



“Xelpmoc Design and Tech Limited Q1 FY23 Earnings
Conference Call”

August 16, 2022



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Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY23 Earnings Conference Call of Xelpmoc Design And Tech Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal 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. Thank you and over to you, sir.

Ravi Udeshi: Thank you, Rutuja. Good evening to all of you. Welcome to the Q1 FY23 Earnings Conference Call of Xelpmoc Design and Tech Limited. We have sent you the press release and the investor presentation and the same has also been uploaded on the website as well as on the stock exchanges. In case anyone does not have a copy of the same, please do write to us. To discuss the results and the outlook for the future going forward, we have with us today the top management of Xelpmoc represented by Mr. Sandipan Chattopadhyay – Managing Director and CEO, Mr. Srinivas Koora – CFO, Mr. Madhu Poomalil – Group President, Strategic Initiatives and Mr. Srinivas Kollipara – Group President, Startup Ventures.

Before we start the call, I would just like to remind you that the safe harbor clause applies. With that said, I would now like to handover the call to Mr. Srinivas Koora. Over to you, sir.

Srinivas Koora: Thank you, Ravi. Good evening, everyone. And welcome to Xelpmoc’s Earning Call for Q1 FY23. I hope you and your family are doing well. I am pleased to inform that we have maintained our business momentum while focusing on sustainability of operations. We continue to move ahead with our execution plan which is centered on identifying the target sector that corresponds with our HEAL approach.

Operating revenue for the quarter was INR 32.1 million as compared to INR 32.5 million in Q1 FY22 and INR 18.6 million in Q4 FY22. We saw a renewed interest from our clients which led to a sequential revenue increase of about 72.8%. Operating EBITDA adjusted for ESOP for the quarter was INR (- 20.1) million as compared to INR 5.3 million in Q1 FY22 and INR (-44.2) million in Q4 of FY22.

I would like to give a context to the said EBITDA loss compared to Q1 FY22. We have seen the demand for onboarding manpower talent especially in the new technology skills has increased drastically across the IT sector resulting in dramatic increase in manpower onboarding and retention cost.

Also, we incurred certain other travel and project-based expenses in line with our business expansion plan which is expected to recover in future through increased revenues. Net loss for the quarter was INR 39.4 million, partially due to INR 20.1 million of ESOP expenditure. This is in comparison to a net loss of INR 49.5 million in Q4 FY22 and net loss of INR 15.3 million in Q1 FY22.



Regarding the change in revenue, we would like to state that our revenue stream was diversified with corporates, government and start-ups forming 40%, 31% and 29% respectively of our Q1 FY23 revenues. We expect that our three-pronged focus on corporates, government and startup will enable us to sustain the recent increase in revenue momentum in future also. Our team size is 105 including employees, interns, and consultants as compared to 91 in Q4 FY22. Till date we have served 55 clients and our sustained interactions with the clients is the foundation for our good performance.

The fair value of our investment in portfolio companies stood at approximately INR 630.9 million as on 30th June 2020 as compared to INR 475.3 million on 30th June 2021. Our portfolio companies did well by embracing new opportunities. **Mihup:** Mihup's new Virtual Interactive Analyst (VIA) has recently added a performance management model thereby becoming a fully serviced product for all the stakeholders. It has also added capabilities including real-time analysis and real-time agent assistance enabling a prompt customer assistance.

Woovly: Woovly is a video commerce platform for mainly in Tier 2, 3, 4 towns driven by creator community. Users at Woovly discover and shop lifestyle products instantly via short video content created by micro and nano influencers. Woovly has 7 million registered users, which has grown more than 200% in quarter-on-quarter basis. It has more than 30,000 influencers who have created 1.2 million short video contents around brands and products which works as a video catalog for the audience. It has a GMV ARR of about US\$10.3 million which is growing at 25% on a monthly basis. A substantial portion of this has translated into revenue and is seeing a good traction in the coming quarters.

The other portfolio company, **The Star In Me (TSIM)**, is a global career advancement platform for women and a diversity partner for organizations. TSIM is one of the 75 start-ups to be recognized by Department of Science and Technology during the 75th year of Indian independence. It continues to witness an increase in adoption rates and has signed large global corporates as its clients.

Slate: Slate has successfully tested a few use cases for higher volume business. Its products have seen increased market accessibility and is now on track for a greater revenue trajectory.

Snaphunt: Snaphunt is a Singapore-based venture that focuses on Southeast Asian talent market with a proprietary matching algorithm and matches candidates to prospective employees by leveraging over 20 years of human resources expertise. Snaphunt aims to provide an enterprise class recruiting solution that enables the candidates to express themselves. Snaphunt has onboarded 10,000 plus employees, two million job postings across over 50 countries. It is looking to expand organically over the next few quarters.

The board has approved investments in securities of **Firstsense Technology Private Limited**. Firstsense is into video analytics. Xelpmoc will subscribe to the Compulsorily Convertible Preference Shares in Firstsense by September 2022.



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Xelpmoc has been recently awarded a contract by Madhya Pradesh State Tourism Development Corporation Limited, MPSTDC, wherein as per the terms of the agreement entered with MPSTDC, the company will provide design, development, and maintenance of online travel aggregated services under the SPV structure for MPSTDC. The Board has approved formation of the proposed SPV to be engaged in business of tourism with the help of technologies to be developed relating to the travel and tourism sector. The proposed SPV is Xperience India Private Limited, which will be incorporated by September 2022, and Xelpmoc will hold 43% of the proposed SPV, post subscription of shares.

Coming to our subsidiaries, **Signal Analytics Private Limited**, a majority owned subsidiary of the company has invested in Soultrax Studios Private Limited, which is engaged in content creation. Signal now holds 54.57% in Soultrax. Both the businesses are expected to work together and develop synergies.

Our board has approved investment into **Accelerated Learning Edutech Private Limited** to the extent of 14% on a fully diluted basis. 3% is issued as a cash consideration and the balance is for the advisory services. ALEPL runs School of Accelerated Learning. The brand name is SOAL, an upskilling startup that designs and runs cohort-based courses which help students kick-start their careers in Engineering and Design irrespective of their background.

SOAL has started a mentorship program for learners in job search whereas students representative find and share more job opportunities with the SOAL learners and alumni communities.

SOAL's platform DELTA enables learners to track their learning and connect learners with the mentor and prospective recruiters. It has signed up a leading government education institute to launch and promote programs to boost the tech talent ecosystem within the said institute's catchment hub. It has plans to launch user-friendly platforms and a program which will enable greater traction in the revenue going forward.

Xelpmoc UK: We have identified the senior management to lead the UK operations. Once Xelpmoc has the UK employment sponsored license in place, then we expect to onboard key personnel with the relevant skills and the experience.

Xelpmoc USA: The board has approved investment in Xelpmoc Design and Tech Inc. USA. Xelpmoc has proposed to acquire 60% of Xelpmoc USA's capital. The main object of the said acquisition is to enter into the US market to provide technology solutions to startups and corporates.

Now let me come to the outlook for the fiscal 2023. We see this year promising growth in our portfolio companies given that they are focusing on unaddressed areas of the economy. We expect our investments including in Mihup, Woovly, and Signal to expand their access and reach



and enter the next generation of growth. Our dual focus on our startups as well as our services segment make us fairly confident of adjusted EBITDA level profitable by Q4 FY23.

Before we open the floor for question and answers, we would like to respond to one query which couple of analysts have raised in our previous calls with respect to reporting of the numbers in force. We have revisited this particular request, and we had discussed with our advisors, but an extract of Schedule 3 of the Companies Act has prescribed the rounding off guidance, and accordingly, and consistently, we are following that.

With now I request Ravi to open the floor for question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Niraj Thacker from Profit Tantra Financial Services. Please go ahead.

Niraj Thacker: Sir, my one basic question is there, sir. Since we are investing in so many startups and so many companies, and we give our services to them I just want to understand like once they mature, all these companies, and what we plan, like how do we exit in part? Or when we say offload our stake, so still we provide them services and then whatever amount or consideration we receive, we intend to invest in some other start-ups. What is our thought process, sir, in this?

Sandipan Chattopadhyay: We have often answered this question. You can corroborate this with the past times have answered it. The main thing is that most of these are not at a vintage where we were thinking of exits. Some of them are coming there. We had thought that we take a five to seven year time frame for each of them. We are reaching those thresholds, and now we will start thinking. One thing is clear is that any proceeds that come from these things will obviously go through a Board deliberation, but prima facie since we are for growth at least at this stage, and we are looking at kind of formation parts of getting our legacy on, I think for the coming viewable and immediate future, we would think of reinvesting more proactively than for, you know, doing any other means for it.

Niraj Thacker: I have one more question. Sir, I see this when we invest in like, for example, US company we have invested in Xelpmoc Design and Tech. So we get some portion of share. Who will be holding the balance this one, sir? Because it's a subsidiary, correct? So 60% is held by us.

Sandipan C: Yes.

Niraj Thacker: Now balance 40% who will be holding, sir?

Sandipan Chattopadhyay : Correct. Balance 40% in the case of US subsidiary is with one of the partners who has the ability of attracting the startup ecosystem and the services industry. We have already been working with them for getting some US projects. So we are exploiting that and trying to expand the relationship.



- Moderator:** Thank you. The next question is from the line of Ishit Desai, an individual investor. Please go ahead.
- Ishit Desai:** Sir, I wanted to understand that since we are subscribed to more CCPS from the Firstsense Technologies, was this part of the earlier arrangement which is time bound or it's a fresh acquisition call we have taken, you know?
- Srinivas Koora:** So as far as this is concerned, this investment is close to about INR 25 lakhs, which is a fresh acquisition which we are taking in form of CCPS.
- Ishit Desai:** So any specific rationale for increasing our holding into this? Are we seeing some positive developments on the basis of which we are looking to increase our shareholding?
- Srinivas Koora:** Yes, we are seeing some positive traction. That's the reason why we are investing, and there is a high likelihood, high possibility that with us there are other couple of true investors who will also be participating in this particular round.
- Ishit Desai:** But not an institutional round, right. This will still be an angel investor sort of round.
- Srinivas Koora:** It's not an institutional or we can say a family office or an institution.
- Ishit Desai:** And if you could, sir, help us with the services contract we have got with MP Government and the SPV, so what's the revenue model? It's a retainer-based services fee or completion-based? What's the contract in nature?
- Sandipan Chattopadhyay:** So let me take that. See it's a structure by which two arrangements have been made. We are equity holders in a SPV which will mushroom like a startup, but instead of a normal startup it is being seeded with the backing of a tourism department of a state which is held in high esteem. As part of that arrangement, we are essentially doing the sole technology suppliers for running all the properties of Madhya Pradesh tourism, that is the deliverable of the project, right? Now extending that to any other person as a SaaS service for the tourism industry in that state or anywhere in India is going to be the natural next step.
- Ishit Desai:** So from a monetization perspective, there will be a service revenue but will still be able to monetize our equity or participation at a later date if needed.
- Sandipan Chattopadhyay:** There will be several revenues streams which we are looking at and as the plans get cemented, we will keep you apprised on that part. But remember this is not just about servicing MP's captive properties only. It's also about creating a tourism ecosystem and getting into a kind of online aggregator with a different perspective of how travel has changed in the new perspective of the world.



Ishit Desai: And sir, last question from my side. In terms of our US subsidiary, because it's a very different and mature market, any specific areas we have identified we want to focus on or it will be very similar to what we are doing in India?

Sandipan Chattopadhyay: No, no. See in US, obviously, our themes and all will be not very applicable, but the kind of things we have been doing already in the US and UK markets are essentially based on our data science capabilities and modern tech, which obviously, you know, happens a bit earlier in US and UK markets. For example, working on block chain, not necessarily crypto or working on processes and all. We have already been working with some of these parts. We think there is a huge amount of talent shortfall, and our core skills are matching, and that's the reason this is the opportune movement.

We had thought of first fostering the UK thing, steady firstly growing it and then looking at other markets, but US presented itself as something which is getting serious traction, and we thought it's best to instrumentalize it with the partner there. We cannot obviously have the bandwidth to manage both the geographies at this point of time. The partner being there we thought we might will get through this structure.

Ishit Desai: And it will again be a combination of startup investments plus services, right, very similar to us?

Sandipan Chattopadhyay: Yes. Essentially, whatever we do in US, we will be doing through that vehicle. A lot of it is services, but many of the services where at startups without an equity part to it, we may try to get the equity part also to it, right? So the services have been done both to corporates and to startups there. And actually three, four startups we have already done there, but we were not taking equity in those. We may look at equity from now on as a little subsidized rate for profitability.

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

Rudresh: I have got three questions. Recently, FB, or Meta, shut down its video commerce business. With that background, how do we see a Woovly business evolve?

Sandipan Chattopadhyay: I guess, main thing that you have to understand is each business is unique and has its own sweet spot. Woovly is mainly doing creator economy for kind of an influencer marketing, and this is for class B, class C target audiences and exposure to brands which are not exactly well proliferated. So I think it's a win-win situation for their target audience perspective, and it seems to be working for now. Now a particular sectoral trend may not always be applicable to all players in the sector. We do believe that Woovly is hugely differentiated from the others who have tried something which was mostly on video content itself without any end monetizability whereas here we started with the monetizability and then looked at video as a media. So the approach was very different.



Rudresh: And my second question is, London as well as US are crowded when it comes to VC and angel investment. So do you think we'll be able to stamp our mark in that region?

Sandipan Chattopadhyay: I always believe that if your business is doing the right things, funding will always come. So yes, from the initial proliferation all, there would be a lot of noise all around and all. But what really matters is how the business is shaping up, and from that perspective, we always have gone for things we believed in from a business, not just from the hype cycle. And hence, we have additional comfort and confidence that yes, we would never have that part. But again, the idea is not to rely on funding as the only source for a startup. A startup at the end of it is a business. So we look at what are going to be profitable elements and what will be there. Yes, for growth and for initial setup, we may look at funding. But the idea is not to just see what is the next funding cycle itself.

Rudresh: And my next question is, see, most of the startups based out of India make products for us, for India and not for the world which reduces our TAM as well as SAM. So what's your thought on that? When we fund any of the startups, do we say that do we guide them to make product for the world? Or how is it?

Sandipan Chattopadhyay: What you define by the world is the perspective factor. We have always very clearly said that we think of the next 500 million Indians, which translates to about another 3.2 billion world citizens. So solutions that work in India, I am not thinking of cash rich places like USA and Europe to go to. Maybe some of them will still find its way, but surely opportunities in Africa, Indonesia and other places are not something we are overlooking either. So we do hope that it is going to be internationalized, but not necessarily in the geographies we will commonly think with internationalization.

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

Ramkumar RK: I have observed that the working capital requirement is increasing after each quarter is passing by. Though we achieved EBITDA positive in a few quarter couple of years back and we were given a guidance of, you know, double digits EBITDA in the coming years, but probably due to the COVID and we definitely understand the certain, you know, issues we faced. However, I just wanted to bring to or highlight that we only have 3.1 crores left from the IPO money that we, you know, seeded, and this quarter alone we spent 3.38 crores out of this IPO money for working capital requirement, and the sales growth is also stagnant on a year-on-year basis for the last couple of years. Though it is not a concern, I wanted to just to see that during this today's conference call, there was a guidance given that we will see sequential growth going forward as well. So can we expect this 70% percentage plus sequential growth from now on? Is it something realistically can we expect?

Srinivas Koora: So basically just to answer your query, as far as the IPO money is concerned, INR 3.1 crores, yes, you are right. The proceeds, the working capital which is available from the proceeds what



is available from IPO is about INR 3.1 crore. But subsequently, we also raised a follow on round of funding through our preferential allotment. So in case if you look at cash and cash equivalent as of 30th June, it is about INR 33.53 crores. And as you said in our previous calls that with effect from Q1, we would be focusing on services which we have started. In case if you look at last three to four quarters what we were doing, we were focusing on again startups.

That's the reason why where you have seen like we have started Signal and also Soultrax which has become part of a Signal and Soultrax has already started generating revenue. We are very happy that in the first quarter, they have generated INR 14 lakh of revenue in the span of about 45 days, and we see that at least growing in a double digit.

Now as far as coming to Xelpmoc, we are very sure that the revenue would be on the upward trend going forward for this next three quarters, and we are looking at reaching adjusted EBITDA to be a break even by Q4 of this financial year.

Ramkumar RK: This has been encouraging, and I have one request. This corporate, government, startup split of 40%, 31% and 29%, if you could, from the coming quarter onwards, if you could also give us the bottom line of these three segments, like bottom line as well, like how much percentage it is so that we come to know performance of each, you know, corporate, government and startup EBITDA separately, so we get an idea about how top line as well as bottom line is performing? Would that be possible? I would appreciate if you can consider that.

Sandipan Chattopadhyay: Something that we would look at, but probably not immediately, because a lot of it is common components and all, and then segregating those and having it attributed properly may be a difficult thing, especially with products coming in very soon. So for some time we may go with it, but broadly, the sectors of business and all the way we talked about today, we will do it, maybe not at the EBITDA level.

Ramkumar RK: And this DocuX and xERP are the two main products, I can understand that we are trying to sell to our clients going forward.

Sandipan Chattopadhyay: There are a couple. But we have been using them and on, and as I have said that from the third quarter of this financial year, which is from that, we will be revisiting how to take a go-to-market strategy and which products to focus on. For the moment we have focused on the services part and setting up those pipelines like Srinu explained. I want to reassert and sort of at the cost of being repetitive, please understand that depending on the situation, and the market hunger, and the kind of availability of resources, we will recalibrate strategy. So yes, we were on the tick tock track for getting into profitability and all. But then we realized the real value of ours comes from the kind of startups that we are getting onto our portfolio. Focusing on that and starting the overseas operation seems to be important. So the fund was specifically with that intent. So we took a breather from going ahead with those numbers and trying to build our foundations for value creation and wealth creation, and then we will look at the margin creation, which we are focusing on right now.



Moderator: Thank you. The next question is from the line of Neeraj Kumar from Chevron Shipping. Please go ahead.

Neeraj Kumar: Actually, I got the answer in the last question, means I wanted to ask when you think like you will be break even like, you know, at least you are not losing money every time in the bottom line?

Sandipan Chattopadhyay: And we hope to be sooner than what we are saying, but Yes, we have a strategy for getting to that level pretty soon.

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

Abhishek Ananthu: Question regarding the UK subsidiary. Last Con Call, you did mention that you are already executing projects, you know, well for UK clients. So can you provide insights on the contracts, you know, in terms of what is the aggregate value of the contracts? And what are the payment milestones like? Is it you are going to get paid at the end of the project or you are going to get the payment milestones spread across the lifecycle of the project? And the duration of these projects, you know, is it six months, one year, two years? Could you please provide more insights on the UK subsidiary and what's happening there?

Srinivas Koora: So just to answer your query, commercials I will be taking and the tech part Sandipan would be answering. So as far as these contracts are concerned, we are right now entering that in the name of Xelpmoc, the Indian entity and out of the revenue whatever we have generated close to about 42% of our revenues were from the overseas and 57 to 58% of the revenue coming from India. Now as far as these payment terms are concerned, the payment terms are pretty standard, like whatever we do for India, on sign up you have x percentage, on reaching the milestones you have y percentage. So we follow the same standards for US and UK.

Sandipan Chattopadhyay: So let me just quickly add to what Srini has said. So there are different stages of maturity; relationships have been formed with some of our customers, right? So in some projects, and I am not going to differentiate the US and UK, we have delivered the first version. Some of them have gone into kind of a BAU stage, business as usual stage, and there a kind of a fixed fee model has been worked on a monthly basis. And there is no end date to the contract. So this can be closed on a mutual part.

Most of the contracts do start off with a particular solution in mind, but what has been interesting is that our quality of work and the deliverables that we have delivered has helped us foster long-term relationships. Maybe there has been a gap of seven, eight months, but those, many of those customers have come back for repeat businesses, and in the second business and all, the value has actually been higher than the first business in many cases.



So we are still formulating a strategy which is particular to suit that demographic. Like in India, we have cracks and we know some of the projects are going to be short-term. Some of the projects we are looking for are kind of a multi-year contracts. We have a portfolio in mind, and we are now gunning for getting those projects. UK and all we are still feeling our way around, understanding and maturing as we go, and letting it evolve into the natural part.

Abhishek Ananthu: And sir, I have a question regarding the value of the contract itself. So, you know, Srini just mentioned that, you know, 42% of this quarter's revenue is from overseas, right? So which is round about, you know, INR 1.5 crores. Don't you think that, you know, this money, of course, or 150K pounds is relatively less for a company of our size?

Sandipan Chattopadhyay: Well 150K with an initial start-up and with no real focus, I still, and monthly, I would not say it's completely there and that also from a regular business. But the whole idea is that obviously it has to be much more, and there is monetizability there which has to work. But I by no means think that 150K at this stage of our propagation is insignificant.

Abhishek Ananthu: So is it going to stay in that range, you know, for this year? Or what are our plans? Because we intend to invest around INR 28 crores, if needed, for the UK subsidiary, right? So what I am trying to ask is, you know, we intend to invest INR 28 crores around, if needed, for our UK subsidiary for scaling up, right?

Sandipan Chattopadhyay: Over a period of time. Not immediately.

Abhishek Ananthu: So if this revenue run rate from UK subsidiary is what we will envisage for this year?

Srinivas Koora: Just to correct, like INR 28 crores or INR 27 crores whatever we have raised, the 100% amount is not for the UK investment. UK investments, we would be contributing initially, and then we will be following the same strategy what we are doing in India. And as far as UK or US is concerned, still we are pursuing start-ups. We are not pursuing corporates. That's the reason why you are seeing the revenues on the lower side, and here we are working more on the solutions.

Abhishek Ananthu: But I guess, you know, you have plans to ramp these revenue figures up over the coming quarters, right?

Srinivas Koora: Yes. That we would be doing it going forward. See basically, you should understand the US competition.

Sandipan Chattopadhyay: But let me tell you one thing categorically. We have said this that we will not be looking at services the way a normal services company does. We will be only looking at end-to-end solutions being part of what we want to deliver. At no point of time do I want to have manpower supply being done to US or UK. It's when the whole project is coming to us with all the elements that we are good at, which is end-to-end, then only we are taking up those projects. So it is not that, you know, but we do hope the value will increase, but you have to first set your credentials



to get those projects. Ramping up and getting projects which are skill-selling kind of a thing is easy, but when you are in the solution space, you have to set up your credentials, your credibility, prove yourself in the market and then do it. And it's not going to be the exact same process. It will grow. That's for sure, but not probably that why if ABC company is doing this and they are doing manpower supply, why are we not at that level? That will never be a comparable metric.

Moderator: Thank you. The next question is from the line of Ashutosh Arora, an individual investor. Please go ahead. As there is no response from the line, we will move to the next question, which is from the line of Ishit Desai, an individual investor. Please go ahead.

Ishit Desai: Sir, few follow on questions from my side. You have mentioned the 40% in your US subsidiary will be held by a partner. So that name is finalized or just still kind of scouting for someone?

Srinivas Koora: No, we have finalized.

Sandipan Chattopadhyay: We have the counterparty.

Ishit Desai: But you would like to keep it confidential, right? You don't want to disclose the name for now?

Sandipan Chattopadhyay: Not at this stage. We will do it at the appropriate time, surely.

Ishit Desai: But they are more a technology company or more a startup ecosystem?

Sandipan Chattopadhyay: They are more of a startup ecosystem facilitator and more of someone who has been a very successful entrepreneur. And we have worked with him over the last few years in terms of him being able to get us projects from his own ecosystem as well as from his kind of, you know, affiliated ecosystem. So we are looking at this with the part very, very clearly. And mostly, it's a relationship that we have fostered, and we think it's ready to go to the next level. Opens up a new geography which we are otherwise not very sure of opening together.

Ishit Desai: And with the additional investment in Firstsense Technologies, what will be the shareholding on a fully diluted basis? I know it's a convertible round, but still if it's on a fully directed basis, what kind of holding are we looking at? What range?

Srinivas Koora: So on a fully convertible basis, we would be looking somewhere around about 31, 32%.

Sandipan Chattopadhyay: But this is subject to change depending on who else is participating with us, and that would obviously change some perspectives.

Ishit Desai: The larger the round, obviously, the number can be a little bit here or there, but broadly in this range, right?

Srinivas Koora: Yes.



Sandipan Chattopadhyay: Yes.

Ishit Desai: And last quarter, sir, you mentioned regarding 40 crore, I think starting to see some momentum. I am sorry. I missed out on the earlier part of the call if you already briefed on that, but if you could help if that momentum kind of continues and what do we see with that coming? Because that company I think we already hold for six, seven years now. So I just want to understand what's the traction on that?

Srinivas Koora: So 4TiGo is continued to do whatever they are doing and they are pursuing very seriously with respect to the next level round, next level of funding. Till the time they would like to continue whatever they have been doing. But yes, as far as growth is concerned, growth is expected in 4TiGo only from the next round of funding.

Ishit Desai: And are we evaluating as good options for us, if at all they are looking at next round or is it open from our side or we'd still like to wait for a while?

Sandipan Chattopadhyay: No, we are open to it, but let it first crystallize as to what sort of option they are going for, and then we will look at those strategies.

Moderator: Thank you. The next question is from the line of Yashesh from Marwadi Chandarana Intermediaries Brokers Private Limited. Please go ahead.

Yashesh: So, sir, the first question that I have is regarding the valuation of start-ups. As I can see, the value is absolutely similar to what the value was during last quarter. So I just wanted to understand that what is the method of valuation that we are adopting?

Srinivas Koora: So as far as the valuation is concerned, we report the fair value of the startup as on 31st March and as of 30th September. So that's the reason why when you look at the fair value of all our portfolio companies as on 30th June 2022 and as of 31st March 2022 would be similar, because unless and until there is some next round of funding is happening or the business not doing well, we would like to keep it because the valuation is done once in six months.

Yashesh: And sir, the next question that I had, do we have any update on Signal Analytics? I believe we were told that before, I guess, two quarters that, you know, we will be having some sort of presentation on the website about what Signal Analytics does and everything. So any updates on that front?

Srinivas Koora: So basically in case if you look at our present investor deck, in that we have included a slide about Signal Analytics, what exactly it does.

Yashesh: So then at this point, is that all that we could be giving? Like we would like, as an investor, I would like to personally know that.



- Srinivas Koora:** No, what exactly the Signal is going to do in terms of content space, subscription, gaming platform, robotics, how it is going to work out, we have presented it beautifully in a diagram sort of a thing. If you still require any additional information, we are happy to provide you the complete deck as well.
- Sandipan Chattopadhyay:** Also, we updated the status at the first part of the call of having made our first sort of partner organization through Signal which was Soultrax, the content company. And you know, it is just early days. We have just done that, but it's showing good promises, and some part of it we hopefully will be able to cover in this quarter so to say. But last quarter, some of these things are not declarable in that sense.
- Moderator:** Thank you. The next question is from the line of Rudresh, an individual investor. Please go ahead.
- Rudresh:** I had got a couple of questions. I see a rise in the depreciation and amortization cost as well as on the finance cost. What's the reason behind that?
- Srinivas Koora:** So the reason behind that is, as a part of expansion process, we have taken a bigger space in Hyderabad and Hyderabad is going to be a corporate office. And even if you look at the number of people where it went up from 91 to 105, so this quarter we are still continuing to ramp up people and because of the larger office space, you have seen the expense on the higher side because increase in rental, increase in certain infrastructure sort of a thing.
- Rudresh:** Does the company have any plans to buy back its shares instead of buying shares of the start-ups?
- Sandipan Chattopadhyay:** No, we don't have a plan to buy back shares at the moment of time.
- Moderator:** Thank you. The next question is from the line of Saurabh, an individual investor. Please go ahead.
- Saurabh:** Most of my questions are already answered. I just have two questions. First, are we looking for further fundraise and more dilution in the near future? Are we looking for more dilution in our share, not from the ESOP side, but for the fundraising through preferential warrants or rights issues something like that in the near future?
- Sandipan Chattopadhyay:** We have never been seeking it, but should an opportunity present itself, we will obviously deliberate it at the Board level and then look at what to do. Obviously, those things would have to go through a complete buy-in from all stakeholders. As of now, we are not proactively looking at any such overtures to be very frank.



Saurabh: And my second question is that now already we have been six to seven years since incorporation. So are we looking for some exit in our early startup which we have invested because as already mentioned earlier, you look for 6-7 years you will be invested and look for exit?

Sandipan Chattopadhyay: We are looking. Correct. Some of our early start-ups we may now start thinking depending on how their situation is and when the opportunity presents itself. Now that they have consolidated to some level of maturity, yes, we will be looking at that.

Saurabh: So we can expect some exit in the current year, right?

Sandipan Chattopadhyay: Time to look at new things for our start-ups either. So we are giving it the right timing to make sure that we do it at the right time and not get bound by a calendar to do it without looking at the environment and conditions.

Saurabh: And one of my suggestion, this is my suggestion that in the balance sheet, did you mention sales in the format of the lakhs or crores? Because I was reading the millions or thousands. It's very frustrating and we have to recalculate that.

Srinivas Koora: Yes. So I have addressed this in my opening speech. What happened was even last, I think, you have raised this concern even in your last quarter earnings call as well. We went back to our advisors, but apparently, there is some extract of Schedule 3 of the Companies Act which gives the guidance how to present your numbers. Yes, I agree with your point because they have given like in case if the turnover is over 100 crores, how it should be, how the rounding has to happen, and if it is less than 100 crores, how the rounding has to happen. They have given certain guidelines. So we are following that. That's the one of the reason why we could not change it.

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

Ramkumar RK: This is a follow-up question. Sandipan, I recollect you told about some robotic something you plan to have. Is there any status uptake on that? This robotics, there was some plan to have something on robotics, right?

Sandipan Chattopadhyay: Yes. So that's one of the fourth flank of the Signal process, and as it's the most mature thing, it will also come last. We will start with content. We will do subscription and gaming probably more or less simultaneously, but go-to-market subscription would be first. And then, obviously, gaming would happen. Post that is when we will look at the robotic part, but obvious, a lot of stealth work and research and all will start probably six, seven months down the line. But right now we are.

Ramkumar RK: The next question I am asking is out of ignorance. The ESOP rate what is fixed by the management, is it based on some calculation or is it based on, is there any empirical formula you



are utilizing to arrive at Rs. 19 per share for the options to be given? Or is there any randomly number is chosen?

Srinivas Koora: No, it's not the question of randomly number of thought. Basically, it all depends upon the at what stage an employee is joining us and what is the commitment given at that particular point of time based on that. For example, in case if you look at it, there are few people who are there in the ecosystem for last six years, last seven years. So based on their tenure in the organization, during which part of the journey they have joined, the ESOP pricing has been derived.

Ramkumar RK: So you should also see that there are investors who are adding stocks at the current market price. That is when the March 2021, the price was around 300 plus in the market price, and this new ESOP Rs. 19 per option, this, you know, will negatively impact the existing holders who have shelved and entered at much of stage. So please if in the future when you issue the shares, kindly also take this also into consideration to make the prices as close to the market rate as possible.

Srinivas Koora: Yes. So basically, these grants were not issued now. Basically, they have exercised now. These grants were issued earlier.

Ramkumar RK: In March 2021, right? It was issued March 2021.

Srinivas Koora: Yes. March 2021, but this was approved prior to that because these guys have joined somewhere in 2016, '17.

Ramkumar RK: I see. So, you mean to say that this is already being, you know, issued before the IPO, before the IPO was exercised.

Srinivas Koora: That is before the IPO, when they were joining, where the commitment were given etc.

Moderator: Thank you. The next question is from the line of Abhishek from GemsQuest Asset. Please go ahead.

Abhishek: I just have one qualitative question. Now with respect to our business, the way the things are shaping up in the global arena, what kind of greener pastures or, you know, new kind of hanging, low hanging fruits that we see or, you know, the kind of opportunities that we see and then we would like to capitalize on them? So you comment and anything on that front would be helpful?

Sandipan Chattopadhyay: So that's a very good question actually. See the thing is it's, well, I always said that there are three factors which we think has gone in our favor. One is that the kind of esoteric services that we were doing for the overseas market has kind of given us something like a shadow practice, right? We did technologies ahead of time of their arrival in India. That has been one tailwind that we obviously will have to capitalize on. So when people are looking for similar solutions in India, when overseas companies are coming here looking for similar standards, we stand in good stead to convert those opportunities, and we are seeing a recurrence of those inquiries.



The second is that focus on a particular segment in India, which was the next 500 million in India, has sort of made us like the grammaticism of understanding the culture code of that particular class of people irrespective of the solution. So more and more people and a little more mature startups are also looking at up to us and saying can you help us with this part of tech, which is more or less incoming requests, and we are still fathoming how to effectively, you know, look at that. Some of the very big ones, we are very clear, there is no equity play there. We are treating it as service and getting some services, but in some of the mid-sized one we are trying to see what's the right model for us to fit in. These are not like what we are used to like coming in at the early stages that are there. So the new maturity is coming. That's the second part of it.

The third is that many of the things that we think we have developed in India or has been developed in India and we have been using it as framework, has experience and all, are hugely transportable, not pitchforkable, but transportable to, let's say, interesting growth engines and places like Africa. That is surely something where we see a lot of future growth, and when I say future, I am not saying distant future, but in the near future growth will happen. So these three things will surely, you know, kind of allow us to play our growth role given the current environment in question. Does that answer your question?

Abhishek: Yes, sir. I mean, not many will appreciate this, but then the kind of business and the kind of opportunities that we can cater to, and we are looking for, I guess, will show itself in a matter of, I guess, a year or two. Is that correct?

Srinivas Koora: I also guess so. We also think so because see the thing is we are going for the middle of the pyramid, and we think there will be the right bridge within the bottom of the pyramid and top of the pyramid. The top of the pyramid is over served. Bottom of the pyramid giving them the ability to compute and do something productive is everything that we are doing, correct? So it does stand in good steep that it will help into a large changeover part.

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

Srinivas Koora: Would like to keep the investors, analysts and everybody informed well in advance that going forward, we would like to have the earning calls once in six months. That is after closure of half yearly, which is September 30th and annual accounts, which is 31st of March. But we will always be available to answer your queries and meetings for the investors as and when they require. As we said that we are aiming to be adjusted EBITDA level profitable by Q4 FY23. We are looking at working towards it.

With that now I thank you everyone for joining us. In case if you have any further queries, please do reach out to us. We will do our best to respond the same. And that's it from our side. Thank you.



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Sandipan Chattopadhyay: Thank you 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.