on the Purple Fabric platform. These solutions are designed to improve and streamline the insurance policy placement process, increasing efficiency while minimising manual inefficiencies. Furthermore, the overall response from the IDA's customers, prospects, and partner ecosystems has been extremely encouraging towards Purple Fabric.

What is Purple Fabric?

- ❑ *In simple terms, Purple Fabric is a team of digital AI workers that can process large amounts of data, enhance efficiency in various tasks, improve accuracy of tasks, and automate decision-making for banks and other financial institutions*

Won significant deals in FY25 demonstrating growth and expansion

- OTP Bank in **Hungary**: A landmark Core Banking transformation deal with OTP Bank in Hungary, marking entry into a new geography.
- Vancity, **Canada's** largest Community Credit Union: A deal for a Digital Engagement Platform for retail, SME, and commercial banking, including full managed services on Azure cloud.
- Insurance deals in **North America**: Multiple deals with large and specialty insurance firms in the US for eMACH.ai Magic Submission and Xponent.
- Deal with a **UK**-based leader in global finance: A UK-based leader with €1478 billion in assets will use IDA's payment solution.
- A deal with one of the largest **U.S.** banking institutions: Focused on Asset and Wealth Management, adopted CTX - Corporate Treasury Exchange - to enhance liquidity management and automate cash operations
- eMACH.ai CTX deal in **UAE**: The largest bank in the **UAE** selected eMACH.ai CTX to enhance customer returns on cash capital.

INVESTMENT RATIONALE (2/2)

Strong revenue funnel accelerated by eMACH.ai

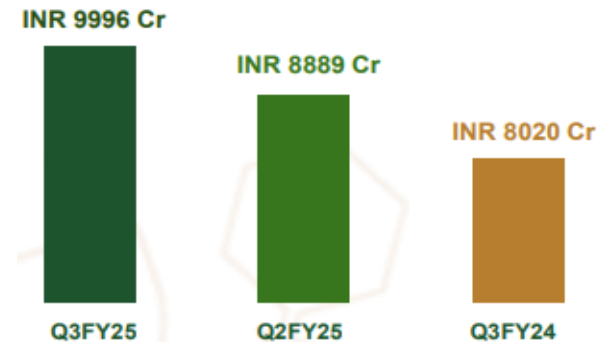
Intellect Design Arena Ltd, in Q3FY25 witnessed a number of deal wins, with over 80 destiny deals. IDA’s eMACH.ai has significantly influenced the company, serving as a catalyst for transformation and a key driver for growth and market recognition. eMACH.ai secured 11 new deal wins and facilitated 16 digital transformations for global financial institutions in the recent quarter, highlighting its critical role in modernising banking operations and extending the company’s market position.

Additionally, IDA is expanding eMACH.ai’s global footprint by launching a Canada-ready cloud solution for banks and credit unions, demonstrating its adaptability to regional markets. The platform’s AI capabilities allow financial institutions to automate operations, optimise resources, and make data-driven choices, resulting in increased client happiness and loyalty. The company has seen its sale pipeline grow significantly from Rs.8000cr to Rs.10000cr in the last 12 months with large deals in the works. The company further appointed industry veteran John Owen as President of the Western Hemisphere for eMACH.ai with the objective to advance the adoption of the platform through his strong client relationships in USA, Canada, South America, Europe, and UK. This strategic move will help expand eMACH.ai’s market reach within these regions, thereby, driving business growth. Collectively, these initiatives position eMACH.ai as a catalyst for Intellect Design Arena Ltd’s sustained growth, enabling the company to meet evolving industry demands and deliver innovative solutions to clients worldwide.

IDA’s key deal data

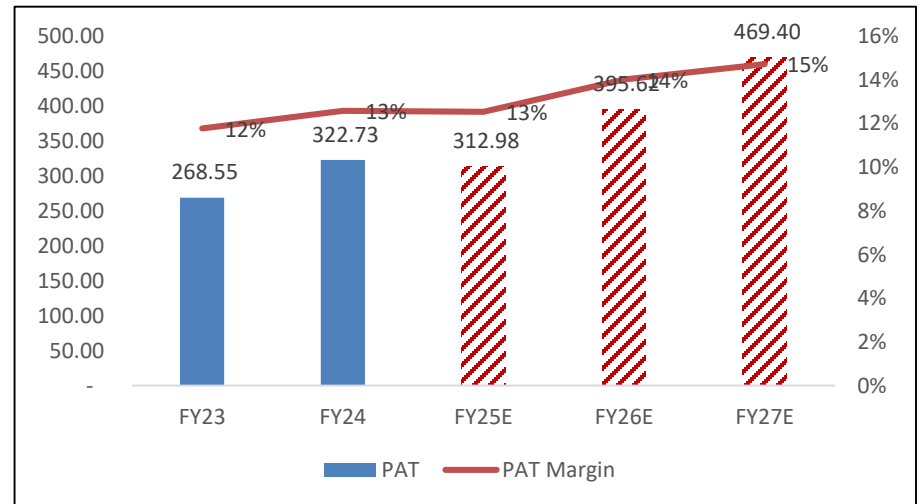
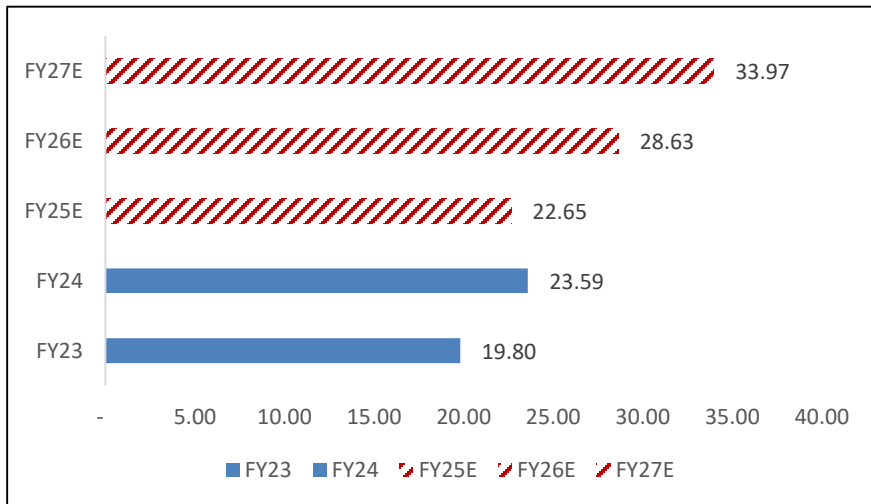
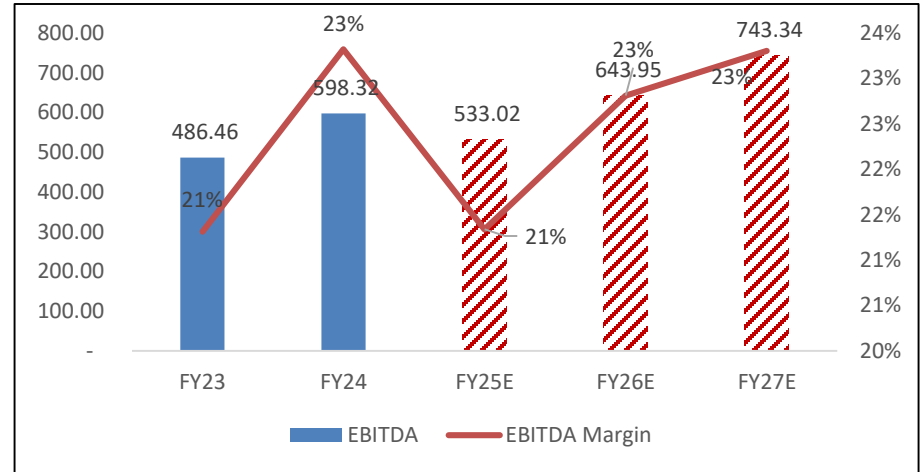
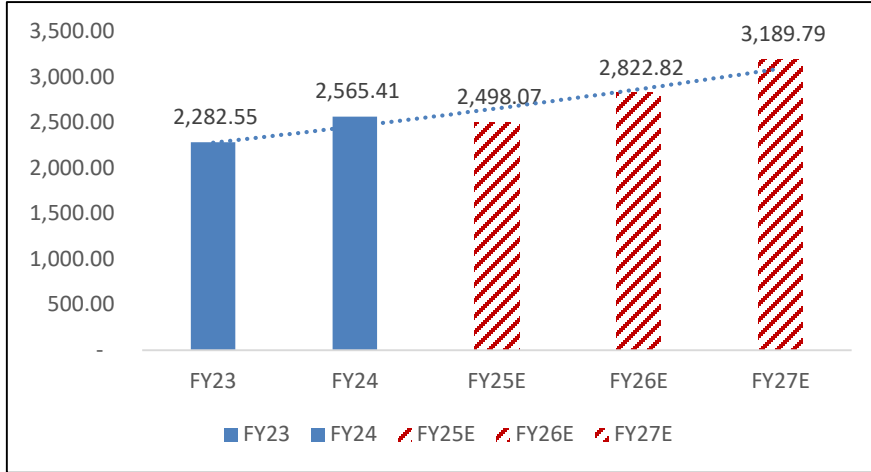
Particulars	Q3FY25	Q2FY25	Q3FY24
No. of Destiny (large) deals	91	89	79
Avg Deal Size (Cr.)	54	50	53
Avg destiny deal size	65%	64%	62%

Current Revenue Funnel



Source: Company, Sushil Finance Research

BUSINESS OVERVIEW: Financials



Source: Company, Sushil Finance Research

INCOME STATEMENT

(Rs. Cr.)

Y/E Mar.	FY24	FY25E	FY26E	FY27E
Revenue	2,565	2,498	2,823	3,190
Raw Material Cost	0	0	0	0
Employee Cost	1340	1228	1360	1521
Other Expenses	627	737	819	925
EBITDA	598	533	644	743
<i>EBITDA Margin (%)</i>	<i>23.3%</i>	<i>21.3%</i>	<i>22.8%</i>	<i>23.3%</i>
Depreciation	137	117	120	122
EBIT	461	416	524	622
<i>EBIT Margin (%)</i>	<i>18.0%</i>	<i>16.6%</i>	<i>18.6%</i>	<i>19.5%</i>
Finance Costs	3	2	1	1
Other Income	0	0	0	0
Profit before Tax	458	413	523	621
Tax Expense	138	103	131	155
Adjusted PAT	323	313	396	469
<i>Net Margin (%)</i>	<i>12.6%</i>	<i>12.5%</i>	<i>14.0%</i>	<i>14.7%</i>
Adjusted EPS	23.6	22.7	28.6	34.0

Source: Company, Sushil Finance Research

BALANCE SHEET

Rs. Cr.

Y/E Mar.	FY24	FY25E	FY26E	FY27E
PP&E (incl. CWIP)	156	162	164	178
Right of Use Assets	54	54	54	54
Other Non-Current Assets	987	1,019	1,065	1,119
Goodwill	34	34	34	34
Financial Investments	281	309	355	408
Trade Receivables	607	619	684	756
Current Investments	112	120	138	158
Cash and Bank Balances	200	225	268	344
Other Current Assets	974	1,094	1,272	1,438
Total Assets	3,405	3,634	4,034	4,489
Equity Share Capital	68	68	68	68
Reserves & Surplus	2,370	2,628	2,952	3,334
Non-Controlling Interests	12	12	12	12
Borrowings	-	-	-	-
Other Non-Current Liabilities	79	79	79	79
Trade Payables	267	262	289	327
Other Financial Liabilities	167	159	172	184
Current Borrowings	0	-	-	-
Other Current Liabilities & Provisions	441	426	461	485
Total Liabilities	3,405	3,634	4,034	4,489

Source: Company, Sushil Finance Research

CASH FLOW STATEMENT

(Rs. Cr.)

Y/E Mar.	FY24	FY25E	FY26E	FY27E
PBT	458	413	523	621
Depreciation	137	117	120	122
Interest	3	2	1	1
CFO before Working Cap chg	598	533	644	743
Chg in Inventories	-	-	-	-
Chg in Trade Receivables	(146)	(12)	(65)	(72)
Chg in Trade Payables	(8)	(5)	27	38
Chg in Current Assets & Liabilities				
Cash Flow from Operations	445	517	605	709
Interest Paid	(3)	(2)	(1)	(1)
Dividend Paid	(39)	(56)	(72)	(87)
Income Taxes Paid	(138)	(103)	(131)	(155)
Other Adjustments	121	(53)	(4)	1
Cash Flow from Financing	(59)	(214)	(208)	(242)
Capital Expenditure	(138)	(123)	(122)	(135)
Other Adjustments	(240)	(157)	(236)	(259)
Cash Flow from Investing	(378)	(280)	(358)	(394)
Opening Cash	93	200	225	268
Total Cash Flow	106	26	43	76
Closing Cash	200	225	268	344

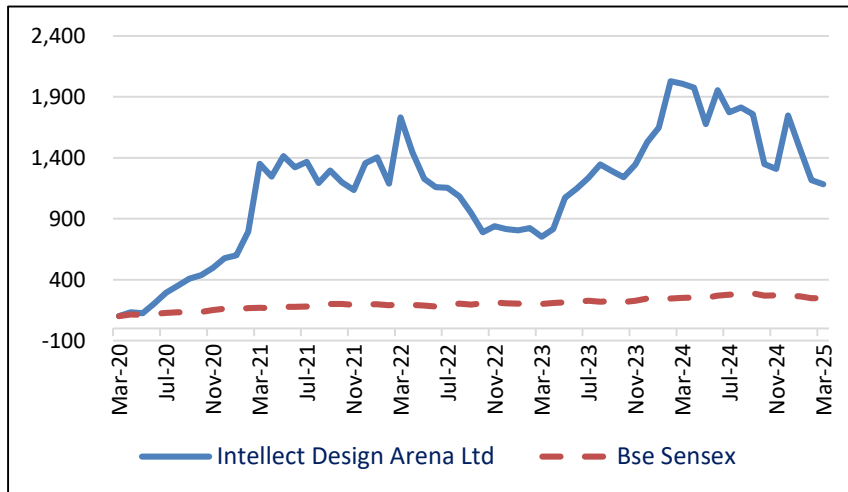
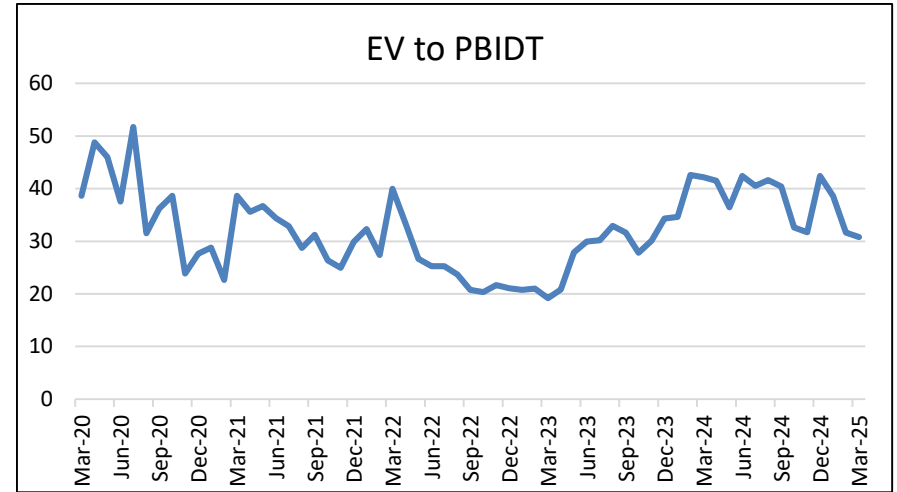
Source: Company, Sushil Finance Research

FINANCIAL RATIO STATEMENT

Y/E Mar.	FY24	FY25E	FY26E	FY27E
<u>Growth (%)</u>				
Revenue	12.4%	-2.6%	13.0%	13.0%
EBITDA	23.0%	-10.9%	20.8%	15.4%
Net Profit	20.2%	-3.0%	26.4%	18.6%
<u>Profitability (%)</u>				
EBITDA Margin	23.3%	21.3%	22.8%	23.3%
Net Profit Margin	12.6%	12.5%	14.0%	14.7%
ROCE	18.9%	15.4%	17.4%	18.3%
ROE	13.2%	11.6%	13.1%	13.8%
<u>Per Share Data (Rs.)</u>				
EPS	23.6	22.7	28.6	34.0
BVPS	178.3	195.1	218.6	246.2
DPS	2.5	3.5	4.5	5.5
CEPS	33.6	31.1	37.3	42.8
<u>Valuation (x)</u>				
P/E	28.0	29.1	23.1	19.4
P/BV	3.7	3.4	3.0	2.7
EV/EBITDA	15.0	16.8	13.9	12.1
P/Sales	3.6	3.7	3.2	2.9
<u>Turnover</u>				
Debtor days	88	92	90	88
Creditor days	39	39	38	38
<u>Gearing (x)</u>				
D/E	0.0	0.0	0.0	0.0

Source: Company, Sushil Finance Research

MARKET INFORMATION



Source: Company, Sushil Finance Research

Rating Scale : This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)

BUY : Over 12%

HOLD : -12% to 12%

SELL : Below -12%

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Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No