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To,

The Manager,
Corporate Relation Department
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

BSE Scrip Code: 532326

Symbol: NSE – INTENTECH;

Sub: Transcript of Earnings Conference call

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

Dear Sir/ Madam,

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the Q4 & FY23 Earnings Conference Call held on June 01, 2023.

The same is also uploaded on Company's website: <https://in10stech.com/investors/earnings-call>

This is for your information and records.

Thanking you,

Yours Faithfully,

For **Intense Technologies Limited**

Pratyusha Podugu
Company Secretary & Compliance Officer





**“Intense Technologies Limited
Q4-FY23 Earnings Conference Call”**

June 1, 2023

**MANAGEMENT: MR. C.K.SHASTRI : FOUNDER AND MANAGING DIRECTOR
MS. ANISHA SHASTRI : WHOLE-TIME DIRECTOR
MR. JAYANT DWARKANATH : WHOLE-TIME DIRECTOR
MR. ANIL KUMAR VENGAYIL : COO
MR. HM NAYAK : EX-CFO
MR. NITIN SARDA : PRESENT CFO
MR. LOKESH : FINANCE TEAM**





Intense Technologies Limited

Q4-FY23 Earnings Conference Call Transcript

June 1, 2023

Siddharth Rangnekar: Good afternoon and thank you for joining us on Intense Technologies Limited's Quarter 4 and FY '23 Earnings Conference Call.

Today, we have with us Mr. C. K. Shastri – Managing Director, Mr. Jayant Dwarkanath – Director, Ms. Anisha Shastri – Director, Mr. Anil Kumar – Chief Operating Officer of the Company, Mr. Nitin Sarda – the present CFO of the Company. The management will also be joined by Mr. Nayak – the outgoing CFO and Mr. Lokesh from the Finance Team.

Before we commence, I would like to highlight 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 made by the Company and which is available on the stock exchange website.

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

I would now like to invite Mr. Shastri to give us a brief overview of the Company's performance and his views on the opportunities and outlook ahead. Thank you, and over to you, Mr. Shastri.

C. K. Shastri:

Good afternoon to all of you. Thank you very much for taking the time for this earnings call. It's always a privilege to interact and learn and engage with investors. You are the key critical people for us as an organization.

For some of you who do not know about Intense, Intense Technologies Limited has been products and platforms' Company into customer communications, digital engagement, low code AI, data management and so on and so forth. We have started off as an enterprise products Company.

We have marquee customers across verticals. We have customers, marquee customers in banking. Banking we have all the top banks like HDFC Bank, Axis Bank, IDFC First Bank, YES Bank and the likes. And similarly in insurance, we have the top insurance companies. And in Telecom, we have also very marquee customers like Vodafone, BSNL, Jio, so on and so forth.

We are proud to tell you that, we have been the leaders in customer communications in this part of the world, and I take pride in telling you all that we have been ranked globally number one by Gartner in the customer peer reviews which is a very important thing because this is what the customers tell about us. It's not that an analyst telling about us or we are telling about ourselves. The customers have rated



us in terms of technology innovation, in terms of support, delivery, and R&D, and Innovation.

And as you all are aware that, we have taken a very, very, our solutions are mission critical and we have done very large projects, some of them hitting every taxpayer in the country, every customer onboarded, every bill which you get, be it Jio, be it BSNL, be it the income tax, we have successfully delivered very large mission critical solutions.

The year gone by has been a year of consolidation and investments for the future. The biggest question a lot of our investors were asking is what is that you have such fantastic products, you are profitable. We never had been in this kind of a situation to invest in growth. Today, we have 38 crore with 47 crore in collections. So, we have decided that the year FY '23 has to be a year of investment, growth, the Investments for growth and future thing.

But we had taken up a big mission called Project Butterfly. The whole idea of Project Butterfly is like how, butterfly comes out of the cocoon and flies. We have set up ourselves with the three-year goal with aggressive targets of growth of 30% year-on-year. Towards that we had to make a lot of investments that is reflected in our financials, and you might have seen there has been a drop in profitability though there is growth in the top line.

So, our goal is to see that we grow at least 30% year-on-year with a minimum margin of 35%. Towards that we have hired a very good leadership team. We have had Nitin Sarda, our new CFO, who has worked with companies like Ernst and Young and he comes with a lot of experience in growth strategies.

And along with him we have Anil who is our COO. He has got more than two decades of experience. One, he worked with a startup to a major scalable Company called Comverse Kenan, and then he worked with services companies like Amdocs with over 20 years dealing huge P&L under him. He is leading our Project Butterfly, and they will share with you our plans and how are we going to scale this organization and take it to the next level.

I am very confident that we have set ourselves achievable goals and we would be looking at having these targets that we have set ourselves to be achieved as we go along. And one of the key pillars would be taking on large digital transformation projects. We have the wherewithal. We have IP assets and cloud initiatives. And all those details Anisha will be sharing with you as we go along.

Over to you, Anisha.

Anisha Shastri:

Thank you so much, Mr. Shastri. Good morning, good afternoon everybody. I am Anisha, Whole-time Director at Intense, and along with Mr. Anil Vengayil who is also on the call, our CEO, we run strategy and operations for Intense together.

This year that went by was a very conscious year of taking risks of transforming the organization. I know many investors, many well-wishers in the past have asked us saying you are a cash-rich organization, but you are still always risk averse. You are not investing in sales. You are not investing in marketing. Why is that? And so this year was absolutely in line with exactly that.

Last year, we started something internally called Project Butterfly. Project Butterfly is basically the strategy that we put in place for the organization with a three-year horizon.

Step one to Project Butterfly was repositioning our organization erstwhile, we were practically, if you ask anybody in the industry as to what Intense Technologies does or who Intense Technologies is, they will say it is a customer communications Company, and so we were only known for our one product. This year, what we have done is we have expanded on that, and we have repositioned ourselves as a product and tech enabled services Company.

Second, we have increased our portfolio of offerings and opened up a lot of new revenue streams. I will be very honest with you. For us, international sales has always been a little bit of a challenge, and that's probably because India is more well-known for services internationally as opposed to products. And so we added a bunch of tech enabled services to be able to foray into international markets more strongly this time.

The second is, Mr. Shastri also mentioned, we have a lot of really large customers to our credit, a lot of large logos. Pretty much all the top banks, insurance companies, telcos - in the Indian subcontinent use our products. And while each of those customers has the appetite to spend far more, we were only selling our license and a few services around implementing our licenses to them.

What we have done this time around is we have completely opened up our portfolio of offerings. We have added vertically and horizontally both to our portfolio of offering. So, now, instead of say, for example, just selling the customer communications product to a customer, there is a ton of data management that is required before it comes to our product, right? And that's a huge scope of activities as well. So, we have added data management products to our capability and services to our capability.

Also what we used to do is we used to design the entire communication and then hand it over to other vendors to send out the communication. Now we have also vertically integrated and partnered with organizations so that we can provide an end-to-end offering, including the transmission of the communication. So, we have broadened our entire offering.

Third is, there are a lot of ancillary services that are required. For example, migration on cloud. Most customers today are looking to either migrate to Cloud Greenfield or move from one cloud to another, manage their spend on cloud etc. These are all ancillary services that are directly in line with what we already used to provide, but we were missing out on those opportunities. So, we have added a bunch of those revenue streams.

Last year we also invested in our very own AI-based marketing automation product. This is a very natural extension to our existing UniServe suite, and we will also be offering this as a SaaS product subsequently in the year.

Adding all of these additional products and services around our existing products has given us the ability to farm our existing customers. Each of our customers had the appetite and ability to spend far more, and they are spending it. Just we have not been benefiting from it. So, this year, very consciously, we have put forward plans and measures in place to be able to farm our existing customers better.

The third step has been to invest significantly in sales and business development. So, we have ramped up our business developments today, and we are seeing very good traction, a very good response also for the investments that we have made in BD. We have hired senior sales leaders in the government vertical, like Mr. Shastri said, having already delivered a lot of large managed services project, today we are much more confident than ever before of being able to take on this. Earlier we didn't have the appetite as an organization, but now we have the appetite to be able to take on

large multi-year managed services contracts. And so, to that tune, we have hired seniors sales veterans in the government vertical to explore managed services opportunities in the government verticals.

We have added blockchain initiatives for government, AI Chatbot, WhatsApp chatbot-based services for citizens through government. So, we have added a lot of these Innovative solution offerings that governments today are very keen to take to citizens to help make citizens' life better.

We have also invested in a senior cloud sales experts. We have invested in data sales experts, so domain-based sales experts, who have the network and understanding of solutionized selling in the banking, insurance domain. So, we have added these senior sales leaders, and the hope and intention is to see that that very soon reflects in our growth potential.

So, with that, this is basically the three-pronged approach that we are taking: repositioning ourselves, increasing our service offerings and opening of new revenue streams for our organization, and investing in sales and growth. That has been the mantra for the last year, and that may have reflected also in our books, but please note that it was a very conscious decision to invest in the future of this organization and to invest in growth.

Anil, would you like to add something on it?

Anil Kumar:

No, thanks, Anisha. Good afternoon everyone. I am Anil, COO of Intense Technologies Limited.

You have summarized it well, Anisha. The foundation of Project Butterfly used to have a predictable revenue growth which Shastri first spoke about around 30% increase our margins and also to increase the offerings to the market, the portfolio. As we transition ourselves into a tech enabled Company, we have a strong engineering DNA. We have strongly accepted products and platforms in our portfolio, and the idea is to allow these companies to use our platforms and the services that we provide.

So, we are investing in everything that Anisha talked about. We are taking our products into the SaaS world, which is where most of the investments are going worldwide. Banks and insurance companies are having too much of data with them and, there is a lot of scope for Intense to invest into data services. Banks are investing into AI services and artificial intelligence. So, we have a play over there.

You know, we are also investing into cloud services as most of these banks and enterprises move to the cloud. We see all of these as synergies to what we do with our clients and these are all good opportunities for Intense to go after.

We are also looking at a calibrated engagement in the public sector as government, federal governments and the state governments are using cutting edge technologies to deliver citizen services, e-governance projects. So, we have already done a lot of large projects in the government sector and, we will have a dedicated focus in the public sector opportunities too.

We will also foray into the international markets. We have a presence in Europe. We will make concerted efforts to penetrate into the American market and to the Asia-Pacific region. We have already made investments into Australia and New Zealand. We have a sales team over there to pursue opportunities in that region.

With all this put together, I am of the strong belief that, Intense will see significant growth year-on-year, and the services elements will enable us to increase our margins too.

Anisha Shastri: Thanks, Anil. So, all in all, I just like to conclude by saying this. We are very confident in what strategy we have put in over here. Our goal is to ensure that we see the kind of growth that this organization is capable of achieving, and we also want to get to more predictable quarter-on-quarter growth. We want to make our revenue streams also more recurring in nature, more predictable in nature. And that's the intention with which our entire plans have been laid.

C. K. Shastri: Just to add to what Anisha said, as a Company we have, instead of selling just license, AMC and services, we are moving even some of our existing customers into a complete holistic licensed AMC managed services kind of an opportunity to see that we have more predictable revenues. Today, more than 60% to 65% of our revenues are in this model, which is there already.

Moderator: We will now begin the question-and-answer session. We have a question from the line of Sandeep Investments. Please go ahead.

Sandeep Investments: I just wanted to know year-on-year there has been growth, and last financial year, there was good profit. All of a sudden, your profit has fallen due to employees' benefits and high operating cost. Now you tell me, madam, as an investor, the share has been trading at Rs. 60, whereas we have bought at much higher rates. What is the future of the investor in the Company?

C. K. Shastri: Sir, we don't have any control over these share fluctuations, but we definitely have control. We have exactly told the reasons why the profit has dropped. We have invested for growth, and we were also...

Sandeep Investments: Another thing I would like to point out. So, I have been sending emails. There had been some market fluctuations and manipulations by foreign investors who invested, one Company FII invested, and then they sold out all of a sudden, and we all the investors were left in the lurch. However, it was promoted on for blocks. See, there is companies invested due to vested interests. Now everyone has lost money in your Company and what do we expect for the future in the stock?

C. K. Shastri: I am surprised. Is it Mr. Sandeep? Who is speaking?

Sandeep Investments: Yes. I was asking about the stock market operation. You said you have no control.

C. K. Shastri: We are not at all. How do we? We don't, those are all market speculations, and we have nothing to do with those. And we don't come from that kind of background. We have only...

Sandeep Investments: You have just said you expect 30% growth per year. Now what kind of earnings per share are you looking in three years?

C. K. Shastri: See, when we say 30%, we are talking about around 125 crore with 35% EBITDA, which would come to, I just don't have the number of the thing. One-on-one you can write to me, and I will respond to you.

Sandeep Investments: Shastri, okay. I will send an email, and I would appreciate it if you can send your email address on my mail what I have registered for the conference.

C. K. Shastri: It is available on the Internet website.

Moderator: Thank you. We have a next question from the line of Rajendra Shah from Fidelity Management and Services. Please go ahead.

Rajendra Shah: By which period do you think the fruits of your investments will become visible?

C. K. Shastri: You will start seeing from FY '24.

Rajendra Shah: And what are the hurdles or risks that you worry about in the process? I mean, I guess, the business potential is very much there. So, does it come down to question of just execution in terms of marketing and delivering on the product?

C. K. Shastri: Sir, extreme market conditions or any one of those things, apart from that, we believe we are on the right track to achieve and get the execution, any of the major recessions hitting us or anything which humanly we don't have control on, those are the factors which may impact, but otherwise, the plans which we have put in, we have internally put a 30% target. We are hopeful about that.

Moderator: Thank you. we have a next question from the line of Milan Shah from Urmil Research. Please go ahead.

Milan Shah: I have invested for the last 10 years. I am very happy in between as perspective of investors, we got very newer opportunities. But I want to understand that the Company's employee cost since last five years is 50% near about. Then...

C. K. Shastri: Can you repeat the last part?

Milan Shah: Since last five years, your Company's employee cost is always 50% near about, and this year is also 50%. Then why this EPS is coming down? And my second question is how many sales executive or marketing guys are recruited this year so we can get more business next year, this year of 30% or more?

Anisha Shastri: In business development, we have added about 12 resources. In sales, we have added about five new sales.

C. K. Shastri: These are all enterprise level sales people.

Milan Shah: Sir, my request to you that we have to make an Investor Presentation so we can understand.

C. K. Shastri: Sure.

Milan Shah: Second thing, my request to when we are going to get that much great awards from Gartner and Company is never informed to exchange. Then why investor I know that Company get this much of award? I follow Instagram and Twitter that many times our Institute at Europe is conducting in 1, 2, 3 March, but there is no information on BSE site or NSE site. So, our Secretary, what they are doing for our Company?

Anisha Shastri: Sure. We will also, we had made it a practice to update our social media. We will definitely also start announcing, publishing this on the regulatory websites.

Milan Shah: All investors are going to social media.

Anisha Shastri: Sure. Noted.

Milan Shah: Company has the responsibility to inform exchange or that we get this kind of seminar or we got this kind of extraordinary award, which is the international acclaim, but we investor are not going to know anything about the Company.

Anisha Shastri: Sure.

C. K. Shastri: Yes. Mr. Shah, going forward, we will certainly, we will follow this practice. So, as soon as we update our social media with any significant messaging that that will go to the exchange also. We are doing it, sir, but there must have been some, if there has been any slip up, we will correct it.

Moderator: Thank you. We have a question from the line of Sandeep Investments. Please go ahead.

Sandeep Investments: I just want to inquire. I wonder whether your Company is doing well. How come some foreign institution or interest has not been shown in the Company? Do you plan to do a placement or a dilution or equity in a couple of years?

C. K. Shastri: We are open to any good things which will create shareholders' values.

Moderator: Thank you. We have a question from the line of Milan Shah from Urmil Research. Please go ahead.

Milan Shah: Sir, what is the attrition rate of our Company? And can you explain some blueprint or something for Butterfly which is mentioned by madam?

Anisha Shastri: So, Mr. Shah, last year was a little extreme. Last year, the IT industry as a whole went through a phenomena called the Great Resignation after COVID where it was quite frenzy. So, our last year's attrition rate may be an anomaly when compared to our standard attrition rate across the years, but last year we also had to make significant investments in retaining talent and attracting talent. That is also reflected in our employee cost.

And with respect to Project Butterfly, happy to share more information offline as well, sir. But in general, what we have done, essentially, is we have taken three fundamental pillars for the growth of the organization. We have set a three-year horizon of what we want, what revenues we want to be targeting, and how from what revenue streams we want to be targeting that from. And we have basically broken it down across our existing products, the new products that we have added on and new services that we have added on to our portfolio. And so that has been the fundamental tenet of creating the entire structure.

Moderator: Thank you. We have a next question from the line of Arjun Balakrishnan, an individual investor. Please go ahead.

Arjun Balakrishnan: Your operating expenses are quite high. What is the guidance for the next year on operating expenses?

C. K. Shastri: We are currently at the expense of 70, 73, 74, and we are looking at it growing to 80, 85 on the thing and the basis our, we are looking at an EBITDA of 30%, 35%.

Anisha Shastri: In addition, Mr. Balakrishnan, we have started taking on managed services opportunities. So, managed services opportunities come with an initial CapEx

investments on our part which we recover subsequently, like the operating expenses that reflect in our books as of 31st also, quite a lot of that has already been recovered in the first quarter. So, that also tends to inflate our operating expense, but it is short term in nature until the client pays us back.

Arjun Balakrishnan: So, the question is because compared to Q4 last year, it shot up quite significantly, and that dented the profitability.

C. K. Shastri: Yes.

Arjun Balakrishnan: So, going forward, you see, if you have the same operating expenses?

C. K. Shastri: No, it will not be so, sir.

Anisha Shastri: Sir, the reason for that is we had started the implementation of two new projects, and that required an upfront investment in server infrastructure etc., which we have also recovered for the most part. So, whenever we take on new managed services opportunities, which involves us managing entire infrastructure software and service all together, sometimes there may be these upticks.

Arjun Balakrishnan: And the other thing is, you conduct conference calls very arbitrarily. So, I have been invested in other companies as well. Some companies don't conduct conference calls at all. That's fine. And some companies do a regular conference call. So, either way you got to decide, right? It's very arbitrary for me as an investor to suddenly feel okay, why we have a conference call? At least can you define when you will have a conference call and when not?

Anisha Shastri: Sure. You are right, and we want to get to, we had a hiatus for maybe the last two years. But we want to resume having more regular engagement, more regular conversations. So, we will definitely publish a schedule.

C. K. Shastri: You will be seeing us more. We will be visible very clearly, and we will have want to do road shows and other things so that...

Arjun Balakrishnan: The reason why I am asking is, if you go to your last conference call two years back, you promised the conference call end of every year. Okay. And I have been invested for that period of time. So, I expect the management to keep the promise of one call end of the year. I am not sure why that was not kept.

Anisha Shastri: Sure. Noted, sir.

Arjun Balakrishnan: The last question is you, in the previous call, you mentioned that Q4 will not continue to be lumpy that the lumpiness will not basically in Q4. How is that looking in spreading out the revenue over four quarters instead of one beyond?

C. K. Shastri: Typically, sir, the last quarter definitely will be a higher, better quarter for us, but it will be much more evenly spread going forward.

Anisha Shastri: We are endeavoring to see that we get to a more quarter-on-quarter predictability, Mr. Balakrishnan. Some of our existing engagements we are not able to modify, but whatever new engagements we are signing on, we are trying our level best to see that it doesn't ultimately get padded on the fourth quarter. We are trying to do that as well.

Arjun Balakrishnan: And finally, any plans of increasing stake of the promoters?

C. K. Shastri: Yes. We have increased the stake. I had taken about 8 lakh thing, and it's paid up, and my shares are yet to be listed.

Arjun Balakrishnan: But that is a warrant side, but is there any more plan to increasing further?

C. K. Shastri: Yes. That's already been fully paid, converted and fully paid. I just did that. I don't come from a very wealthy family. Whatever I am capable everything all my earnings in my life, I have put in Intense.

Moderator: Thank you. We have our next question from the line of AL, a private investor. Please go ahead.

AL: Just wanted to understand what your future dividend plans are?

C. K. Shastri: We have been paying dividend for the last four years we are contemplating to also give the fifth year. We have called for a Board meeting for that on the fifth, and we will deliberate, and we will definitely wish to continue the tradition of being a dividend paying Company for this year also.

Moderator: Thank you. We have a question from the line of Rajendra Shah from Fidelity Management. Please go ahead.

Rajendra Shah: Shastriji, I have one suggestion. Why not make an Investor Presentation with broadly your strategy and potential?

C. K. Shastri: Definitely, sir. We will be doing that probably either we do it after the first quarter results or before that. We wish to do that. That suggestion also came to us.

Rajendra Shah: Yes. So, people don't know where Intense stands and what type of growth strategies you were putting in place. I mean, knowledge is not there.

C. K. Shastri: No, definitely, sir. Well, thank you for the suggestion. We will do it.

Moderator: Thank you. As there are no further questions, I now hand the conference over to management for closing comments. Over to you.

C. K. Shastri: Thank you. I would like to thank every investor who is a prospective existing investor who have joined the call, and thank you very much for all your feedback, questions. Your inputs are very valuable to us. We will take them very seriously and put it in action. And as I have mentioned, we are determined to see that this Company grows and goes to the new heights, and as we have set ourselves this first milestone, we would want to see that we achieve is a 30% growth this year with keeping at least a 35% EBITDA and this thing. That is that itself is a huge task for my team and the entire organization, and we look forward to seeing that we earn your respect, thereby, your value. Thank you very much. Appreciate your time.

Jayant Dwarkanath: We internally are extremely excited about Project Butterfly and the plans that we have put in place with a three-year horizon. Many of you have also expressed the fact that yes, we should be communicating more. In fact, we would be very keen to communicate our own plans and socialize them with you probably, because in the past too, we have always believed that by socializing our internal plans, the broad plans with you, we also tend to get good advice from our own stakeholders and people who are interested in our growth. We certainly will take your advice and make it a point to socialize our plan with you and periodically also inform you of the milestones

that we have reached. Thank you very much for the interest and the support that you have given over the past many years to us.

Moderator

Thank you. On behalf of Intense Technologies Limited, that concludes this conference. Thank you for joining us.

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