



“Xelpmoc Design and Tech Limited's Q4 & FY'21 Earnings
Conference Call”

May 24, 2021



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Moderator: Ladies and gentlemen, good day and welcome to Xelpmoc Design and Tech Limited's Q4 & FY'21 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 call, please signal 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. Ravi Udeshi from Christensen IR. Thank you and over to you, sir.

Ravi Udeshi: Thank you, Margaret. Good evening, friends and thank you for joining the Q4 & FY'21 Earnings Conference Call for Xelpmoc Design and Tech Limited. It is a great pleasure to host all of you in this call today. The results and the investor presentation have been e-mailed to you and is also present in the BSE website as well as our website. In case anyone has not received the press release, please do write to us and we will be happy to send the press release and the presentation to you.

To take us through the results and to answer your questions, we have with us the management of Xelpmoc, represented by Mr. Sandipan Chattopadhyay – M.D. and CEO and Mr. Srinivas Koora, the CFO of Xelpmoc.

Mr. Srinivas Koora will start the call with a brief overview of the quarter gone past and after that we shall throw open the floor for Q&A. The standard Safe Harbor clause applies and with that said, I now hand over the call to Mr. Srinivas Koora.

Srinivas Koora: Thank you, Ravi. Good evening, everyone. Welcome to Xelpmoc Earnings Call for the Fourth Quarter and the Year-end of Fiscal 2021. I hope you and your family are doing well and staying safe at home.

I am happy to report that we kept up our business trajectory while maintaining our emphasis on sustainable operations. We continue to move forward with our execution plan which is focused on finding targets in sectors that align with our HEAL strategy. Our operating revenue for the quarter was Rs 35.4 million compared to Rs 35.3 million in Q3 FY'21. On year-on-year basis, we grew by 8.6% as compared to Rs 32.6 million over the corresponding period last year. Operating EBITDA margins adjusted for ESOP for the quarter was Rs 5.5 million as compared to Rs 11.5 million in Q3 FY'21 and Rs 5.4 million in Q4 FY'20. Adjusted EBITDA margin was 15.4% as compared to 16.7% in Q4 FY'20. Due to lockdown, we had a significant fixed cost non-occurrence which has resulted in abnormal EBITDA margins in the past few quarters and is now gradually returning to the projected as we already stated in our previous calls. The net profit for the quarter was negative Rs 1.5 million due to Rs 7.3 million in ESOP expenditure and a provision for doubtful debt of Rs 2.8 million compared to Rs 10 million in Q3 FY'21 and Rs.4.7 million in Q4 FY'20. On a full year basis, our revenue increased by 73.2% to Rs 140.5 million. Our operating EBITDA excluding ESOP turned around to positive Rs.46 million as compared to negative 27.3 million in the prior year. Our adjusted EBITDA margins were 32.7% for FY'21. We also recorded a net profit of Rs 40.8 million after taking in ESOP charge of Rs



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10.4 million compared to a net loss of Rs 21.7 million in the corresponding previous year. We expect to build on this performance in the current fiscal.

Our team size is 93 including employees, interns' consultants as compared to 104 in the previous year, and mainly the reduction is in the number of interns.

Till date, we have served 47 clients and our sustained interaction with our clients is the foundation for good performance.

The fair value of our investment in portfolio companies stood at approximately Rs 476.7 million as on 31st March 2021 as compared to Rs 349.4 million as on 31st March 2020. Our portfolio companies did well by embracing new opportunities. 4TiGO had higher than pre-lockdown margins on the back of strong engagement with leading FMCG firms. It expects to record a greater height in the coming fiscal led by the entry into mines and mineral verticals and a launch of SaaS solution for the large corporates' transportation requirements. This is despite a temporary decrease seen in driver trips on account of pandemic so far.

Mihup continues to build on its previous wins by adding additional six customers in the immediate quarter for a Virtual Interactive Analytics and Automated Virtual Agent. We are pleased to state that Mihup will be starting its solution for ICICI Securities. All these success have made it among the winners of the MG Developer Program and Grant 2.0.

Amongst the other portfolio companies, the "Star in Me" a global career advancement platform for women professionals has garnered 6,500-plus members till date, who are availing coaching from 75 plus leading experts, it has also tied up with 19 MNC clients in IT, pharma, BFSI and consumer sectors as the facilitator for their employee learning.

Woovly onboarded leading B2C brands including Beardo, colorescence, Ustraa, juicy chemistry and mCaffeine. It launched an order management system which partners with top delivery partners to easy day-to-day operations for its hosted brands.

The board has approved two new investments; one is into Firstsense Technology and Graposs Edutech. Firstsense is into video analytics in the area of student-teacher interaction and automating education test monitoring. And Graposs Edutech is into content creation, tutor capacity building and other online test preparation platform through its website, Sarkaripaksha.com. It aims to connect students from primary schools to postgraduate via various tools including Olympiad, Psychometry Test, Private College Admissions, further it has also launched the software for students, parents, and teachers to connect with each other. We are excited to partner with these two companies.

Now, I'll go on to "Outlook for the Fiscal." Given that our portfolio companies focus on previously untapped areas of the economy, we expect them to have a greater traction. Our main



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investments such as 4TiGO Network Logistics, Mihup, Slate are expected to ramp up into the next phase of development. We are also positive about our recent investments in technology solutions for education which we expect to pay off in the long run. We still maintain our cautiously positive outlook due to the current difficult times that temporarily limits our ability to get clients on board.

With this now I request moderator to open the floor first question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer question. The first question is from the line of Raghav from Ace Capital Services. Please go ahead.

Raghav: So, my question is related with the assets that we have because for me Xelpmoc is not about quarterly numbers though we have achieved very good yearly number this year, congratulations to that but for me it is about the assets, the investments we are doing in start-ups, the knowledge sharing that we are doing with the start-ups which is main driver for me. And I'm glad to see it has increased from Rs 35 crores to Rs 47 crores now, around 33%. So, I see that we are trying to take some stakes in the company Firstsense which is very recent and have not commenced its operation yet. So, is there something specific that you see in this company and that's why you are going to take a bet even before that company has started any operations?

Sandipan Chattopadhyay: Thank you for the question and actually you are seeing things in retrospective, that's why some of these things look matured after we came in the public eye. But most of our involvement in our big start-ups have been at this blueprint stage onwards itself. And Firstsense is one of those parts where we are entering at, you may say the blueprint stage where we have been actually scoping and working in stealth for five, six months prior to starting it. It was an area that we already had earmarked for a growth and we were waiting for the right partners and entrepreneurs. I think we have got a very impressive team who have had experience and with them we are starting it off. So, yes, it is a new start-up but most of our start-ups have always started engaging with us from that stage, so it's nothing new in that perspective. On the other hand, Graposs, of course is something which has been existence for some time, their reach is tremendous and the area of focus is in these exam preparation parts mainly for government exams and government-led discoveries for talent pool in parts of the country, huge part of it is going to be focused on vernacular, that's our interest. And though it is an existing company with huge standing and all, I think what we are going to start with them is something almost like a reboot on certain sectors and trending of the existing ones.

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

Sudip Dugar: I have a couple of questions. The first is if you could explain the nature and the reason for such high provision for doubtful debt and the increase in trade receivables?



Srinivas Koora: Doubtful debts, we have a policy, after a certain period of time in case if we feel that we are not able to receive, even though the efforts will go on, as a prudent practice we go and create a provision. Now as far as your second question is concerned, the reason for increasing in the trade receivables, you should look at this with in line with the revenue and unbilled revenue. If you look at unbilled revenue which is appearing in other assets, unbilled revenue has reduced close to about Rs 1 crore and receivables have increased proportionately and it also depends on the project completion, let's say, suppose if the project is completed that we have to go ahead and raise the invoice. So, there were a couple of projects which got executed and completed in the last week of March. That's the reason where you see that receivable has gone up and accordingly the unbilled revenue has come down.

Sudip Dugar: My second question is in your investments can you provide some information of Rype Fintech and TaxiTop Media?

Srinivas Koora: Rype Fintech, the brand name is Slate, Sandipan will brief you. As far as the TaxiTop Media is concerned, because of the COVID, that could not take off. So, if you look at it, already we have impaired in our balance sheet.

Sandipan Chattopadhyay: Rype Fintech, it is essentially something we have talked on the branding of Slate. It essentially helps the MSME segment to organize the finances and also to sort of modernize their outlook, get some financial inputs in terms of business decision taking which is corroborated by financial data. That has shown goods signs of growth and as Srini explained in his opening comments, we expect the next surge to happen on the current or coming quarters. One of the reasons is target audience being MSME, it was not an appropriate time to go all out despite that the kind of growth and the kind of user feedback we have got has been very encouraging, we are now going to step on the accelerator to take it forward for actual propagation into a larger scale.

Sudip Dugar: Now, we have Learning Hats, and we have also acquired Graposs and Firstsense. So, what's your view on the Edtech space since a few people are so quiet still on it and where a lot of deals happening in this space particularly, if you could give you views on this as well?

Sandipan Chattopadhyay: I think the Edtech space is very exciting and broadly we look at it in three main buckets or four main buckets to be very frank; one is the purely formal education which is what Learning Hats is in terms of incorporating it in... we don't believe schools and colleges will go away, but we do believe that post-COVID some things are irreversible and they have to be modernized and they will use more of a very accentuated hybrid model using the best of online/offline and a whole paradigm shift would happen there, that's the first sector. The second sector of course is formal, but ancillary. It is not part of your day-to-day routine, but all the contests, the preparations, the competitive exams that people take, that is surely one market. The third one is informal supportive education like let's say your skill building exercises, interest building exercises going into more depth, educational software, educational games, subscription systems for magazines and all. So, content but with an educative intent is surely the answer in very



peripheral space which is important. The fourth of course because of all these things going very gung-ho, you would need monitoring, data processing and data accessibility systems which are a new breadth. So, if you look at it as we had said two, three quarters back, Edtech is a key focus for us for the next coming parts and we are also looking at our second batch of possible winners. We are still now sort of feasting on the first batch that we did, but it was imperative that in this last two quarters we had picked up winners for our next two, three-year timeframe. I think we're in a good position there and in the next two quarters you will see more consolidation and more entries hopefully which we'll be able to discuss with you, we are still working on a couple of them and together you will see it's a comprehensive foray into Edtech in a big way that Xelpmoc will go. I think it's one of the right combinations for us of tech, data, design, information all of this together which we think is our sweet spot for showing our skills off.

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

Rudresh Kalyani: I have a couple of questions. I see a substantial decrease in other income. What is the reason behind that?

Srinivas Koora: The interest rates have come down, that's the reason why even the other income have come down, it's a purely NAV-driven.

Rudresh Kalyani: I do see substantial increase in other expenses as well. What is the reason with that?

Srinivas Koora: Other expenses in my opening remarks have given you like we have written off close to about Rs.27.8 lacs as a doubtful debt, that's one and in employee cost there is an ESOP expense, that's one of the reasons why the cost has gone up.

Rudresh Kalyani: Why there is a drop in the property, plant and equipment stuff has been reduced by somewhere around 50% I see?

Srinivas Koora: So, basically, what happened was a couple of companies we have impaired right, for example, TaxiTop Media, so those could be the one which you are seeing in the balance sheet.

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

Yatin: My question is about the Firstsense. We have bought about 89% of the capital of the Firstsense. What is the kind of motivation the promoter will have if they are actually left with 11% of their own company?

Srinivas Koora: As of today you are looking it as 89%. The Company as you rightly said that it is very recently formed and before Xelpmoc enters like there will be substantial percentage of holding which



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they are going to hold. Once the promoters have stepped in, Xelpmoc would be holding 35% and the balance would be held by the promoters.

Sandipan Chattopadhyay: I think what you are getting is that OCPS is a future derivation and depending on the entry point of the entrepreneurs who are coming in and their roles and responsibilities that you get to 65% once the formalities and everything is finished.

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

Venu R: Sir, in the last call we have mentioned about foraying into a foreign opportunity. So, is there any progress on that front?

Sandipan Chattopadhyay: To be very frank that's a good question and let me also illustrate that. We thought it'd be imperative that we hold on to our horses till the situation stabilizes and travel and other modes of communication and the economies there itself get to some state of stability. To be frank we don't see things changing for us to go ahead and do anything for that matter. Any progress we will either go full head or we will not do half-hearted. I don't think we will be doing anything substantial before mid-July or end of July.

Venu R: So, are there any other opportunities that you are looking out?

Sandipan Chattopadhyay: We are focused on the London office and the London setup because we think it's a good place to start off with our set of specialties in our focus areas, that's a good area and from there to service a part of Europe which is there and also to do some sort of a collaborative engagement with some other things and look at other parts of the world which are better service through London. Apart from that, probably somewhere down the line once we have some more initial successes with the POCs and all, we would surely have Africa in mind. Further than that I don't think we are looking at anything in the near-term timeframe for any expansion.

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

Rajendra Kumar: Sir, our stake in 4TiGO is quite low. I think it will further reduce in the next round of funding. Will it create value to our investment anyway when the final funding is happening?

Sandipan Chattopadhyay: The thing is the basic math is that 1% of a billion is less than 100% of a million, that's the philosophy I keep on harping on. So, yes, we will be diluting when new funding coming in, that's pure mathematics. As of now for at least for some time to go until we consolidate we don't think that we will be making further investments just to keep our dilution protected, I don't think we are in a state to do that because there's a large funding we are talking of, so we would not really go for that aspect.



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Rajendra Kumar: It will not provide any more benefit because it is a growing company and one of the best companies in our portfolio?

Sandipan Chattopadhyay: Yes, but the thing is the room for getting more stake is only by pumping in more money at par with whatever existing investors have, correct. I don't think we are in a position to do that and frankly speaking it has also reached a level of maturity. Even if you ask me today with our kind of a ticket size possible, just for a token presentation, I don't think it will make substantial part. I think we are better off in trying to catch potential things we believe in, invest the money there and see that grow at a much faster rate.

Rajendra Kumar: Any other R&D we are doing that is completely not from our portfolio, something other?

Sandipan Chattopadhyay: As I told you we are looking at the Edtech space in more detail and the peripheral education as you can see we did make an announcement last quarter about our 100% subsidiary Signal Analytics, we have plans to aggregate the peripheral part there. I think there are some interesting ideas and all we have. Hopefully, next quarter we will talk.

Rajendra Kumar: Sir, it's a quite weird question, but what is the real moat of Xelpmoc you think because everybody say that Mr. Sandipan Chattopadhyay is the face of Xelpmoc, nobody knows better than any other. If everybody thinks that only Sandipan is there, nobody else is doing something, what is Srini sir, I mean, what is the main thing that they have?

Management: Apart from Mr. Sandipan Chattopadhyay, Mr. Jaison is also there and down the line like if you look on the technology front even the CTO, Ajay Pandey and even Naushad, these all are stalwarts, experienced person coming up from the start-up ecosystem only and most of the people whom we know who has worked with us for last 10 to 20 years.

Sandipan Chattopadhyay: I was saying that hopefully next quarter we will have some more interesting announcements to make around those parts.

Rajendra Kumar: Sir, now the question is like Sandipan is the face of the company and down the line they would like to know what is the R&D going on?

Sandipan Chattopadhyay: R&D is mostly focused on two aspects, we are doing some R&D on data analysis part of it, as I said that we will be looking at propagating our products and things in those fields which we have made and some new product ideas that we have in pipeline earnestly from third quarter of this financial year. I think we are on track for some good wins there. And the other part that we have been doing research on is an analytics part of it using multimedia, Mihup of course is in voice but beyond Mihup also there's a huge amount of scope in looking at expressions and reporting, as video conferences and all become more normative having feedback loops for them and all is becoming imperative, having proctoring solutions is becoming imperative. So, we are looking at those video edit parts very seriously. The third challenge of what we are doing a little bit of



economic R&D, it's not exactly technology, it's trying to find out new models for some propagation on micro entrepreneur kind of a networking setups for different fields and those are things that you will hear from us in next two, three quarters.

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

Kunal D Bihani: I have more than two questions, so you can just take between yourself. One, I want to understand on the ESOP front. I understand there is a net reduction in the number of employees versus the last year. So, the ESOP which we are giving, is it to the existing employees or for retention or is it for getting specialized talent which is totally new to the company?

Sandipan Chattopadhyay: I think I have to answer it in a slightly larger framework. ESOP to us is the best way to remunerate our employees. One of the reasons we have been asked is "How do we pay so low and all?". The reason is we do have a very inclusive ESOP policy which we would see as a philosophy going forward. All the aspects that you said, yes, it's for existing employees, it's also to attract new talent. But everyone is given after a certain tenure or after a certain achievement. We are not in the habit of giving ESOPs to get talent on as an exchange protocol. That is not the norm that we follow in Xelpmoc. But yes, a talented person knows that if he enters, he achieves XYZ and stays for ABC amount of time, then that's the kind of growth rate that he sees onto that part. In fact personally I prefer my senior guys to be allured to us or sort of get attracted to us because of the ESOP factors. I don't think the kind of company we are going to do very well in getting high paid executives coming in. I would rather have co-owners and co-entrepreneurs who come in with the spirit of ownership and that becomes the main holy grail for why they come to us. So, it's a philosophy that you want to execute through this sort of an allotment.

Kunal D Bihani: My next question is basically on the Xelpmoc products. I'm assuming the Xelpmoc products are one which we market directly either to a B2C or a B2B or a corporate customer. So, I haven't heard anything much around the Xelpmoc products and how they contribute to the revenue and how do we plan to take this ahead considering this basically hits the bottom line.

Sandipan Chattopadhyay: As I have said that I think I'm consistent in saying that we will really be able to push it from this year second quarter onwards but some of the parts have been slightly delayed because of not being able to go out and market as we hope to. But that said, some of the products we are pursuing with pretty big names to do POCs to make it happen as a practical business use case in some of the places. Two projects have been executed for example using our X Docs kind of architecture which looks at and sort of analyzes human written documents for better perception. The data analytics component that we have like extract and stuff that we are in talks and probably we will have a POC going forward in this quarter. You really see it significantly coming into the top line from 2022 first quarter, that is when the growth stream will happen for that as well as for our services. So, we have sort of...



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Kunal D Bihani: Basically from next April I should be seeing the revenue?

Sandipan Chattopadhyay: This year we decided to consolidate and focus more on the start-ups on the value part. The revenue and the margin we will focus when the market is ready, and we have that. It is something that you must realize that we have just started it, it's not the best time to start something if you had a team leveraging that and doing it is easier and at the same time it is also true that a lot of the standard work quota and all those things that has increased significantly in terms of software projects and all. But that is not what we want to start off with and get sort of embedded into at the beginning. We want to go with our own value-added kind of a service that we want to keep focus on and that I think will come into fruition from next financial year.

Kunal D Bihani: This is around the QFX or basically our LMS solutions. I know we have not disclosed directly but this is what I have read around, there was a school which we were collaborating with, and on the last con call there were updates of approaching more school organizations on network. So, any progress on that front given that...

Sandipan Chattopadhyay: Firstly, we are working very hard to make sure that this goes live in the first set of schools with sizeable amount of students... when I say sizeable, I mean 20,000 plus students been using it on that part and that I think with the schools opening up now with COVID delay and all happening, schools have also delayed on that part, but as they're opening up we will be seeing that going into action, that's the first part. And, of course, the ancillary deals, projects, and all, we have started prospecting.

Kunal D Vihani: This is a direct solution, right, it is not by any start-up?

Sandipan Chattopadhyay: No, it is, it is, QFX is something that we are doing for Learning Hats.

Moderator: Thank you. The next question is from the line of Abhishek Chaturvedi from RK Securities. Please go ahead.

Abhishek Chaturvedi: You just mentioned that we are going to put up offices in London. So, if the strategy to replicate the business model there in London similar to that of India, venturing into new start-ups in the form of technology support and also taking your service projects?

Sandipan Chattopadhyay: Yes, you're right, it encompasses a strategic intent for both the aspects, but that said, do remember that unlike India we are not really anybody significant in London at the moment because we don't have a portfolio of companies to show off of significant nature. So, I think services would be our first foray and the whole services we do for margin and I think it's not a rocket science to understand the margins are better there. So, if we're going to focus on margins, we will focus mostly on the overseas market. We don't plan to do too many services projects in India. We do plan to engage deeply with the start-ups in India with much higher intent. I think once we have established ourselves, we have done our body of work, our start-ups in India have scaled to a



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certain level, we will take it more seriously and we will have a real chance of being able to execute the Indian model of start-up encouragement and start-up co-founder thing in a profound way, but that will take at least a year post our commencement of service in London. Any magic can happen, there are people overseas who also know us who have reached out to us, those can happen but those would be accidental in nature, not really part of a focus plan.

Abhishek Chaturvedi: One question on the projects that we choose under services. So, if we choose them for example let's say you're managing a project on the data analytics thing, so do you also use the service project beyond the data analytics front ?

Sandipan Chattopadhyay: Data analytics is the foundation. The kind of projects we will choose are not going to be sort of fixed scope or kind of a body shopping kind of a work, we are going for projects which are end-to-end and which are solution projects, that is the core focus we are doing it. And yes, they do rely on data science a lot, we will play to our strengths. But data science, the way you understand is not just about number crunching, it's about being able to effectively use data science for a variety of purposes including process automation, including analysis and scoping or simply automated response like many of you may think we did PWA in Tata CLiQ but that has a huge amount of background in data science just to make sure I'm showing you the right aspects depending on who you are.

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

Keval Ashar: I had two questions. So, first is what's our plan for venturing into London? And where do we see our London business scale up increase in three to five years?

Sandipan Chattopadhyay: That's a very forward-looking thing. I can tell you what the purpose of setting up a London office, but putting numbers to it are not something I will do. I have said though that we will see growth coming from 2022 first quarter onwards and I do think a large part of that growth because that's mostly going to be service led in terms of revenue growth, is going to be driven by the London strategy. So, in London what we plan to do is we don't want to have just a front office for the Indian back office, we want to actually have a set up there with local people who understand business requirements there but a smaller team and then being able to manage solutions...solutions is not something like working towards spec and can be done by anywhere because the specs is being developed somewhere. When you're looking at solutions you need to have a team there along augmented by our team of experience here, but the bulk of the work will get done out of India.

Keval Ashar: We are a very unique company compared to all the other IT companies listed in India. So, where do we see uh Xelpmoc as a company and also marquee investments in the long-term? I don't want answer in number terms but as what is our vision in long-term.



Sandipan Chattopadhyay: The visions remain absolutely focused. We want to make sure that we enable technology for the next 500 million Indians which we transfer to the next 5 billion worldwide citizens. Now the fact that we have been touted as unique is because I think we went from a very ideological plane to solve that problem and we chose a strategy to do it and whatever it took to make sure that vision is fruition. We didn't want to say that we have people like X or Y or Z, we said this is problem A, we have to solve it and we solve it. We do hope that the impact that our start-up ecosystem support creates will be huge and I think we do feel pride in what we have achieved in five years now since existence in terms of that at least. And once you are able to imprint yourself into millions and billions of people I don't think revenue becomes a factor ever. On the vision of Xelpmoc, as I said that, if we are looking at serving and having impact on billions of people, I don't think revenue will be a matter.

Moderator: Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: My first question is regarding the scaling of investments in some of our companies. So, you have rightly said that it is very difficult for us to put more investment in say 4TiGO and Mihup. But what about other companies like PENCIL or Woovly who have scale, have shown performance also? Yes, we will keep investing in your company but why don't we increase our stake in some of the companies which are performing where we still can increase these stakes?

Sandipan Chattopadhyay: We will be doing that and we are doing that. It's just that it doesn't come into the limelight because they're not themselves so big, right. So, that will happen and wherever we can, whatever spare cash we have. We don't want to sit on capital of yours and earn other income, that's for sure. But today is probably the first time because this is the first profitable financial year when we can think that way and that will come, you will see some indications of that in the coming quarters and that's a valid point. If we see a young entrepreneur, who is showing promise, we will try to back him up more and try to match at least whatever others are doing so that we don't get diluted too much whatever we can manage.

Aman Vij: The second question is a little bit long-term. So, we have scaled our business quite well in the last five years; we have a set of 16 to 18 companies. But going forward do you think in next three, four years this number will become say 25, 30, 40 companies, this is how you plan to continue scaling by putting say less than a crore each in x number of companies or once we reach a scale we will start putting either more stake right from the beginning, how do you think this number of investing companies will change in the next three, four years?

Sandipan Chattopadhyay: That's a tough question to answer, to be very frank. See, the quality matters more than quantity, that's the first aspect. And there is a critical mass of lag between the available team size and the number of things we can do simultaneously. So, what we have seen is we are okay to initiate five to six simultaneously, that means they are actually completely with us in that form and support another two or three. And remember that many of them when they mature, they become pretty



standard and our support is very peripheral like Mihup and 4TiGO, we only do on a need basis, we don't have regular influence or regular work from those things because they have also been one of the oldest portfolio parts. And we do have this method by which we make sure that a company or a portfolio becomes self-sustaining whenever it is possible to do that and do it, at the same time we make sure it's the right mix of not making it temporal that we have to do it by this time there's no such thing, it's as and when things get proper. What do we want to do for the future is, we surely want to dream bigger, we want to make sure that some of the start-ups we start off with are bigger in scale and bigger in impact and hence also you may say a bigger risk-return ratio for that part. But that cannot be all of our portfolio, it has to be a balance; however, till it fails or succeeds we would not know. So, deployment of resourcing, those sort of things would be adjusted and done for. But at any point of time do you want to make sure that we go below the green belt? I don't know if I have been able to make myself clear but it is not a single focus thing in all direction, it's situational, it's a balancing act of all these factors and making sure that we are going ahead in the right time.

Aman Vij: Just a little bit more on this, so you said the top two, three companies don't rely much on us, but still there are like say 10 to 15 companies which are relying on and where our interaction is needed. If we keep doing this five to six companies each year then this number might become too big for our team.

Sandipan Chattopadhyay: Not really because god's grace if your words come true, there's nothing happier and that's a happy problem to solve. But from a natural mortality aspect and all, it will not be prudent to expect that all of them would do great, there will be natural decay, that does leave us some space for the next set of companies, that is the way of progressing here.

Aman Vij: The final question is on ESOP. So, could you talk about the remaining ESOPs for this year?

Sandipan Chattopadhyay: ESOP will be a strategy and I think the remaining ESOP for this year, Srini can handle better, but ESOP will be a continual affair from Xelpmoc perspective because that's the way we want to make sure that the right talent comes to us.

Srinivas Koora: So, ESOP like for the previous quarter in case if you look at it, it was about Rs 73 lakhs which we have accounted as an expenditure. Few of these ESOPs were issued only in the month of March. So, even that has not reflected for the full year and for a couple of other senior guys even the ESOPs would be issued in this current year. So, the ESOP expenses is going to be there, and it would be on the higher side.

Aman Vij: For this full year what number should we assume for a full year of FY'22, a rough range?

Sandipan Chattopadhyay: I think the expense is linked to the stock price so that's a good and bad of it, the higher the stock price, the bigger the expense, but it will always be in a proportion which is to an extent that we administer probably, Srini can give you a better number but it is a ratio of the overall corpus but



the cost of it will depend on the current prevailing market value as per the norms and laws of the country.

Srinivas Koora: Any which way the ESOP, etc., has already been given in the balance sheet. So, if you are asking for what, it would be like in case if all the options are going to be exercised, then it would be roughly in the range of about Rs.8 crores for the year.

Moderator: Thank you. The next question is from the line of Kishan Toshniwal from DKMS and Associates. Please go ahead.

Kishan Toshniwal: I have three questions basically. In last concall I asked that where are margins to stabilize in the short-term to medium-term like in the last quarter it has gone to 15% which was 32% a quarter ago? Second question is how should we look at Xelpmoc, whether we should look at Xelpmoc as a company which is investing and are going to work for those companies in which we are investing or we should look Xelpmoc as a company where the investment is one part and the other is service part or from our product part which is not the part of the investment part will also be there or it will be the first one? Third question is I'm seeing this revenue from operations is continuously in this range of Rs. 3.5. in last concall also I asked and you had said that you might see this after the third quarter of 2021. Are we on the path of that or the pandemic has delayed that?

Sandipan Chattopadhyay: Pandemic has delayed that but not in the way you think. There's a lot of work that goes into spot work and to the foundation work for the start-ups. So, when we have been able to onboard so many start-ups there's a lot of unseen work that has happened where the distribution of resources happens.. The income for operations has been the steady one where we have not made forays to go and try to attract more. Reason for saying where we see that entire search from first quarter of 2022 is because we plan to make sure that we have actionable, marketable propositions set up by that time and we'll be on a regular path. To your second question that how do you want to see Xelpmoc, I really don't have a firm answer to that, it's probably scattered across all the things that we have said. We don't have absolute fixed strategy for it. We want to make sure that we are making meaningful contributions for solutions. Startups will always be a core focus for making sure that there is a value growth that is happening. But that said there will be a focus from 2022 onwards and all when a steady stream of revenue should come in from our services and products businesses.

Srinivas Koora: As Sandipan rightly said the focus for the previous financial year was more on onboarding start-ups which you could see like we were able to onboard certain good marquee start-ups on the education sector. Now coming to your first question, where the margins were on, 30% plus in the first quarter, second quarter and right now 15% where it is going to stabilize. In case if you look at our Q4 numbers, there are close to about Rs 28.99 lakhs which we have written off for the doubtful debts. That has brought the margins down or else the margins would be in the upwards



of about 20% to 23%. So, that's the range what you should be looking at even going forward... and this we are talking adjusted EBITDA margins without considering ESOP expenses.

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

Mohit Rodi: So, my question is on the core management team. So, I see that Jagpreet Pabla who was the VP, Data Science, has left the company. So, was it a layoff or a voluntary move?

Sandipan Chattopadhyay: Layoff for sure. He is one of the darlings that we had of course but he had his eyes on having his own product definition and he wanted to pursue that and we encouraged him to go ahead and do his passion part of it.

Mohit Rodi: My next question is like how do you rate on a scale of one to ten the core not the management team but the core tech team on the competence of AI/ML and data science?

Sandipan Chattopadhyay: I rate them very highly. That's the reason I'm working with them. Finally, at the end of the day it's a huge amount of personal time and personal opportunity part that you're putting in. So, you really want to work with the best. Again, the philosophy is that the one who is working with you best is more important than the paraphernalia or the CV or the Bio. We have many people who have been on their first job but because they have been sort of baptized and been able to move with us the kind of solution thinking, the kind of areas of innovation that they can focus on, if I get someone with double the experience from market and there are always exceptions, I'm saying generally from the market I think most of them would outshine them without having too much of a sweat. Please remember that the five years has also gone in building a skill set which we thought was missing in India. At least we couldn't do it very easily. So, now I think three years is the model age for most of those people, they're coming into shape and that is exactly the reason why you're seeing this confidence exhibiting from us saying that hey we can now add more load and hence we can actually tell that with confidence and with reasonable certainty that the plans we have from '21-22 onwards are going to work out. You have to have your foundation done properly.

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

Mahesh Kumar: My question is basically related to the start-up investment. You have intention of investing in agritech companies but I have not seen any start-up in your portfolio which is related to agriculture technology? That is the first question. Second question is you are focusing too much on edutech. And if you see in the past in India many edutech companies have failed due to non-receivables from the schools and colleges. So, that is a big risk for edutech companies. So, how you are going to address this risk?



Sandipan Chattopadhyay: So, firstly, the fact that there is no agriculture company or portfolio is not fully accurate, we have investment in a company called InQube through which we have a very-very propagated solution in Bengal which is catering to about 7.6 million farming households, but obviously it's not at the scale of what we finally want to do. You also would see that from our thematic part of what we call as "HEAL", we don't have any start-ups in health tech also. The reason is we are putting on these things which we think are much more complex for a time when we can handle the complexity and scale. It's also a question of our competence and our ability to be able to execute it. There's no point doing it just for the sake of tick marking a bullet point list of what we want to do unless it means substantial part to it. So, that is the first aspect to it. Coming to your second question, yes that's exactly the reason why we have gone with the strategy of incumbents being powered by us. We have not gone and started a start-up which is trying to make relationships and trying to get revenues from schools. We have gone with something where we think there's already a captive market which we can cater to and prove it and that itself is substantial enough to sort of make sure that at least between the two, three-year timeframe some kind of amortization of loss or loss is there and we don't see too much risk. So, we've mitigated the risk by the strategy we have taken as to who we are going with.

Srinivas Koora: Just to add to what Sandipan has said for the first question, like in case if you look at Xelpmoc, the first initial couple of years we have concentrated on the livelihood, that's where you have seen like 4TiGO and Mihup coming into picture and for last couple of years we are concentrating on the education sector, going forward now we will see on the health and agriculture as well.

Sandipan Chattopadhyay: As the health and agriculture sectors start getting more matured we'll then get into it because it's not just technology hardly, it's more about being able to propagate, it's more about having the feet on the ground or going with the right partner, being able to form the right model, it's not very simple, education is so ingrained in our habitat, but it's not very easy to change it without understanding the full impact of what social connotations that will have.

Mahesh Kumar: That doesn't solve the problem of receivables. Education if you see in the past many high schools and colleges have failed because of the receivables.

Sandipan Chattopadhyay: I agree with that but that said I do think that it's still a potential aspect if you deliver the right goods. So, I think it's a matter of product and of practice. If you are something very pivotal, if you are something important, people will pay.

Mahesh Kumar: The last question is you are already having start-up; one is on voice computing; you are also focusing on video computing. So, is there any intention to venture into robotics or humanoid technology?

Sandipan Chattopadhyay: Everything which is timed right, we don't have the luxury of being too ahead of the curve. As and when things become needed on the market we want to be there just before the peak happens. That I think is something that is crucial for our survival of a company like ours. We have done



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that for the last five years. I don't think that intuitive way of looking at being there at the right time will be different from us from that part.

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

Balaji N: I understand that over a period of time on a positive note many of these would go into big valuations. What would be the exit strategy from these start-ups?

Sandipan Chattopadhyay: We don't have a fixed strategy if that's a one-line answer you want. We will play by the year and I think we will start worrying about the question now because our first start-up is four and a half years old now. I think we had said predominantly that we will look at a six-to-seven-year cycle minimum to look at exits. I think we're about at least 18 to 19 months away from today.

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

Nikhil Ghelani: I have only question to you which I am asking from a shareholder point of view whatever we have heard, and we have done, when will be the potential or actual value will be unfolded?

Sandipan Chattopadhyay: You are asking me the previous questions like what is our exit strategy and I told that we have completed 5 years of the first startup, so we have already told that before seven years we don't want to think about the exit strategy. We still have nineteen months in between, after that we will think. If the opportunity arises we will obviously we will grab it but right now we don't have anything in that anvil to break the principle which had from the beginning.

Nikhil Ghelani: No, like we keep on reading in the newspaper that this startup's value has multiplied but values of our startups are not getting multiplied.

Sandipan Chattopadhyay: I don't know. I think that the start-ups and areas that they're in they have multiplied significantly since when we did it. Probably it's a lot of time for overnight success. Many of the companies you are seeing are doing let's say double or triple in every year, maybe 11 years old, maybe 17 years old, maybe 5-year-old. So, that history has to be looked at. There is a gestation period and activity level, beyond which these things start happening.

Nikhil Ghelani: What is the gestation period we should consider?

Sandipan Chattopadhyay: It is not appropriate to think less than 7 years.

Srinivas Koora: And if you see our total cost, our total cost is Rs 4.97 crores and as on today the NAV is about Rs.47.67 crores which is like close to 10x.



Moderator: Thank you. The next question is from the line of Ashish Malani, an Individual Investor. Please go ahead.

Ashish Malani: My question is on the one-off valuation and how do they stand right now? From what I understand 4TiGO went through another round of Series-B funding and then even some of the other start-ups I wanted to know from you, are there any update, are there any start-ups that we are holding into which are going to see a Series B or Series C roundup funding where either the company plans to exit and maximize on its investment or anything like that?

Sandipan Chattopadhyay: Whatever has been told and happened is already there on the balance sheet. I can confirm that as of now we don't have any thought on any exit for any of the start-ups, not we have been presented with an opportunity which was worth thinking on that part.

Ashish Malani: What is the idea behind growing the services part of it? So, how much of the resources you want to dedicate to ensure that you are supporting the status, at the same time how many of the resources would be dedicated for the services sector from where the cash or the revenue would actually come in?

Sandipan Chattopadhyay: Well, think of them as two independent verticals within the company which will work independently of each other, that's the structure. But there'll be free flow of people from one vertical to the other to make sure experiences are shared and people get practice and then they're pulled on to where they can have maximum value. The start-ups will still remain the primary focus for at least two, three years for us. The services part is more like the revenue principle. We want to earn from there so that we can actually do better things here.

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

Mayur Damani: My first question is related to this Mihup and ICICI Securities, we're tying up with that. So, why don't we go on advertisement and just maybe social media presence and all that because ICICI Securities is one of the top securities and they have chosen our client Mihup for serving them?

Sandipan Chattopadhyay: At the end of the day, its independent company to which we are partakers of. We do advise them but their independence and autonomy is no importance to us.

Mayur Damani: On behalf of Xelpmoc, can we also do that so that our social media presence will increase.

Sandipan Chattopadhyay: We don't think so highly of social media especially in these sectors because we are primarily in business-to-business. We do have a lot of evangelism that we do for portfolio companies, but that's by going to companies and talking to them about possible solutions and how we can help them capitalize on their primary business using some of our start-up work. Even in Mihup,



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Xelpmoc, has played a pivotal role in making sure that the contract is or the POC is started with Mihup. We work in very close tandem with the start-ups.

Mayur Damani: My second question is related to GEPL. We have taken 2% stake in that for Rs.20-odd lakhs. Do we have the EBITDA margins of the turnover which we have mentioned in the presentation, that's Rs.2.43 crores in '18-19, Rs.1.82 crores in '19-20 and again Rs.2.44 crores in 2021?

Sandipan Chattopadhyay: Srini would handle that better. They already have a good distribution and we are very encouraged by that. We do think with that sort of a footprint already accessible when we work together with them we'll be able to achieve and unlock greater value.

Srinivas Koora: Yes, basically whatever information we have on the portfolio companies, we have already disclosed.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Srinivas Koora for closing comments.

Srinivas Koora: Thank you, Margaret, and thank you everyone for participating on the call. As I mentioned in my opening remarks, we kept our business trajectory while maintaining our emphasis on sustainable operations. All the building blocks for transforming the company are falling in place. We continue to move forward with the execution plan which is focused on the HEAL strategy. Please do reach out to us in case if you have any further questions and stay safe.

Sandipan Chattopadhyay: Thank you, everyone and please stay safe, I think we are just getting over the eclipse that have happened for the last one or two years, things look positive today as we stand, but let's stay safe and wishing the best of health and happiness to everyone.

Moderator: Thank you. On behalf of Xelpmoc Design and Tech Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.