

**Date: June 13, 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, 5<sup>th</sup> Floor; Plot No. C/1  
G Block, Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Dear Sir/Madam,

**Sub: 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.

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Conference Call with Investors and Analysts held on Monday, June 03, 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

Encl: As above



**Intense Technologies Limited**  
**Q4 and FY19 Earnings Conference Call Transcript**  
**June 03, 2019**

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Intense Technologies' Q4 & FY19 Earnings Conference Call. 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, please signal an operator by pressing '\*' and 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, Raymond. Good afternoon, everyone. And thank you for joining us on Intense Technologies Q4& FY19 Earnings Conference Call. We have with us Mr. CK Shastri – Founder and Managing Director of the company; Mr. Jayant Dwarkanath – Whole-time Director, Mr. H.M. Nayak – Chief Financial Officer and Ms. Anisha Shastri – Director and VP, Business Operations.

We will begin the call with brief opening remarks from the management, following which we will have an interactive question-and-answer session. Before we begin, I would like to point that some statements made in this call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings announcement shared to you earlier. I would now like to invite Mr. Shastri to make his opening remarks. Over to you, sir.

**CK Shastri:** Good morning, everyone. Thank you very much for joining the call, really appreciate it. I will straight go to the numbers, the performance during the year brings out the strength in our business model, despite having a very tough last two years, we have turned it around and the revenues for the year are at Rs. 58 crore as compared to Rs. 55 crore last year, and an EBITDA of Rs. 12.72 crore as compared to Rs. 8.17 crore last year. The Q4 revenue stood at Rs. 16.58 crore and an EBITDA of Rs. 1.70 crore.

In the light of these numbers, the Board has recommended for a 10% dividend as a positive milestone, which we hope to repeat hereafter.

Our platform is also seeing good traction. For people who have joined for the first time, I would like to let you all know that we are an enterprise software products company, headquartered in India, having customers in more than 45 countries across four continents. Our products are tried and tested by Fortune 500 companies. We predominantly were a telecom, we were having a lot of strength in telecom, but hitherto we started making forays into the BFSI sector. And we have seen some great traction coming from the BFSI.



I will leave the floor open for the Q&A. And we will take them as we go along.

- Moderator:** We will now begin with the question and answer session. The first question is from the line of Jaganathan T from Centrum Broking. Please go ahead.
- Jaganathan T:** I just would like to understand why is the receivables figure so high?, and I will be happy to understand what is the receivables figure? And also it seems you have written-off some significant amount this time. So, what was the background of receivables figure?
- CK Shastri:** If you really compare our receivables from last year to this year, our receivables have come down. And typically being an enterprise products business, we have anywhere between 60 to 90 days as a process for receiving.
- Jaganathan T:** Okay. So, in terms of geographic distribution, the majority of your revenues come from which region?
- CK Shastri:** If there is around 55 to 45 typically, we were about 4,950, but the last year because of our managed services opportunity we had about 55 and 45.
- Jaganathan T:** That is 55 exports in 45 domestic?
- CK Shastri:** To be exact, exports is about Rs. 60 crore and domestic is around Rs. 40 crore.
- Jaganathan T:** Okay. And the receivables figure is predominantly from domestic customers or the international customers?
- CK Shastri:** Majority of them are the Indian, domestic customers.
- Moderator:** Thank you. Next question is from the line of Shreehari Shreenivas who is an individual investor.
- Shreehari Shreenivas:** I have a number of questions, so I will come back in the queue if I am taking time. So, to start with the receivables first, so how much receivables were written-off during Q4? And how long were they outstanding for?
- CK Shastri:** These receivables were about close to Rs. 4.8 crore, about 2.5 years or so it's the outstanding has been.
- Shreehari Shreenivas:** Okay. With respect to the current receivables, what is the average and maximum number of days outstanding for these receivables?
- CK Shastri:** If we really look at it, 50% of them, especially international customers, we get in about 60 to 90 days, whereas 50% of them typically take a longer period, especially one of the public sector ones is taking longer, it had its own challenges, but we are confident of getting that cleared in this quarter. That's a major chunk of it.
- Shreehari Shreenivas:** Okay. But can you quantify the amount of receivables that are due for more than nine months?
- CK Shastri:** Six months I can tell you, it is about Rs. 14 crore and below six months is about Rs. 12.3 crore. Below is Rs. 14 crore and above is Rs. 12 crore.

**Shreehari Shreenivas:** Okay. But more than nine months to 12 months, how many would that be, do you have the number at hand?

**CK Shastri:** No, I have only below 6 and above 6 at the moment. But we are very confident that the above 6 months will be cleared in this quarter.

**Shreehari Shreenivas:** Okay. What was the contribution of the managed services contract to the top-line in FY19?

**CK Shastri:** We can't exactly state the number, for strategic reasons. But it has not been as much as what we had expected it to be, we will see them coming in with financial year.

**Shreehari Shreenivas:** But can you give us a directional read on at least the delta component, or in other words, like how much the contribution increased when it comes to FY20?

**CK Shastri:** FY20 we see a significant number coming. Particularly for strategic reasons we don't want to exactly pick up a particular customer's revenue and take it on, because it will be a detriment to all of us if we give those numbers. I hope you appreciate it, I would be happy to take it offline, if you could come and see and meet us, we will give you the revenue models and how they work. We have about four line items in terms of revenue line items. The customer on-boarding, we get paid per transaction. And then we have per communications which we go with in another like line item which we have. The third thing is, we distribute all the bills, per distribution of the bill is another line item. The fourth one which is a revenue sharing model, that is the advertisement revenues on monetization of bills, where we have a revenue share of 40% to the customer and 60% to us.

**Jayant Dwarkanath:** Why we are confident about the delta is because for the first time this year all four lines of business will kick in.

**Shreehari Shreenivas:** Okay. But what you are saying is, the delta will be much higher? Or in other words FY20 ...

**Jayant Dwarkanath:** Yes, it will be significantly higher.

**Shreehari Shreenivas:** Can you break up other expenses a little bit more? I understand that Rs. 4.8 crore pertains to receivables that have been written off, but nevertheless, the amount as it is quite high. So, can you throw some light on what these other expenses stand for?

**H.M. Nayak:** The other expenses are basically apart from the bad debts those are regular operating expenses in the form of AMCs, the consumer bills, debt equity, repairs and maintenance. And other than these like office maintenance...

**CK Shastri:** If you see Mr. Hari, except for the bad debt part of it the other expenses have remained the same, if you take that out.

**Jayant Dwarkanath:** And also, the receivables that went bad are not services that have not been paid for. But unfortunately, because of currency devaluation in Nigeria, which we were very, badly affected from. A large company like Etisalat Dubai, which is such a big brand had to file for bankruptcy there, because of currency devaluation.

**Shreehari Shreenivas:** Okay. I am trying to calculate the contribution of the subsidiaries to the top-line. And I understand that some subsidiaries' revenues have been recorded in standalone, like Europe and Middle East, like you have explained in earlier

conference calls. But nonetheless, if I include the other subsidiaries, which also include North America, South America, Africa, and perhaps even other parts of Asia, I am assuming, because I don't understand the exact breakup of continents here with respect to subsidiaries and non –subsidiaries; but the point I am trying to make is, the top-line contribution is just Rs. 1 crore in an entire fiscal year. Why is it that you are struggling to derive more revenues especially from North America and South America, which could be quite profitable for our business perspective?

**CK Shastri:**

That is also a big worry for us. What happened is that, once our bandwidth as far as sales and marketing is concerned, is very, very small, we couldn't make significant investments as desired in these markets. And even from a strategy perspective we were going directly into the things without significant presence, it requires whatever kind of referenceability you have we found it, because being us being an enterprise solutions which is mission critical in nature. So, what we have done is that we have changed our strategy we started going to system integrators and we are seeing some good traction and a good pipeline building. Even otherwise, whether it is North America or any other market, including India, our sales cycles are anywhere between 9 months to 18 months, being the nature of the solution what it is, we go through pilots, POCs, customer reference visits, a whole lot of these things happen as a process cycle. But the good thing is that once the customer is in, he is in for life for us.

**Shreehari Shreenivas:** I am not able to completely rationalize with that, Mr. Shastri and Mr. Dwarkanath. And I just have two more questions, by the way, I will not take much time. So, it has been 3 years, I can look at the top-line and can see that there has been no meaningful improvement, I think conference call over conference call we go through the same set of troubles you are facing around lack of sales personnel, or the sales cycle being long. So, but on the other side it has been three entire fiscal years, there has been no meaningful top-line improvement. I am sure you very well know about where the share price is what the deterioration is. My question to you is, how should we shareholders rationalize this repeated poor performance?

**CK Shastri:**

See, the thing is that it's not that we are trying to give excuses as much, as you are a shareholder, we are also significant shareholders, we would want to see that we perform very well and do it. Whether you call it a black swan event, or whatever it is, a company of our size and nature we had to make such significant investments in the managed services deals. And it took us two years, and we were in such difficult times, to get it back on track it took us two years and in fact hit us very, very badly out of the three years. The last year was the year where could turn it around and put it back on track. And if you take part for a Rs. 55 crore company as Rs. 30 crore investment into such a large deal, then the question might come is saying that, "hey were you right in taking such a big risk?" But at that point in time, we know people, large companies like TCS and a whole lot of big companies, the Huawei, Nokia, all these guys do business, we have also done and we didn't expect that we will get run into the regulatory issues and other issues because of which the project got delayed. You know, initially it was first they said that all modes of on-boarding was allowed, then they said only e-KYC, the Aadhar based KYC. After that the court gave another judgment saying no Aadhar based KYC. A whole lot of things, unfortunate you may call it, but these things really hit us hard, whether it is financial resources, emotional quotient, everything impacted us.

**Jayant Dwarkanath:**

And a lot of time was spent on trying to get them, because so much of the organization was invested in that one big deal. And by way of financial investments also, a lot of our time got spent in trying to get that engagement on rails. And it is only off-late over the last quarter that we have, again started focusing on other markets and travel has begun. And we hope to see those markets now also producing this year. And having said that, while then are labeled as subsidiaries, for us it is just one individual in each of those locations. So, they are just single

sales people managing those geographies. So, it's more than a geography, they look after engagements and they go after individual engagements like any other sales persons would be. And once tractions build around those areas, we automatically kind of slowly start putting in more resources and individuals.

**Shreehari Shreenivas:** Yes, I agree with that. But it's just been three years which is a substantial amount of time. And just given the fact that there is no meaningful improvement, despite all the troubles you have faced, despite the fact that you have just one sales agent sitting in North America responsible for the whole continent, it still feels like the top-line improvement could have been better, I mean, just given the amount of time that has passed by, it's three years which is significant.

**Jayant Dwarkanath:** In three years you have to appreciate, 2.5 years we spent in battling with such a major thing. I do agree and we also really feel equally bad, if you can imagine what we were going through in those 2.5 years.

**Anisha Shastri:** If I may also add. When you are in a new market as a small company trying to make inroads over there, just the salesperson is not going to be able to do as much without significant management bandwidth also allocated over there. And you would appreciate that management was kind of busy over here trying to get this back on track, and this was more priority at that point than moving base to the U.S.

**Moderator:** Thank you. The next question is from the line of Utsav Shrivastav, who is a retail investor. Please go ahead.

**Utsav Shrivastav:** So, I just had some questions that I wanted to ask. One is that the entire telecom sector is in some kind of stress, firstly, what is the percentage of telecom to the entire thing? And what are we doing to lower this percentage?

**Jayant Dwarkanath:** See, we have taken some steps to invest in be BFSI, we have seen some very good traction coming from there, we have added one large insurance company and India's second largest private bank we have acquired. And going forward, the pipeline also in the BFSI sector is looking good. So, we are cognizant of the fact about the vertical being there. So, we are definitely focusing on the BFSI side.

**Utsav Shrivastav:** Okay. On the managed services contract, have we now fully rolled it out across all their.....

**CK Shastri:** Yes, all the lines of businesses, which I mentioned, customer on-boarding, customer notifications and bill delivery, all these things have been rolled out. As far as advertisement revenue is concerned, we are running a pilot now and we have also tied up with a whole lot of advertising agencies and others to get us the advertisements, including coupon companies. So, except for that everything else is on track. So, we are fully on track.

**Jayant Dwarkanath:** Last couple of months those of you who have been receiving either mobile broadband or landline bills from BSNL, those have been from efforts because of the current contract.

**Utsav Shrivastav:** Correct, the current bills are showing BSNL ads as of now.

**Jayant Dwarkanath:** Yes, so those have been piloted with the BSNL app, in fact you would have seen the Marry Kom ads on all those locations. Those are the ad spaces that will be monetized.

- Anisha Shastri:** And we have started monetizing those ad spaces in the northern region, there are some private advertisers also who has come on board. And that effort is continuing now.
- CK Shastri:** See, the thing is that, we also knowing the nature of the organization, we wanted to see that we have an escrow account in place before rolling out the full-fledged advertisements. We hope to see that the escrow account is in place by end of the month. We are targeting to do that, it's in process.
- Utsav Shrivastav:** Understood so, now whatever has happened has happened in the past, okay. So, I will take it as water under the bridge. What is the guidance now for a FY20 in terms of revenue and in terms of EBITDA? And I would really request Mr. Shastri that whatever guidance is given, like, should be well thought out and at least once we should try to now hit it. Whatever has happened in the past is over and done with, that we cannot change.
- CK Shastri:** Just to make a beginning, Utsav, to give the positive outlook and we also feel good, we have given a 10% maiden dividend to begin with and have recommended to the shareholders for their approval. Going forward, internally we are targeting to do, but the business has got its own exigencies, its own challenges, we are really looking at targeting a Rs. 75 crore revenue target, with a with a Rs. 25 crore EBITDA. So, that is our internal target and we hope to achieve and do that.
- Utsav Shrivastav:** And hopefully this will not be rear ended, like we will start seeing the traction from Q1?
- CK Shastri::** No, the nature of our business is enterprise business, you have to understand that we not be in a position to do the typical thing of QonQ and QonQ, at least year-on-year I can give you that assurance.
- Jayant Dwarkanath :** And the reason why we are also looking forward to the new line of business where we monetize bills is, this time around, as Shastri was saying, there is an escrow which has been set up. So, we believe that the cash flows and the days outstanding of receivables will also, means, that is something we will circumvent because money hit our accounts first and then get dispersed to the partner.
- Utsav Shrivastav:** And so do you offset that against the billing that you get from them, it that how it works or both are two separate transactions?
- CK Shastri:** Both will be separate transactions, but at least we can tell them that you can't get your 60 till you clear my other bills, you have a better leverage.
- Moderator:** Thank you... The next question is from the line of the Deep Prasad from Equity Strategy. Please go ahead.
- Deep Prasad:** Mr. Shastri, my question is in the Rs. 75 crore revenue which you have indicated. Does the advertisement revenue also form a part of it? If not, what is the most optimistic or pessimistic assumption you have from the advertisement model?
- CK Shastri:** We have taken a very, very marginal thing into the advertisement revenue in to this. But, overall, we see that the worst case not go below 65 and the good case will be going about 75.
- Deep Prasad:** No, about the advertisement part?

**CK Shastri:** So, we don't want to give any outlook. Let it get tested and let the whole thing happen. And unnecessarily we will be building expectations, Mr. Prasad.

**Deep Prasad:** So, 75 doesn't include the advertisement part?

**CK Shastri:** There is a marginal inclusion there, we have taken about 10% of it, but it would be significant in that.

**Deep Prasad:** And that 10% straightaway comes to the bottom-line or what sort of expenses you have for that?

**CK Shastri:** It should come straight to the bottom-line. Overall, if we take our overall expenses, it will be in the range of Rs. 45 crore to Rs. 50 crore.

**Deep Prasad:** And how many new clients you are expecting to add up this year, I mean, significant clients, the big clients?

**CK Shastri:** Big clients we hope it would...

**Deep Prasad:** It might be from the same set of people.

**CK Shastri:** Three customers is what we are looking at.

**Deep Prasad:** Any further geographies where you want to really expand, is it U.S., is it Europe, where do you want to add your new salespeople?

**CK Shastri:** We will only be strengthening our Europe, U.S. efforts.

**Jayant Dwarkanath:** At this point in time, Mr. Prasad, it will not be fair, I think prudent on our part to kind of draw our resources thin across geographies. So, as we spoke earlier to Mr. Hari, our travels to our existing geographies have resumed and we will strengthen our efforts in those markets, not go after the pipe which is already building.

**Deep Prasad:** Okay. So, whatever additions in terms of sales team you will be doing only through internal accruals only? Because for you to really expand your sales team in a big way you need huge amount of cash. So, do you have any alternative for that, where to get that cash from apart from internal accruals?

**CK Shastri:** See, at the moment see the point is that we know that we have to get a strategic partner or somebody to scale, because kind of IP assets which we have we definitely need a strategic partner who has got the reach, who has got the wherewithal to take us. But all these things take time, Mr. Prasad. And just for your benefit, we are seeing some very good traction coming from system integrators.

**Jayant Dwarkanath:** But also what happens is, for us to kind of invite partners and have them interested, it is important for us to see that we ourselves have engagements in place, which the partner could probably visit and check out for themselves. And at this point in time we are we are focusing more and more on our engagements on field than kind of going after strategic partners immediately.

**Deep Prasad:** How much of work is left on the new platform, both in terms of time and in terms of cost we will have to spend on the new platform?

**CK Shastri:** See, enterprise products there is never a full stop, it is always an ongoing investment. Technology is always, we have to be sorted in the space we are, the

investments keep going. But to answer that, we will be seeing some significant orders in this financial year for our new platform with very good pipe is built.

**Jayant Dwarkanath:** So, what we are doing is, for the platform for the scope that is already available is the market that we are going after. And as the scope expands, our market will also expand. So, for the platform in its as is state, we are already talking to potential customers and we have a pipe building.

**Moderator:** Thank you. The next question is from the line of Shreehari Shreenivas, who is an individual investor. Please go ahead

**Shreehari Shreenivas:** Can you hear me?

**CK Shastri:** Yes. Mr. Srinivas, why don't you visit us and understand our business more in depth, because you have several questions, I would want you to understand what technology we do, what business problem we solve, what is our platform all about.

**Shreehari Shreenivas:** That's fine Mr. Shastri, I can manage with the information at hand. But I just have one question actually, which just needs some articulation. So, if you don't mind, I would like to just share some data with you first. So, during the last conference call, you mentioned that Q4 FY19 should be as good as Q4 FY18, if not better. In November 2018 conference call you mentioned that all receivables should be collected, but now you are writing-off Rs. 5 crore. In September 2017 you said that there exists a pipeline of Rs. 200 crore with 40% conversion rate, excluding annuities, but I think we all know that we have not seen the pipeline so far. And you neither have provided any timely or accurate information with respect to the managed services standoff. So, based on this data my question is, why is it that on a repeated basis shareholders are being provided with blatantly false and misleading information?

**CK shastri:** You have to understand that we have never, as far as that is concerned, we never have misled our investors. Being in business you are always positive and if we don't give positive outlook you guys say that you don't give any outlook, how should shareholders look at it. My thing is that I don't remember having said anything about Rs. 200 crore. The pipeline definitely would be material, there are so many businesses exigencies, so many things which happen. And to our best of our things, we have always been very transparent and fair with our investors. And we will continue to do that, Mr. Srinivas.

**Moderator:** Thank you. The next question is from the line of Shyam G. who is an individual investor. Please go ahead.

**Shyam G:** So, my question is, generally March quarter is better when you compare with other quarters, because we get license revenue as well in this. But when you compare with FY18, the top-line itself has gone down, forget about the bottom-line, because you have kind of written-off so much of receivables. Why that top-line has also gone down?

**CK Shastri:** Typically last year we had a new customer license which had come in that quarter. And this year, we didn't have that particular license. We had a license coming in from Europe in the Q4 of last year.

**Shyam G:** So, does it mean that we haven't got anything additional apart from last Q4?

**CK Shastri:** Yes, see what happens, whenever there is, as I mentioned, being the business we are in if we get a new license, new acquisition which straightaway hits the bottom-

- line. And that is a positive. But every quarter we are not sure that we will get a new license, new customer.
- Shyam G:** Okay. And as per these write-offs are concerned, so at least as we speak can we say that it has all been accounted now and we don't see any surprises in future?
- Jayant Dwarkanath:** All our outstanding pertain to current engagements which will be recovered, barring that one case which is with NCLT. And that's also not a very significant number when compared to the overall outstanding position.
- Shyam G:** Okay. Because Srihari was mentioning, even in the last concalls we hear the same thing, but unfortunately this surprise came in this quarter. So, I am just wondering at least now are we sure that it's sorted out?
- CK Shastri:** I think that I was misunderstood, I was just trying to recollect. Probably it was related to the large managed services deal, will the receivables come is what it was taken. And, I had responded saying yes.
- Shyam G:** Mr. Shastri, even on these managed services, the BSNL which you are talking about, the BSNL itself is struggling for its survival. And we are so much dependent on it. And how do you see that, because in future we may get another surprise like this?
- CK Shastri:** That is one of the opportunities and it being a public sector thing, in fact, the moneys are more secure. But as we go along, we are working on acquiring new customers and new business.
- Shyam G:** Yes, that's true. But unfortunately, we have we are not seeing anything coming through in the last one year. At least either you are not mentioning it to the exchange, or we are not getting a new customer.
- CK Shastri:** We have confidentiality agreements with our customers in sharing the names.
- Anisha Shastri:** We have added multiple customers in the mutual fund space, insurance, banking. We have also added the customers from the APAC market, from their governments, etc. There have been multiple customers that have been added. We just because of confidentiality agreements, we don't really speak out their names, but customers have been added.
- Jayant Dwarkanath:** And you don't see them by of significant license numbers, because the last couple of customers have been on a SaaS model, the cloud deals and on SaaS models, which there will be recurring revenues over a five-year period. And they kind of reflect under the services revenue.
- Moderator:** Thank you very much. That was the last question. I would now like to hand the conference back to the management team for closing comments.
- CK Shastri:** Thank you very much, all of you, for taking time to come and participate in the earnings call. Really appreciate it. And let me assure you that we will leave no efforts in making this company really a valuable company for all the shareholders. Thank you so much.
- Moderator:** Thank you very much. On behalf of Intense Technologies, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.