

Date: February 07, 2019

Symbol: NSE – INTENTECH; BSE Scrip Code: 532326

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, January 31, 2019, 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 & Compliance Officer

Encl: As above



Intense Technologies Limited

Q3 & 9M-FY19 Earnings Conference Call Transcript

January 31, 2019

Moderator Ladies and gentlemen, good day and welcome to the Intense Technologies Limited Earnings Conference Call. As a reminder, all participants' 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 an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Shikha Kshirsagar from CDR India. Thank you and over to you mam.


Shikha Kshirsagar Thank you Karuna, good afternoon everyone and thank you for joining us in Intense Technologies' Q3 and 9M FY19 earnings conference call. We have with us Mr. C. K. Shastri – Founder and Managing Director of the company, Mr. Jayant Dwarkanath – Whole-Time Director, Mr. H.M. Nayak – Head of finance and Administration and Miss Anisha Shastri – Director and VP Business Operations.

We will begin the call with the opening remarks from the management following which we will have the forum open for an interactive question and answer session. Before we begin, I would like to point out that some statements made in this call maybe forward looking in nature and a disclaimer to this effect has been included in the earnings announcement shared with all of you earlier. I would now like to invite Mr. Shastri to share his remarks, over to you Sir.

C.K. Shastri Thank you Shikha. Good morning, good afternoon everybody, appreciate that all of you have taken your precious time to come for this earnings call, I am pleased to inform you that we had a decent quarter; Q3. We have done about Rs. 15 crore on the top line and we had an EBITDA of Rs. 477 lacs, on even on a nine monthly basis, we have done about Rs. 40 crore and EBITDA of Rs. 10 crore. This is an indication that we are through with our vows and problems which we had faced in the last year and they are behind us and we are positively looking forward going forward. As such, for some of your new investors, who have joined this call, let me inform you that we Intense Technologies Limited is an enterprise product and platform company. We have our solutions being used by Fortune 500 customers across 4 continents in over 45 countries and we solve some mission critical problems of customer life cycle management right from customer on-boarding to their fulfillment and engagement.

I would restrict my introduction to this and if you have any specific questions, I will take them as we go along, over to you Karuna.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Anirban Dutta from Jet Age Securities, please go ahead.

- Anirban Dutta** Good afternoon sir, Thank you for this opportunity. A couple of basic questions; one is what would be the proportion of annuity revenue in our Q3 revenue?
- C.K. Shastri** I would say majority of it is going to be annuity revenues but close to at least 85% to 90%. I do not have the exact thing but it will be 80% to 85%.
- Anirban Dutta** So it will be very high proportional annuity revenue, so which means that the current performance is more or less predictable sustainable in the way we have done in Q3?
- C.K. Shastri** Yes.
- Anirban Dutta** Okay, the second question is what is the performance of our subsidiaries? So can you throw some light on that how our subsidiaries are doing plus when we will consolidate after Q4 so what kind of, if you could help us on that?
- C.K. Shastri** You will have a positive thing, the consolidated will not impact like how it used to happen in the last few years, you will have a positive impact from the subsidiaries, all the subsidiaries are more than breaking even into profit.
- Anirban Dutta** And any particular reason you would aspire for that, the improvement in performance of subsidiaries?
- C.K. Shastri** One is that you know the thing is that 1) you know we had made investments and they started generating revenues, 2) we also had a particular accounting challenge where what we used to do is, we used to recognize the revenues from the Europe in the standalone and we could not recognize the expenses, that abrasion has been corrected.
- Anirban Dutta** Okay, so wherein also you think this, the current improvement is sustainable. It will not turn back after one or two quarters.
- C.K. Shastri** Absolutely.
- Anirban Dutta** Okay and one final question Sir. I mean we were planning to spend more on marketing, in terms of mostly in the US and in Europe, have we done that in Q3 or what is our plan on higher marketing stunts?
- C.K. Shastri** Yes, we wanted to do it in because you know that we are just coming back into whatever the last six months has been a very positive thing for us and we started taking steps. First and foremost things we have done is, we have scaled up in India and already it is almost more than six months we have also hired a new sale side in Europe. Well we are having plans in terms of making investments and the idea is that you know precise of the company we have to be very selective and choosy about whom we recruit because we are not a big brand with a big establishment' however we are making some investments in marketing. We participated in the Gartner Summit in the US, we are seeing some good pipeline in the building in the US, we are seeing some traction coming in Europe too but majority of our engagements are scaling up or this thing is, we are seeing a good traction coming from the system integrators. There is a lot about we are happening in the system integration front, especially with the big forum in India.
- Moderator** Thank you. The next question is from the line of Utsav Shrivastava an Individual Investor, please go ahead.
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- Utsav Shrivastava** Hi, I had a couple of questions on this; one is the margin that we have seen in this quarter Q3, we have seen a 6% jump sequential, your EBITDA margin has gone from about 25% to 31%, so is this sustainable? Can we now look at 30+ being kind of a benchmark what we will see from here on or is this moreover one off? And two is, how did you achieve this, because this is a huge kind of jump that we have seen Q-on-Q?
- C.K. Shastri** That is a good question Utsav, the thing is that if you really look at it, you know 1) is we have also optimized our half, 2) is that being a product company it is all about, even our cloud revenues are adding to it. And once you deploy in, as you keep increasing know the profitability goes up. Being a product company, it is all, the biggest challenge which we guys are facing is acquiring new customers but once we acquire they start contributing to our thing and we keep our eye on the cost and only invest rightly, we can further improve on the EBITDA.
- Utsav Shrivastava** Wonderful, thank you. My next question is, UniServ NXT, has it seen any deployment anywhere globally?
- C.K. Shastri** Yeah, we are deploying in, I cannot name the customer whoever in a largest judiciary body of Philippines, we are deploying.
- Utsav Shrivastava** Okay, so that has already started or it is on the ...
- C.K. Shastri** That has already started.
- Utsav Shrivastava** Great and any view on, is it possible for us to see some dividend this year now that hopefully we will end the year with a positive EPS?
- C.K. Shastri** Utsav you know that I am the largest investor and I would also want dividend, badly on dividend, we are working on it, the idea is that so balance between investment and dividend. We will take appropriate call at the right time.
- Moderator** Thank you. The next question is from the line of Rajendra Shah from Fidelity, please go ahead.
- Rajendra Shah** Shastri Ji, good afternoon. I was just wondering how all the trouble that BSNL caused, how has that thing resolved?
- C.K. Shastri** I do not want to take a name of the client but you know it is one of those like you say the Blackthorn Events, the Supreme Court and they announcing first one thing and reversing their decision. Everything you know even the stars have alight to help us bounce back and merit is now in full steam to just to tell you that it is because we are at the mission as you know that now we are in a mission critical part of their activity; 1) is customer on-boarding which we are doing in fact we are ourselves surprised at the number of customers they are on-boarding. 2) the second thing is delivering the bills, 3) the third thing is the digital engagement. All are on track, Sir.
- Rajendra Shah** As per original projections or ..?
- C.K. Shastri** Yes, as per original projections.
- Rajendra Shah** In this case, it should reflect in the revenues and profits in next few quarters.
- C.K. Shastri** Yes, the thing is that there has been a change in contractual terms because of the way customer you know the paper based on-boarding had a Rs. 5 tenancy at the

digital because it is digital there is another clause, there is Rs. 2.50 so we are at Rs. 2.50 per customer on-boarding and so what happens is that net-net the value has come down but the volume then projected in the tender was 40, now we are going beyond 80 a day.

Rajendra Shah

Yes and the advertisement part will kick in from next year or?

C.K. Shastri

Yes, we are working on it. What we have done is that we have taken a model where we would want to keep, see that our investments are less and our margin is fixed, so we are going to a third-party advertisement agencies through whom we want to source advertisements and share on our career model.

Rajendra Shah

Okay and just if you could give some broad guidance for the next one or two years, just broad I mean not very specific, but just over there you know keep?

C.K. Shastri

See, we are as much ambitious Mr. Rajendra ji, the thing is that you know I would definitely look at a growth of 20%, 25% year on year but we are very aggressive, we see this kind of. We are IP based company, unfortunately in India IP is not very much respected, they do not understand products. Just to give you one of the, one perspective, one of our competitors in the United States just raised \$360 million. And you know, it is not revenue, I am talking about raising the money, so there is a huge potential. You know for us what is happening is, it again, you know to make money we need money and you make money you will get money, we are in that synchronized story, hopefully with some good things happening we will tide over this and see some good future.

Moderator

Thank you. The next question is from the line of Aejas Lakhani from Edelweiss, please go ahead.

Aejas Lakhani

Two questions; so one is in this quarter's revenues are there any recognitions from the managed service contract?

C.K. Shastri

Yes.

Aejas Lakhani

Okay and that run rate is likely to increase in the coming few quarters, is that correct?

C.K. Shastri

Yes.

Aejas Lakhani

Okay and Sir Telecom per say is going through, you know the industry per say is going through challenges and consolidation, does that put any pressure on collections or any business or any sort of trouble that you face in the business across?

C.K. Shastri

Yes, fortunately we have not had a collection problem except as I mentioned in couple of calls back, in Nigeria because of currency devaluation, other than that we have are not seeing any such pressure. And from the perspective of pressure, pressure always consolidation, mergers and the acquisition throws up an opportunity for us, we see it from opportunity perspective and we see it by suing technology how they can optimize their operation's cost and improve their bottom lines, that is where that is what how we help through using our technology.

Management

And from a collections standpoint, the pressure that we see is not from the business environment as such but from a process environment. So in terms of what the contracts specify, otherwise from the overall business environment we do not see impacts to our collections.

- Aejas Lakhani** Okay and Sir the very large Indian Telecoms startup which you cater to, you had sole three products and were likely to sort of in the process of trying to speak to them for scaling up?
- C.K. Shastri** Yes, we are working out some more opportunities there.
- Management** And surprisingly they speak startup language to us and they always say they are so cash trapped.
- Moderator** Thank you. The next question is from the line of Hari Srinivas an Individual Investor. Please go ahead.
- Hari Srinivas** Sir I have 3 questions and my first question has been partially answered, I just need little more clarity. The revenues from operations are Rs. 15 crore and Rs. 39 crore for the last 3 months and last 9 months, respectively. Can you divide this into following three groups' annuities, managed services contract and new license contract excluding managed services contract?
- C.K. Shastri** See, the thing is that if you really look at it I would say everything else is the annuity revenues because only probably 10% could be the license, whenever we acquire a new customer is when we get a license thing, now if it is a cloud investment transaction based, it is annuity, if it is managed services transaction it is annuity, it is a 6 year contract. And rest of the things are AMCs and Operation Support which is ongoing thing which we have, so to answer that point I would say 85-90% of the revenue is annuity.
- Hari Srinivas** Yes, I think it makes things a little more clear, I was assuming that any revenues from a new client would actually be recorded in new license contract but that is not the case when it comes to any cloud based offering that we have, we actually call a new client revenues as annuity revenues.
- C.K. Shastri** When we make announcement of the new client, for example we had the annuity customer from one of the world's largest satellite company in Europe, it is an annuity customer. Similarly, we had made an announcement a quarter back, saying that we have acquired India's second largest bank on an annuity basis, so once we acquire we say but when the revenues come from it, it is always transaction based, so it is annuity monthly revenues.
- Hari Srinivas** And going back to Q4 of FY2018, we posted Rs. 20 crore in revenues and this was because most AMCs show up in Q4, so based on historical performance Q4 always seems to be the best performing quarter, so is it fair to expect a similar performance in Q4 of this fiscal year?
- C.K. Shastri** Yes, we are targeting for that. We are targeting to do better than that; that is our goal Hari.
- Hari Srinivas** And going back to the conference call 2 years back, in March 2017 you had mentioned that revenues from Europe and Middle East are recorded in standalone statements but costs were recorded in consolidated statements and I understand we spoke about this for quite some time in the last conference call but just to confirm, I am assuming that this has changed now and costs are also being recorded in standalone statements and this should explain why Other Expenses have gone up compared to last year, is that correct?
- C.K. Shastri** You are absolutely right.

Hari Srinivas	So, when it comes to the other continents excluding Europe and Middle East, based on what you said earlier during this fiscal year we will actually make a profit, correct?
C.K. Shastri	Yes.
Hari Srinivas	And my last question is around the managed services contract, can you give us a rough guidance on either quarterly revenues or annual revenues that we can hope to earn going forward?
C.K. Shastri	See, at this point in time the predictable revenues which we have would be around Rs. 12-14 crore per annum from the transaction side. Today what I am not able to predict is the advertisement revenue. Advertisement revenue is the big up stake, there could be a huge upside but we are not in a state, whatever is required to do, we have done it, we are doing because the major advertisers especially could be for the contract which we have, a huge rural penetration, they could be, government could be a major advertiser, we are having some ambitious numbers inside but it is too premature and early for me to give you any predictive numbers, I will be able to do that once we see the traction in the next 2 quarters. We should start seeing, we are targeting our, we have given our field and our dreams and target to achieve from 1 st quarter onwards because we are now in the pilot stage of the advertisements, already while I am speaking to you, this quarter we will be going live with some of their internal advertisements and so on and so forth in the next quarter onwards we'll want to see that commercial advertisements come in.
Management	So, outside of the advertising revenue which we are not speaking about at this point in time, the original scope of the contract continues and so what was stated then will be spread across the tenure of the contract.
Moderator	Thank you. The next question is a follow-up from the line of Anirban Dutta from Jet Age Securities. Please go ahead.
Anirban Dutta	Sir any further progress on identifying our strategic partner, any further thoughts on that?
C.K. Shastri	We are open Anirban the thing is that we are not in a hurry at this moment because the valuations at which we are, plus as we go along we will only be adding more and more value and more and more attractive and more valuable. There are people we are talking but it is not yet in a stage where it is worth speaking about at this moment.
Management	And investments for the immediate future are from internal accruals.
Moderator	Thank you. The next question is from the line of Rajesh Mantri and Individual Investor. Please go ahead.
Rajesh Mantri	I just wanted to know how are we maintaining our clients and what are we doing for getting new clients; that is one. And I just wanted to know what is your wireless dream for the next 5-10 years?
C.K. Shastri	We have a whole lot of process and systems to see that we keep our customers happy, we do annual NPS-Net Promoter Score, we do with them, we have started increasing our customer account managers also because these are all enterprise class accounts, we started engaging them and we have a whole lot of process built in to ensure that we have lesser escalations and we keep also doing some innovations to see that we are ahead of the technology curve. On the new

customer acquisition side that is a good question, that is where is our biggest problem sales and marketing, we are going to make some investments into that because we just had come out of a very difficult last year, so we just bounced back and we started making some investments we started participating in some events because being an enterprise kind of a product, the big problem is the sale cycles are pretty long, it is anyway between 9-18 months, so we have to keep ourselves visible in a lot of these forums and marketing events which happen and we recently participated in the Gartner event in the US and we saw some good leads generated from them, good meetings which have happened, it is an ongoing exercise we will continue to do that. What we believe is that the next platform which is there with the global market itself creating, the biggest analysts are predicting that this space of high productivity platforms is going to go to about \$ 27 billion by 2021-22, we are in the right position to en-cash on that and I believe we are in the right space at the right time and we have to do right things to execute well, to ensure that we live our dreams. We have put in our entire life, for you this might be a script but for us it is our life, we have put, invested everything what we have into this and we also want to see that we become a globally renowned company worldwide and I am pretty confident we will be there in the next 5 years.

Management

And to answer your final question, going forward at least the activities that we are undertaking, the tasks involved internally, look at more customers outside of India than we probably will have, we obviously have, this is our home turf we will have engagements within India also but a lot of focus is also happening on the US and the Western European markets.

Moderator

Thank you. The next question is from the line of Aejas Lakhani from Edelweiss. Please go ahead.

Aejas Lakhani

Sir just a quick follow up when the managed service contract announcement was made it was Rs. 150 crore sort of deal which was spread over 6 years and then there was a delay and you mentioned that look while there is a delay and there is a revenue loss for a couple of years the contract size in terms of an absolute number year on year will relatively remain the same and you mentioned that there was a change in the deals where it was 40 x 5, I mean 40 crore people times Rs. 5 cost per acquisition, it is moved to digital so it has become Rs. 2.5 and then you were mentioning that the transaction revenues from this contract was likely to be between Rs. 12-14 crore, so I just want to get a sense that basis the transactions revenues you mentioned are likely to be the annuity revenue we are likely to see for the next 4-5 years, is that a correct understanding?

C.K. Shastri

Yes that is what it is and we are also hoping to see that we get an extension of another 3-6 years that is what we are hoping.

Management

And what we are also happy to notice is that from what was originally thought of and conceived within the managed services operator their volumes were also kind of going up as we mentioned their growth and subscribers also are fairly efficient.

Moderator

Thank you the next question is from the line of Vaibhav Joglekar, an Individual Investor. Please go ahead.

Vaibhav Joglekar

Congratulations Mr. Shastri on a good set of numbers, the company has been doing consistently doing well and I hope more and more retail investors will come in now. My question was in the last con call you had indicated that there are various products or managed services of the company, rather products of the company which you were not selling directly to the customers but through other companies and where your profit margins were obviously on the lower side because of the

structure of the transaction, now is there any improvement in this aspect where you are directly selling your products to the end customer?

Management

Yes if you really look at, historically because we were so small we could not acquire, we didn't have the qualification criteria to acquire clients like Idea, Vodafone and so on and so forth, the earlier things. So, we used to most often go through System Integrators like IBM, Infosys, TCS and so on and so forth but in recent times we started moving directly, one is the managed services you see directly, the large startup telecom is direct, a lot of these top-notch banks have been direct. Definitely by going directly you are seeing these margins happen, otherwise they would not have happened and it is a reflection of that. And at the same time, we have not stopped engaging with our system integrators, we are going through system integrators but at least we are in a good position to negotiate what we need to get at this point in time. So, we are definitely focusing now at this point in time, majorly our revenue is coming from our customers with direct engagements, very less from system integrators.

Management

But having said that our working mortalities are also changing with systems integrators, it is not as though we will not be required to depend, we will have a large share of our activity with systems integrators outside of India because that is where they have a wide reach, which we will not be able to replicate immediately but as Shastri said in India, over the years now with our presence we have the equity to go directly and which we have been doing.

Vaibhav Joglekar

I believe Gartner had selected you for certain products, etc. Now does the recognition by Gartner, does it enable the company to enter into these direct transactions with the customers, or again it is with these Integrated Service Providers?

Management

It has definitely helped us gain whatever we can, if we see getting a large global, world's largest global satellite company in Europe or whether it is getting a large client like Vodafone, many of these big banks in which you have India's largest bank, all these things have, this is one of the enablers, there is no doubt about it. Gartner endorsement really gives you a huge credibility in the market.

Vaibhav Joglekar

Apart from this are you also now investing in more number of employees or are you opening more offices worldwide, so that your reach is better?

Management

The idea is that definitely we would want to ramp up our sales and marketing at this point in time because if you really look at it, we have only one sales guy in Europe, one guy in the US, one guy in the Middle East, we do not have anybody in Australia and New Zealand, some of these places. So, we are looking at making the right investments but at the moment our focus is main you know go through large System Integrators because we are seeing some good traction because even with System Integrators the model has changed, no more it is about base hedging the service providers are able to do, they also have to look at innovations, speed delivery, agility that is what worldwide customers are asking, so there is a good interest from System Integrators also to work with large product and platform companies.

Management

And most of our future investments while there will be some investments happening in house for our own factory floor but most of our future investments will be outward focus to increase our sales and marketing reach.

Moderator

Thank you. Ladies and gentlemen that was the last question for today, I now hand the conference over to the management for their closing comments. Over to you sir.

C.K. shastri

Thank you very much everyone I really appreciate your time, please be assured that we are doing everything to make your company happen and we are focused on it. We look forward to your continued support going forward. Thank you very much.

Moderator

Thank you very much sir. Ladies and gentlemen on behalf of Intense Technologies Ltd. that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.

