

Date: July 2, 2021

To,
The Manager,
Listing Department / CRD
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400001.

The Manager,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor; Plot No. C/1
G Block, Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

Dear Sir/Madam,

Sub: Submission of Transcript of Conference Call with Investors and Analysts

Ref: Disclosure of information pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the transcript of Conference Call with Investors and Analysts held on Thursday, June 17, 2021, on recent financial performance of the Company.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Intense Technologies Limited

K. Tejaswi
Company Secretary

Encl: As above



Intense Technologies Limited

Q4 & FY 2021 Earnings Conference Call Transcript

June 17, 2021

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 & FY 2021 Earnings Conference Call of Intense Technologies Limited. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Siddharth Rangnekar from CDR India. Thank you and over to you, sir.

Siddharth Rangnekar: Thank you. Good afternoon. And thank you for joining us on Intense Technologies Limited's Q4 and FY 2021 Earnings Conference Call. Today, we have with us Mr. C. K. Shastri – Managing Director, Mr. Jayant Dwarkanath – Director, Ms. Anisha Shastri – Director, and Mr. H.M. Nayak – CFO of the company.

We will commence the opening remarks with Mr. Shastri and Ms. Anisha Shastri, following which we will have an interactive question and answer session.

Before we begin, please note that some of the statements made on today's call could be forward-looking in nature. And a note to that effect has been included in the earnings release of the company, which is available on the stock exchange website. I would now like to invite Mr. Shastri to give us a brief overview on the company's performance and his views going forward. Over to you Mr. Shastri.

C. K. Shastri: Thank you, Siddharth. Thank you, everyone, for joining today's Earnings Call. Appreciate your interest in Intense. I hope and wish you and everyone in your families are fine and safe. In the beginning of last year, we never expected that the country would go through this kind of a turmoil for such a long period due to COVID, which has really, really impacted most of us in our families. And we have lost some dear ones, some of them have got impacted, some industries faced a brutal impact.

However, we were also very nervous and we were also very anxious but the first thing which we took care is to take care of our employees, safety of employees. On 23rd March of last year, we were the first people we met, the entire employees worked from home, the infrastructure was created, everything what was required to be made was provided. And the first goal for us was to see that we do a complete support to all our existing customers, see that there is a

seamless team, because that was one of the first an important decision which we had taken and we were acknowledged by almost 100% of our existing customers for the splendid work that my team has done in delivering uninterrupted services and support. Because as you all know that our solutions are mission critical, and they need continuous support from us.

I am so pleased to tell you that from that kind of a fear mode, we have come out with very, very satisfying results. As you all know that we have done a Rs. 73.83 lakh crore with the EBITDA of 23.16 on a consolidated basis, with a PAT of Rs. 18.07 crore, and that accounts for an EPS of Rs. 8. Also, consecutively for the third year we have declared dividend. So, we are pleased to tell you that the company is moving in the right trajectory and direction to see that we perform and improve better than what we do as we go along.

We have seen some great traction. Thanks to pandemic, what has really happened is that the IT has seen upside, IT business and our IT solutions because everybody is looking towards the digital side of business. Of course, how do they digitize their business processes and they have found some of our solutions very, very apt for such requirements.

I am also proud to tell you that our long-term managed services engagement has completely come on steady state and we are reaping the benefits of it. Also, our platform and our product has been recognized in the Aspire leaderboard, which is a leading analyst company based out of U.K. As you all already know that we have been recognized by Gartner and Gartner Magic Quadrant in the past.

Our low-code platform is also seeing a great traction which is in the coming years, as you know, that low-code is the new wave of the IT trend which the world is seeing. And fortunately, we have taken that strategic decision of moving into it the past, and we have seen some good benefits coming out of it.

On some of the things:

We have improved our cash flows, of course, in the balance sheet it will be looking a little alarming as most of our revenues tend to come from the last quarter, which going forward will be modulated, we are changing our engagement model and going about looking at it from an annuity-based revenue so that the predictability increases. You will see that trend in the future.

More than me I would like to hear your opinions, your questions, please be open. And we would be willing to answer everything, whatever you would have to say.

Thank you very much. Anisha, would you like to add anything?

Anisha Shastri:

Sure. Good afternoon, everybody. Thank you so much for joining this call. My voice may be slightly muffled behind the mask but let me assure you spirits are extremely high.

Over the last two years, there were some very strategic decisions that we wanted to take as an organization. Three fundamental pillars, the first thing was

verticals. We were very, very heavily dependent on telco two years back, and the telco industry as such was seeing a lot of dynamism in it. And so, we decided that we wanted to, and given the fact that all our products are vertical agnostic, there was no reason why we were so dependent on just one industry. So, over the last few years, we have made a conscious effort to diversify that. And you are seeing that pay off right now in the way of we have acquired three large private banks in the country, a lot of insurance players. We have also forayed into utilities this time, and government for the first time. So, that's one on the vertical side.

Second was the business model. We wanted to get to a more predictable revenue model, more predictable business model, both for the customer and for us. So, over the last two years, we have invested a lot in moving towards either monthly or transactional models. And we are seeing that also pay off with our customers.

The third thing that we focused on was the platform. We invested in the platform early on and we continue to invest and grow it even today. We are also reaping benefits of utilizing that platform to deliver to our customers better.

So, these were three strategic initiatives that we had constantly taken two years ago. And all three of us, Jayant, Shastri and I are extremely committed to continue working on this, to ensure that we go to the next level soon. Thank you.

C. K. Shastri:

Jayant, would you like to say something?

Jayant Dwarkanath:

In fact, both Anisha and Shastri have more or less echoed our views and we stay committed to the path that we always have stated we have been taking. And I think for us, while we believe that the company was always in the right direction. I think from a results and a metric perspective, I hope that you as our larger partners and stakeholders into our business, also kind of appreciate and acknowledge that, yes, probably this marks the turnaround from your individual perspectives. And what we look forward from you in future is a lot more support and a lot more empathy. And what we can promise is we will stay true to the course and see that your company does as well for you as it is destined to. Thank you so much.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sudhir Bheda from Lifetime Consultancy. Please go ahead.

Sudhir Bheda:

Congratulation for your good results. I have two questions. See, when Anisha ji is saying and you have written the press note too, it is a mission critical operation which you are doing in telecom, banking and insurance. So, if you can throw some more colour on that, what kind of service do you render in three verticals?

C. K. Shastri:

So, there are three questions, one is the mission critical aspect of it. We are an enterprise product solution. So, the thing is that we send bills, we make payments, we have digital engagement, your policies are processed and sent out to you in insurance, your credit card statements and banks are there, and then we do revenue reconciliation. We also do customer onboarding, for example, in

one of our larger telcos, today we are onboarding about 1.3 million customers a day, which means that if you are onboarding, if it stops for even half an hour, your revenues get impacted. Similarly, if your bills don't go and the payments don't happen, then the business gets impacted. And if you have your digital engagement, that is your transactional, today's world of digital every step of a purchase or action with any customer takes you informed digitally through mobile, through SMS, through email, through the website, omni-channel thing, through WhatsApp.

- Sudhir Bheda:** Because of our working capital side and high receivables, our cash flow from operations is very poor, so if you can throw some light and what steps we are taking to improve that.
- C. K. Shastri:** Yes. See, some of our clients themselves, large clients, we have agreements of 120 days and so on and so forth. And all of them are blue chip companies, more than AAA rated companies. Whereas, we are also looking at doing the business counting, factoring to see that that is improved. Even otherwise, we are renegotiating and contracting this thing. You would see that this year we have already, for example, in the first quarter itself we have almost collected about Rs. 40 plus crore in the quarter as we speak. So, we are on top of it. And we are working on improving the cash flow performance.
- Sudhir Bheda:** And the current year growth outlook, if you can share.
- C. K. Shastri:** Sir, it can only improve, it can only get better. And we are working towards that. We are also as ambitious as you all are. I would not like to give any guidance, but definitely it will be much better than what this year you have seen as.
- Sudhir Bheda:** And sir, last question, are we doing any government projects?
- C. K. Shastri:** Yes, we are doing, not directly but through system integrators we are doing. One in the Philippines for a large Supreme Court and the other in India and PSU also.
- Moderator:** Thank you. Next question is from the line of Rajendra Shah from Fidelity Management and Services. Please go ahead.
- Rajendra Shah:** Shastri ji, congratulations on the outstanding result. What are the three applications or things that could be combination of high volume and high profit and which geographies?
- C. K. Shastri:** Sir, currently, if you really look at it, our digital platform, that is the low-code platform is one thing which we are seeing a big promise. Apart from that, that is a new thing which we have added to our portfolio, our major traction we are getting is for digital engagement, especially with the COVID and pandemic there is a lot better traction coming for digital engagement. And on the B2B customer experience, we are also seeing the traction, but that is large transformation project which typically it is. So, that is about the three flagship solutions which we are looking at.

As far as geography is concerned, typically till last to last year we were always doing a 51% India and 49% overseas. But this year the tilt is more towards the domestic side, there is the tilt in revenues at 70:30. Nevertheless, we are making our investments, Europe and Middle East, Africa. Hopefully, today we say that we have customers across four continents and over 40 countries, right from Fiji Island in the East to Mexico in the extreme right we have our customers. And hopefully one more continent we will add and it will become transcontinental this year. We are making the right things. And our current sales model, we are engaging more through system integrators and partners.

Rajendra Shah: Shastri ji, what about the constraints and headaches that you face in running and growing the business?

C. K. Shastri: Sir, the biggest challenge which we face is for enterprise business as such. The selling cycles are very long and stakeholders who are involved, because you have the business operations, the IT, the architectural teams. They also look at the selling cycles is one big headache which we see, because sometimes these large multi-million dollar companies, their whole processes in place at the final stage, the entire management, the whole teams are changed. There again you restart the cycle. But today, we are well poised to make the right investments and grow the business, build more brand. We are taking initiatives on the digital side of the marketing also. And you will see that is the biggest challenge we have the long selling cycle.

Jayant Dwarkanath: Just to add to what Mr. Shastri has said to kind of build on that question. Until about 18 months ago, we were also concerned that we probably did not have the wherewithal to kind of expand into the overseas territories, which is ideally where we aspire to be, because that's where we get the biggest bang for buck for solutions that we build. And from past experience we have seen that the margins that are afforded out of overseas contracts are far, far more than what we had ever experienced in India. And you would also have had been a part of conversations with us, where we had said that we were probably scouting for partners who probably could partner with us, both financially and strategically to kind of progress this endeavor. But in the past 18 months, thankfully, and I am keeping my fingers and toes crossed, because of our own engagements with large systems integrators and large projects that we have been part with in India, with the internal accruals it tells we have kind of shored up, If not the money muscle, at least the mental confidence that in the immediate and the short term we will be able to kind of do it on our own. While at this point in time, we probably are not actively looking for monetary participation, we still are open to stakeholder participation in terms of people who can expand doors for us. So, the change that has happened from the past where we felt, in our minds too that there were constraints for funds to expand, that I think we are slowly putting behind us.

Moderator: Thank you. The next question is from the line of Chirag Shah from EY. Please go ahead.

Chirag Shah: Firstly, congratulations on the outstanding results. Also, thank you for the dividends that you have declared. My question was, while we have spoken about

the past strategic initiatives over the last two years, could you also share some insights over the future initiatives and plans that the company has?

C. K. Shastri:

Yes, thanks. As Jayant has just now illustrated, we were looking at a financial and a strategic partner, but at the moment we would want to look at engaging. We are already engaged with very large system integrators today, who are globally renowned. So, as the traction improves, we would want to see that, we create the joint, go to meetings with these people, because they have a reach, they are the brand. And the whole thing which we are looking at strategic partnerships, in the process it's something materially, they will look at an equity or something like that, we will consider it as it comes. But the most critical aspect we are looking out is that our products and platform is tried and tested and trusted by Fortune500 companies globally. And it clearly proves that we have the right technology and we are in the right place at the right time. All today we need is the reach to scale up and grow this business. And primarily, that will be our outlook and we are already engaged pretty aggressively with large system integrators. We are talking to them on joint go-to-market, joint things because there is definitely a very positive traction coming.

Jayant Dwarkanath:

To build on Shastri's comment. While in the past we were solely focused on very large enterprise accounts, now with our low-code platform we are also actively looking at the smaller businesses where the sales cycles are far lower than what we have been experienced too, so that there is a separate line of traction and separate line of opportunity that we can service.

Moderator:

Thank you. Next question is from the line of Aejas Lakhani, an individual investor. Please go ahead.

Aejas Lakhani:

Congratulations, sir and the entire team for an excellent performance. I will keep my questions very specific. And if you could respond to them in a specific fashion, in the interest of the other participants. So, first is on the managed service deal. The deal was truncated in the middle, and the value went that was likely to accrue over the tenure of the deal got little in terms of cash flow adjustment was a little skewed. So, I just want to understand that is the same value of the deal, the monies that were likely to accrue to us on a yearly basis, along with the time period on the similar lines is what we had discussed?

C. K. Shastri:

Yes, thanks Aejas for that. Just to let you know that, yes, we had lost two years of revenue because of whatever, it was in public domain, the Supreme Court verdict, and a lot of changes in the thing, we lost two years of revenue. But now the entire thing is back on track. And we have become a complete critical aspect of it. Even their homegrown solutions which they were using, either to when we were present. So, currently, surprisingly, we are able to see that the digital onboarding, the volumes have not dropped, and they are going as they are happening. And the similar thing is going on, because you know that they have a very large landline presence and that is also going well. But, of course, the growth in numbers is not there, because it's a transaction-based thing, we are not seeing the growth what we want, but there is not much of a drop in the volumes, what is happening. So, we are having a steady income from them. I have to be honest and candid with you, there are some delays in the payments, but we are receiving continuous, that's the only customer where we are having

some delays in our collections. But we are receiving some money, but there is part of it which is it's like a cash flow rotation which is happening. A part of the chunk is always pending, which is there with them.

Aejas Lakhani: Got it, sir. And sir, just wanted as a follow-up, the ad revenue has also started trickling through or not yet?

C. K. Shastri: Yes, that is a very good question. What we have learnt is that, because there was a participation which was supposed to come from the operator also in a significant way has not happened, and it is not becoming viable for us to pursue that anymore. So, we are not seeing any revenue from that activity as much.

Aejas Lakhani: God it, sir. That's very helpful. And sir, one understanding of our business was that, look, we sell the license and then the small portion of it is in the form of annuity or change requests, etc. Now, Anisha mentioned on the call that we are trying to streamline this into a more predictable annuity sort of revenue. So, how are you making this transition? And what is the change that is leading up to this?

C. K. Shastri: See, what is happening is, you know that the entire world is moving towards the cloud side, everybody is moving towards the cloud, they don't want to have the data centers and so on and so forth. So, one of the models, which people look at is per transaction model. Or when it is not per transaction, typically large enterprises vary because their growth trajectory is high, and their cash outflows will be heavy. So, in such cases, what they tell us is that the license, the annuity and as you said, the support services, operational support, they bundle it all together and they make a monthly payment to us. So, we have two models, one is monthly fixed price and the other is per transaction price. That's how the entire thing we license, the services, the infrastructure, if at all we are providing infrastructure. In some cases, like in Europe and other places, there have been our client in Europe where it is a private cloud. So, they pay for the infra, they pay for the license and AMC services on a monthly basis. So, this is the two models for annuity and this predictability. So, this is how most of our new engagements we are looking at. There is a definite shift also from the customer side to get into it so we are able to convince them saying that you will also be able to predict your costs upfront. And that way they are appreciating this model.

Aejas Lakhani: Got it. And when they give you this monthly commitment, is there an underlying underwriting or some basic volumes that they commit to you or that is not the case?

C. K. Shastri: That is typically not the case, but most of our enterprise customers are all on the growth side. So, really to look at the revenues going forward, 55% of our revenues will be coming from the annuity side of our business.

Aejas Lakhani: Sure, thanks for that. And I would urge you that do not make the dividend payout, use it to build sales and marketing and grow the pie instead, because the business is inherently very profitable, and I think we'd benefit far more if we can increase the traction of sales which you can use to hire expensive resources with the capital. Thanks, a tonne. I will fall back in queue.

- Moderator:** Thank you. The next question is from the line of Suresh Kumar from Alpha Investments. Please go ahead.
- Suresh Kumar:** Sir, I see on the balance sheet there is Rs. 53.04 crore in account receivables. So, I am just wondering how the company would be dealing with account receivables moving forward.
- C. K. Shastri:** Okay. Just to let you know that more than 50% of that has already been collected, and we have a pretty healthy cash flows at the moment. Only thing is that we have had certain contracts with large customers where their payment terms themselves are AAA rated, but the payment terms are 120 days, 90 days. So, that is what it is. But it is not a problem. At the moment, as I mentioned to you that more than the 60% of that is already collected.
- Suresh Kumar:** So, if more than 60% is collected, that is good, congratulations on that.
- Moderator:** Thank you. The next question is from the line of Prashant Kale, an individual investor. Please go ahead.
- Prashant Kale:** Congratulations for the fantastic results, and I think you have a really professional team within the company. I have observed one thing about the remuneration of management. I can see that in last year there was about 4% of the total revenue remunerated to two of the directors, 4%; and general standard is 1% or 2%, let's say, 2% is also acceptable. When it comes to 4%, that sounds too much. And on top of that, I think there is 5% profit share also. That is okay, we can deal with it, you guys are working hard, you must be awarded and rewarded accordingly.
- One thing I wanted to ask you that what was the reason for preferential shares to the promoters? Was it because of the need of funds? Or was it because of raising the stake of the promoter shareholding stake? What was the reason for the preferential shares?
- C. K. Shastri:** If you really look at it, it was to increase the promoter shareholding, because we are continuously accused of, though we have been in the business and our commitment is fully on for last 20 years we have made so many sacrifices, put our personal assets and everything at stake, and we have done it. But still the investor community feels that we have to increase our stake. So, what we have done is that, yes, we have increased our remuneration, we don't have any other income. The same thing we are again putting back in the company to see that we increase our stake so that the confidence in us goes up.
- Prashant Kale:** That is one way to look at it. But there is another two more options which gives confidence to the investors, and which will really boost the value of the shares. Shastri ji, I have one suggestion, I am not criticizing you because you guys are wise and are in this business for a long time. We have two good ways to increase the stake, you buy from the open market, or you buy back the shares so that your stake also goes up. We will be happy that the stake of the promoters is high, then that gives more confidence. If you use these two means, the investors think that the management is not unduly rewarding themselves and they are getting rewarded along with investors. That is my request to you, sir.

- C. K. Shastri:** Sure, point well taken and you will see some of those actions also. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Milan Shah from Orient Research Consultancy. Please go ahead.
- Milan Shah:** Congratulations sir, after some time you have started the con-call. And my request is to continue because investors are in touch with company every three months. And congrats also Anisha madam has joined in concall and has given very good presentation of company. My question is, I want to know that intangible assets under development, what is this amount for?
- C. K. Shastri:** Yes. So, for about last 15, 20 years, though we are a products and platform company, we never capitalized any of our product development as this is towards that which we have done towards the product development, the new product development which we are putting in.
- Milan Shah:** Okay. Sir, one more question, the employee cost is going down last three quarters, is it going to continue or it is for lockdown itself?
- C. K. Shastri:** No, the employee cost will be going up, we are scaling up for other new model of managed services approach. We will be increasing our people. In fact, in our difficult times we had a lot of our employees who had taken a cut in their salary, we are compensating them better. So, you will see an increase in the expenses. But significantly it will offset majority from the savings what we have towards COVID, like on the event, travel and other conveyance expenses have come down drastically that we are compensating largely from savings towards the employee benefits. So, you will see a marginal increase in the employee cost.
- Anisha Shastri:** And just to add to what Mr. Shastri has said, we will also continue investing in sales people internationally, so that will also add to this.
- Milan Shah:** Okay. Thank you and best wishes for future. And I wish con-call is going to be continued every quarter.
- C. K. Shastri:** Sir, that is one thing we have yet to take a decision. We had taken a decision last year that we will do a call annually, but if not we will do a six-monthly earnings call. Because we would want the results to speak, we would want to be more focused on business. And I can assure you that we are available whenever you have anything.
- Moderator:** Thank you. The next question is from the line of Abhishek Kapoor, an individual investor. Please go ahead.
- Abhishek Kapoor:** My question is again on trade receivables, which you have answered that you have received 50% of what is outstanding, which was on 31st of March. But my question still remains, if you see at the trade receivables which were Rs. 53 crore, it is almost nine months revenue of the company. And when you say that receivables are due in 90 days or 120 days, we are saying it is almost 270 days. So, this does not match what you said actually 90 days and 120 days.

- C. K. Shastri:** See, there is one customer where we are definitely having a longer outstanding, as I mentioned. Apart from that, most of our collections are well within the 120 days. The fact that, as I mentioned, more than 60% of our collections have been from the 31 March, outstanding has already been collected, itself is an evidence of that.
- Abhishek Kapoor:** And is it okay for you to divulge that out of these Rs. 53 crore how much is that particular customer?
- C. K. Shastri:** That single customer?
- Abhishek Kapoor:** Yes, the largest one?
- C. K. Shastri:** No, we cannot reveal it. But if you want to have a personal call, we can do that. It is not very significant.
- Moderator:** Thank you. Next question is from the line of Sumit Kothari, an individual investor. Please go ahead.
- Sumit Kothari:** Congratulations for a great set of numbers. My question is regarding the other expenditures that we see. Can we get a breakup of this Rs. 7.5 crore that we have incurred in Q4?
- C. K. Shastri:** The other expenses are related to advertisements, statutory audit fees, business promotion, directors' remuneration, professional services. What we have also done is that for one of our large engagements we had to hire a lot of contract employees, that is the Chartered Accountants and all of those, we have hired about close to 30 plus accountants for delivering the project, that is also part of that. Of course, the travel expenses come down. That those are the significant costs.
- Sumit Kothari:** So, just to understand the trend, I see that it's around 20%, 22% as a percentage of revenue, it is always going to be this number or is it going to change on a quarter-to-quarter basis, the other expenditure that is?
- C. K. Shastri:** It will be. And the other point is that we are also trying to hire a lot of the professional consultants even for our business development, senior people as consultants.
- Sumit Kothari:** And since we are looking for opportunities in the global markets, and it's always had higher margins to the international business, so can we expect the margins to go up higher or will it be around the same levels of around 28%, 30%?
- C. K. Shastri:** We are working towards improving it, as you know that the idea is we have changed our team in the U.S., we have got more aggressive people, we are hoping that they will bring in the results, and you will see this company in a totally different league altogether.
- Sumit Kothari:** And what is the number of sales people we have for the U.S. and Europe region, if you can give any ballpark number, sales people?

- C. K. Shastri:** See, the thing is that we as an organization itself we don't have too many sales people. We have large pre sales consulting people, because what happens is, it is not a number of feet on the street, it is what is required it is on the pilot, the BOC. The presale support is very high, that is about close to 26, 28 people are there on the pre-sale side, of the sales side we have about 9, 10 on it. So, bunched together, globally we have about 9 sales people.
- Moderator:** Thank you. The next question is from the line of Arjun Balakrishnan, an individual investor. Please go ahead.
- Arjun Balakrishnan:** I must confess I am quite new to this company, quite recently invested. So, pardon me if the questions are quite basic. So, can you tell me whether the products that you sell, is it licensed for a lifetime a perpetual license or is it a leased based model?
- C. K. Shastri:** The early deals which we had done were all perpetual, but now we are moving on to transaction model and annuity model currently. So, we are also having some engagements which are on growth-based licenses. So, the more number of PTNs or the call trunk number increases, it is growth license, the more they add the customer base more licenses which we get year on year. Most of the early deals which we did, we had no choice but to agree to perpetual license.
- Arjun Balakrishnan:** Okay. Thank you. And just to follow-up on that, I see the historical revenues, it's been a bit inconsistent. And that's typical of a product company I understand. But because you are shifting this model from perpetual to more transactional, can we expect a bit more consistency on the revenue quarter on quarter? Or is it going to be still our expectations to just look at it year-on-year and not quarter on quarter?
- C. K. Shastri:** You will see that improvement from last year to this year. Next year onwards further it will be improved and predictable. But you will see some improvement this year, definitely. For now, I would urge you all to look at it year-on-year, but definitely there will be an improvement.
- Arjun Balakrishnan:** Understand. And a couple of last questions. One thing about the dividend, I see you increasing the dividend. So, normally that's viewed positively. But let's agree that we are a smallish company, so don't you think it's wiser to kind of not pay any dividend and reinvest into sales and marketing?
- C. K. Shastri:** The idea was that there was a lot of expectations and cry from a lot of other investors that you never pay dividends with such a small equity. The impact is not significant, why don't you give a goodwill thing? There are different opinions. But I think, I take your advice. We also personally feel it is prudent to put that in sales and marketing going forward.
- Arjun Balakrishnan:** Considering the taxes on dividends nowadays, it has no meaning, in my view, to give dividends. Anyway, let's put that aside. Last question, because I think we have a decently good product, great product, have you ever thought of going a slightly riskier proposition of raising more debt and increasing our bandwidth to grow faster? Because that is always a problem for smaller companies, right, to

grow, to get the bandwidth because cash gets you more cash, but is there any plan for somehow raising more capital?

C. K. Shastri: At the moment, we don't have any plans. With the given cash flows, given this thing, we are looking at some decent growth. Because the biggest problem which we have in our business is long selling cycle. So, that long cycle, though when it was required we had taken debt.

Jayant Dwarkanath: Banks tend to look at smaller aspirants far more keenly than they ever did in the past.

C. K. Shastri: And just to add to what Jayant said, the small debt which we have, I think we have about Rs. 1.66 crore debt, that itself we have paid.

Jayant Dwarkanath: And the value of servicing that debt is far more than the benefit....

Arjun Balakrishnan: I understand, I was just curious to know what the view was. And final question is regarding your stakes in the company. Maybe there is some rules regarding what categorizes as promoter and non-promoter. But if you really put all the stakeholders who have skin in the game, what is the total promoter, I think Jayant I see as non-promoter.

C. K. Shastri: Yes, between us, it is coming to 25.6, 10 employees put together it is about 33%, 34% is what it comes to.

Arjun Balakrishnan: And after the warrants?

C. K. Shastri: It will go to 37%, 38%.

Arjun Balakrishnan: Okay, so it's close to 40%. That's fine, that's healthy. Okay. Thank you. That's it.

Moderator: Thank you. The next question is from the line of Anil Kumar, an individual investor. Please go ahead.

Anil Kumar: First, let me congratulate the management for outstanding performance, consecutive results declared. And I have been observing this company as an individual investor for a long time. And I just want to ask one question, is there any technological breakthrough or something? Any advancement in technology? Because today the world is moving towards technology.

C. K. Shastri: The thing is that, if you really look at the paradigm of the number, it was all people driven, coding was people driven. We have invested in strategic initiatives, we are getting into artificial intelligence, AI, on the low-code side of our platform. Low code is the next big thing which is predicted by analysts and everywhere, and we can see that happening. Anisha, would you want to add?

Anisha Shastri: Mr. Anil, just to build on what Mr. Shastri said, just like how when cloud came in, that was a big fad and it completely disrupted how storage was done. And that's the same case with low-code infra, it disrupted the infra market and that's the same case with low-code. In fact, if you read the Gartner, Forrester, etc., report,

they say that more than 60% of all app development worldwide will move on to low-code platforms. And we made the right calls at the right time, made the right investments at the right time into that space. And we continue to grow our low-code offerings. We leverage it ourselves as well. We are also announcing our customers benefit from it. And that is one very strategic initiative that we have taken that we are very, very sure will pay off.

Jayant Dwarkanath: So, just to build on what Anisha and Shastri have said, as I also stated a little earlier in the conversation. What this also opens for us is new market that we can service. So, we no longer will be kind of restricting ourselves to large enterprise accounts, while the dividends are there over a long term periods, but for us we would like shorter sales cycles and quicker cash cycles. And the new segment and smaller businesses through our low code platform will afford us that opportunity.

Anil Kumar: Thanks for the information and I wish best of luck for coming year, because the future is technology and you are one of the few companies or products companies in this country. All the best.

Moderator: Thank you. The next question is from the line of Amit Gauri, an individual investor. Please go ahead.

Amit Gauri: First of all, congratulations to the management for good set of results. Sir, my question is related to an announcement of a contract for mission critical services, can you please guide us to the contract value, or the execution periods related to that particular contract?

C. K. Shastri: Unfortunately, we have a confidential NDA agreement, we can't reveal the name and contract size. I hope you will appreciate.

Amit Gauri: But any information that you can share with us?

C. K. Shastri: We are engaged with the contract and the contract implementation is going on. And it is definitely a lot of prestige and pride to us in terms of the international importance it carries.

Amit Gauri: So, has the execution started or?

C. K. Shastri: Yes, execution has started.

Jayant Dwarkanath: What I can add to what Shastri has said that like over the last two years, most of our contracts are contracts where we can see a predictable annuity over a period of time. And all our new engagements add to that factor of predictability.

Amit Gauri: And one more thing, can you please also guide us what are the number of clients added since last one year or what is the current pipeline?

C. K. Shastri: We have added about 4. We have added in insurance, we have added in banking, utilities and government through system integrators. About all in put together it would be about four to five customers.

- Anisha Shastri:** And our business up until now has always been where a volume of sales is not as much but what we add in terms of to the top line is significant from each of those.
- C. K. Shastri:** What happens is that being enterprise customers, we have also put a strategy together to see that we deliver more value to our existing customers, because as you must have seen we have very marquee names in our list of customers, Fortune 500. So, we are increasing through this low-code and this thing, we are increasing our value proposition to our clients. So, always it is easier to engage with an existing satisfied customer than go for a new customer. So, we put a very clear strategy this year, to see that we increase our value to our existing customers and thereby increase our wallet share.
- Jayant Dwarkanath:** And just as an additional data point, historically, we were a telecom focused company, but if you look at our client mix today, you can call us a telecom, insurance and banking company. And almost across India we address that market.
- Moderator:** Thank you. The next question is from the line of Ritwik Khanna, an individual investor. Please go ahead.
- Ritwik Khanna:** Congratulations on the results. Most of my questions have been answered, but I just wanted to know one thing, whether you all are involved in customer acquisition or is it just customer onboarding and management and other similar services?
- C. K. Shastri:** What do you mean by acquisition?
- Ritwik Khanna:** I mean like you all acquire the customers, like something similar to what Apple does.
- C. K. Shastri:** See, we help our customers acquire their customers. That is what we do. And after acquiring customers, we help them engage with them, we help them plan their required bills, payments, and other support services which they are required for.
- Moderator:** Thank you. The next question is from the line of Suresh Kumar, from Alpha Investments. Please go ahead.
- Suresh Kumar:** Even the revenue growth have been decent, like in terms of growth, when you compare it with other IT companies, the growth is a bit sluggish, I would say when compared to the high growth IT companies. So, I am just wondering if there was a target of Rs. 150 core revenue set in the next two years' time, what would the company be doing differently in order to achieve that revenue?
- C. K. Shastri:** As we said that we have three big initiatives, one is that in next two years, with the support of low-code we are looking at taking up large projects, whether it is government or in the digital transformation area, which could be of value of \$5 million to \$10 million a single deal. So, that is one thing. Plus, as we said that we are increasing our depth and breadth of value to our existing customers. The

third thing is that having very close ties with system integrators and partners. These are the three things which will get us where we would want to be. Definitely, these are the things which we are doing and also increase our footprint. We are looking at opening up Australia, New Zealand this year, we are doing currently mostly remotely.

Suresh Kumar: But most definitely the results are commendable and satisfactory. So, good job. And I am wondering like you have the small debt of Rs. 1.3 crore, but you have got Rs. 14 crore cash on the balance sheet. Why not pay off the small debt?

Jayant Dwarkanath: Absolutely, we are looking at it.

Suresh Kumar: And so if we can achieve the growth trajectory it will all be well on salary for all the directors and the management. Because it takes a lot of effort to run a company and get to that sort of trajectory.

C. K. Shastri: You are telling me sir, we have seen worst times, we really went through a lot of rollercoaster ride. Being a product player, it means a lot of deep pockets and marketing, reach, a lot of innovation, money into innovation, you have to always be at the cutting edge of technology. And being a smaller company, we have to manage employee motivation, challenges, attract talent, all of these. And thank you very much for your inputs.

Jayant Dwarkanath: On a lighter vein, Suresh, the reason why we held back paying back the debt was because until recently we were working towards acquiring the same customer as our own clients, which we have done now. Now, we have no problem in paying back the debt.

Suresh Kumar: Okay, sir. No, problem. I wish we reach a higher group trajectory when it comes to sales. And I think that's the only thing lacking. And my other sort of small concern is, consistently in the market Q1 is better than Q2 results, and Q3 is better than Q2 results, and Q4 result is better than Q3, that will have a positive impact on the stock. Whereas now what I am seeing here is, of course, I can't blame you, it's the sales cycle. Most of the revenue is sort of concentrated in quarter four. And then once we go to quarter one, the revenues are historically they have been relatively less. As a result, in my view, that's the reason why the stock is not doing as good as it should. Because if we look at the PE, it's around 10x earnings, which is relatively less compared to what other companies are trading in the market.

C. K. Shastri: Sure, sir. As we said, we are reconstructing our contracts, we hope to improve that. And you will see some change this year.

Moderator: Thank you. Next question is from the line of Arjun Balakrishnan, an individual investor. Please go ahead.

Arjun Balakrishnan: Just a follow-up one, I am not sure whether you can answer it, because lately there's been news on one of your publicly known project about a glitch in the

website, you know what I mean? So, is that related to us or is it related to their site? And I am okay if you can't answer it, because it's something you don't. But if you can give us an idea.

C. K. Shastri: Arjun, for the benefit of all of us Indians, let's hope that that glitch is sorted out soon. Yes, we are not directly involved, but let's hope that all of us are able to use that website as soon as possible.

Moderator: Thank you. The next question is from the line of Prashant Kale, an individual investor. Please go ahead.

Prashant Kale: Shastri ji, I have a one suggestion. We have six to seven people as a global sales team, and then there are like, let's say, 20 people supporting them for pre-sale, right. So, if we want to increase our global reach and employ quite a lot of sales people globally, that will add a lot of fixed cost. And the returns will come very late. Is it possible to employ, because there are hundreds of thousands of skilled IT engineers all over the globe, is it possible to identify some of them and employ them as a freelance sales people? If they sell, they get commission. If they don't sell they will get nothing. By doing that we will not have fixed costs, and we will only have cost if we get sales. Is that possible?

C. K. Shastri: Yes, it's a very good question. Mr. Prashant, it is a very good question. So, what we are doing in increasing our sales is that you must have heard in my one of the expenses which we spoke of, these enterprise sales, it is not a simple sale, it requires a whole skill set what is required. So, there are people today who work at very senior positions like CIO, CTOs of large enterprises, who have taken voluntary retirement or they started their own consulting firms. So, we are engaging with those consultants as one aspect of it. The second aspect, you are absolutely right. So, an individual cannot sell, but a partner model where already they have existing customers so we are looking at roping partners where it is revenue share, and profit sharing kind of a model. The third thing which we are trying to do is engage more deeply with the system integrators. Typically, system integrators hitherto used to be that people used to only come when there was an opportunity for them to work with us. Now we are looking at proactively engaging with them, trying to work joint go-to-market strategies and other thing. I hope I have answered Mr. Prashant.

Prashant Kale: You have answered it fairly well. But what I have observed is that Indian people are smart. If you train them a bit, maybe you can try on a pilot basis in smaller countries where it's not possible to employ a full-time sales person. But if you give them a little bit of training, let's say 5 to 10 hours of training, and try a pilot for smaller countries, and let's say deploy them, identify the customers yourself and deploy them, okay, contact this company and switch in for this product. So, probably that will help you if it works or not. It's just a suggestion.

C. K. Shastri: Absolutely, Prashant ji. Your point is well taken, and in fact it has been on our radar too. But you will also appreciate and acknowledge that hiring the right person is one of the most challenging task for any company. And as a partner and the stakeholder in our business, we will be open if you can also refer names who you believe we can get in touch with, we will be happy to have a conversation with anybody.

- Prashant Kale:** I have few contacts, maybe I can suggest you for the same, Sweden, Norway, Finland. Other think, I had one suggestion, there are lots of ecommerce companies and chain shops in India, like D-Mart and all those things. Are we planning to foray into that area and help them to acquire their customers and register their customers? Because their customer churning is quite high, so have you looked into it?
- C. K. Shastri:** No, we have not looked into it. But we will consider your suggestion and explore that vertical also.
- Prashant Kale:** Smaller banks, right. Indian Terrain is a Chennai based company, smaller brands. They don't have IT expertise. They have now opened online shop. Previously they were in all the big shopping chains like Shoppers Stop and all those things. Now they have opened their own online shop. Similarly, Sreeleathers is a Kolkata based company, small company, in 30, 40 shops, but now they are selling shoes left right and center online. These types of small brands who are weak in IT, probably if we target them, and then help them to acquire customers and run their back-end things. That would be the one location, because these people are family-owned businesses, not very good at IT.
- C. K. Shastri:** That's a good input, we will consider that.
- Moderator:** Thank you. The next question is from the line of Shiv Kumar, an individual investor. Please go ahead.
- Shiv Kumar:** Congratulations, longtime coming. I have been investor for four years, thanks for a great set of numbers. Hopefully, we get to improve this year. A few questions, firstly a suggestion. Can we release the results a little bit early, because of all sides, I always look for anything special, it always comes at the fag end of the quarter. Other thing is, I think, a couple of years before, we talked about the GDPR opportunity in Europe. Any idea how is that progressing?
- C. K. Shastri:** The point is now that got completely crowded market. And also, what people are looking at is, they are not looking at buying an IP to implement GDPR, they would want manpower, people, resources to do that. So, we have not continued to pursue in that direction.
- Shiv Kumar:** Okay. My next question is like, we have a customer in U.S., right, I think which we implemented as SaaS platform. Now, what is the feedback from that platform? And have we done similar products for any other customer?
- C. K. Shastri:** We were after that customer, we did not have success there in the U.S. That's why you must have heard me, we have changed our team there. So, we hope to see some good traction this year.
- Jayant Dwarkanath:** Yes, just to kind of address that differently. The client continues to be with us and is a very happy user of our solution. But our aspirations for that market on the strength of those relationships, I mean, it did not take off the way we aspired it to do. And so what Shastri has stated is about the change in team and people.

- Shiv Kumar:** Okay, thanks. So, when we talk about the pipeline for the future, anything, what is the pipeline size or quantum with respect to direct involvement as an integration to sales, the SaaS platform model?
- C. K. Shastri:** So, we are having a decent pipeline, decent proprietary pipeline to give us what we are targeting to do, both on the system integrator side we are working on some good couple of opportunities. And on the direct side also we are working on a lot of them. On the direct side, we have more on the domestic front. Whereas the system integrators side we are engaged with them on overseas opportunity.
- Shiv Kumar:** Thank you. Last question, do we have any targets for 2025, say, vision 2025, 2030?
- Anisha Shastri:** That's a very nice way of asking part of forward projection. We do them internally. We just want to be cautious about speaking about them publicly because once bitten twice shy. So, we are working towards those internally and we can assure you of that.
- C. K. Shastri:** You will see a significant growth.
- Shiv Kumar:** I am sure I want, like most others, one Indian product company to be hugely successful. I think not always often revenue projection, but some targets which suppose we want to be in every country or so many customers, a matrix which now indicates that the product is globally. See, the reason why I asked is also because though the product is excellent and I think some of the Indian companies are even bigger than U.S. companies, the number of communications customers, I think the telco is larger than any company in the world. But since we are not able to crack or penetrate U.S. markets...
- C. K. Shastri:** Sir, this year we are very focused to see that America will happen for us. We are looking at one of the things probably the learning lesson was, we tried to go directly in the U.S. in the past. Directly we have realized that it's a tough call, so we are looking at partners, system integrators through whom we would want to engage with the customers. Because that's totally a different market for approach, it can happen as far as this sales perspective is concerned. We hope that this is there. You are very right, we are across four continents, we want to become transnational, transcontinental, and we would want to see that we definitely increase and add as many new customers as we go along. And first thing which we can think was what we did was that, as Anisha mentioned, we have increased our vertical mix quite a lot from being just a telecom vertical focus, we are now becoming telecom, BFSI. Also, we have cracked one that utility breakthrough, which we would want to replicate globally. Similarly, we are also looking at medium and large projects for the digital transformation using the low-code platform. Sir, what I would argue is that you could always want to spend some time, understand deeper things about our product, our company, this thing, I would urge you to make a visit. I am sure there are many others who are on the call, just to give them an opportunity. Already we have got 30 minutes beyond our scheduled time.

- Moderator:** Thank you. We will take one last question which is from the line of Abhishek Kapoor, an individual investor, please go ahead.
- Abhishek Kapoor:** Sir, it's not a question, it's just a request. If you can, on quarterly basis, if you can reveal the number of clients we have, and addition and deletion and total balance.
- C. K. Shastri:** Sure, we will do that.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.
- C. K. Shastri:** Thank you very much everyone for taking your precious time to know about your company. We are committed, we have an excellent team. We have great technology products, and we will ensure that we do give the best to see that your company grows further. Thank you very much.
- Moderator:** Thank you. On behalf of Intense Technologies Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

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