



“Xelpmoc Design and Tech Limited's Q2 FY'22 Earnings
Conference Call”

November 12, 2021



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Ravi Udeshi: Good evening to all of you. Welcome to the Q2 FY22 earnings call of Xelpmoc Design and Tech Limited. We have sent you the press release and the presentation. And they've also been uploaded on the website as well as stock exchanges, in case anyone doesn't 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 the top management of Xelpmoc Mr. Sandipan Chattopadhyay – Managing Director and CEO, and Srinivas Koora - CFO. Before we start the call, I just would like to remind you of the Safe Harbor clause applies. And with that said, I would like to hand over the call Mr. Srinivas Koora, over to you Sir.

Srinivas Koora: Thank you, Ravi. Good evening, everyone. Welcome to Xelpmoc's earning call for Q2 FY22. I hope you and your family are doing well and staying safe at home. The key highlights I would like to bring to your kind attention is that Madhu has joined Xelpmoc as Group President-Strategy. Madhu has over three decades of experience in the finance and IT industry and has held senior leadership and board position with several blue chip multinational corporations. He will be working on the expansion of Xelpmoc business both nationally and globally.

Moving on to financial highlights, 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 target sectors that correspond with our HEAL approach. Operating revenue for the quarter was Rs 11.2 million as compared to Rs 34.7 million in Q2 FY21 and Rs 32.5 million in Q1 FY22. I would like to give you a context to this change in revenue, Xelpmoc is largely startup focused rather than service contract based. We had certain service contracts giving us a recurring revenue, which have now been completed and that's why you see the revenue change. We expect that Q3 with the economy opening up and face to face interaction increasing the revenue run rate should see an uptrend. We have also started our office in Hyderabad which will provide further impetus to the company's operations. Operating EBITDA adjusted for ESOP for the quarter was negative Rs 12.9 million as compared to positive Rs 14.9 million in Q2 FY21 and a positive Rs 5.3 million in Q1 FY22. The net loss for the quarter was Rs 33.7 million partially due to Rs 23.2 million of the ESOP expenditure and also for the reasons I just mentioned. This is in comparison to a net loss of Rs 15.3 million in Q1 FY22 and the net profit of Rs 15.6 million in Q2 FY21. As stated, we expect to build on this performance in the current fiscal. Our team size is 68 including employees, interns, consultants as compared to 86 in Q1 FY22 and mainly the reduction is on account of resource optimization. Till date we have served 48 clients and our sustained interaction though client is the foundation for good performance. The fair value of our investment in portfolio companies stood at approximately Rs 611 million as on 30th September 2021 as compared to Rs 439.1 million as on 30th September 2020. Our portfolio companies did well by **embracing** new opportunities.

Fortigo Q2 revenue and EBITDA rose by 3% on a year on year basis on account of rising shipments for the upcoming festive season. However, its operations saw some impact on account of longer duration of monsoon, higher COVID cases in Maharashtra and Kerala, rising fuel



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prices and the follow on effect of new mining laws. The easing of the pandemic situation across the country combined with the stability in the metals and mineral industry segment after the enactment of mining laws in 2021 as contributed to the rising volumes in October and first half of November and this looks to be promising for Fortigo in the post festive opening upwards and onwards into Q4 of '21 and '22. Mihup is on growth phase and is focusing on exploiting opportunities in auto sectors and the contact center segment, it is also exploring international opportunities. Woovly enables its 5.5 million users to shop socially with the help of 19,000 content creators around 13,000 influencers create 60,000 short video content per month, resulting in 210 million video views per month. It has gained increased followers on social media platforms. It has clocked GMV ARR of \$2.5 million, which has grown by 70% in Q2 FY 22 on a sequential quarter on quarter basis. A substantial portion of this has translated into revenue and is seeing a good traction in the coming quarters. Woovly is looking at expanding reach by adding vernacular language and tap into international markets in future.

The other portfolio company The Star In Me (TSIM) is a global career advancement platform for women and a diversity partner for organizations as seen increased production with the leading corporate clients being on boarded recently. These corporate clients use TSIM as a facilitator for their employee learning. The company's revenue has been contributed from enterprise as well as B2C business. Signal analytics Private Limited, a wholly owned subsidiary of the company has raised Rs 52.4 million by way of preferential allotment of pre-series A cumulative compulsorily convertible preference shares to new investors. Thereby Xelpmoc shareholding in signal as change to 91.95% on a fully diluted basis, and it's now become a majority owned subsidiary of Xelpmoc. The board has also approved setting up 100% subsidiary in Hyderabad, this wholly owned subsidiary will focus on design work for machine interfaces. The company is now geared up to setup the UK subsidiary which was earlier approved by board and put on hold due to the pandemic.

Now, let me come to the outlook for the remaining fiscal of 2022. We see a promising growth in our portfolio companies, given that they are concentrating on hitherto unaddressed areas of the economy. We expect our investments including Fortigo network logistics, Mihup, Woovly, Signal to expand their access and reach and enter the next generation of growth. We continue to maintain our cautiously optimistic outlook given the underlying economic volatility. With this now I request Ravi to open the floor for question and answers.

Ravi Udeshi:

Thank you Mr. Srinivas Koorra. In case anyone wishes to ask a question, please raise your hand and we will allow you to answer and before that I would also request you when you are asking a question, in case you are from an institution, please state your institution name, so that will help us in the transcript. Thank you. The first question is from the line of Mr. Sriram Rajan. Mr. Sriram Rajan please go ahead.



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Sriram Rajan: Hi Srinivas and Sandipan for the wonderful interaction with you. Congratulations, I think it's a quarter that seen advancements, you hired some senior professionals. What was even more heartening is to see Vishal Chaddha and few more people join. I think it's not easy to attract talents in a startup environment. So congratulations for that.

Sandipan Chattopadhyay: Vishal has been there from the beginning. We have just re allocated him for specialized work and that has come in. Madhu and Srinivas Kollipara have joined.

Sriram Rajan: Wonderful and very heartening to see the portfolio scale. A few questions from my standpoint, not on the financials, I think this has to be viewed as something what quarter on quarter is gone, it will be very difficult to just fill this numbers in Xelpmoc, so, I won't ask those questions. From your deck that you just uploaded, the three lines of businesses that are focusing on, outside of your portfolio companies, which is one of those DOCUX, other one is xERP, the other one is on Edu Tech. So, DOCUX is an intelligent data platform, and you can scan workflows put an intelligence on it. That market is fairly crowded with very deep pockets. So perhaps there is some differentiation that you're bringing in which I would like to understand. The second question is on ERP, ERP is another super crowded market with some so many guys like from starting with Zoho, and right up to all the big guys and we find people like Odoo a very niche app based services. So what's our differentiation in this? So two questions from my standpoint.

Sandipan Chattopadhyay: Okay. So firstly, these are not lines of business exactly and not at par with the Edu Tech part of it. These are all components and products that we are making. And the X is more for extension of an existing part, for example, in DOCUX it's not a document management system actually. Basically it's a document analysis system, and any document management system can use this SDKs to use our elements of AI, NLP that we have done, and some are unique according to our belief. Apart from external users which are very limited, we often use these components and keep on extending it depending on some of the projects we work on, where the market demand comes and we see that these sort of solutions don't exist. Now for example, in DOCUX we have been able to build a protocol, which can read a human readable rule set and apply to another human readable document without having to program the rules for analyzing the document. And those are the kind of tools, tackles that we put in the DOCUX suite. Similarly for xERP which is extension on the ERP or a new kind of ERP, there are certain elements where we are building and helping them build onto that but mostly, we are building observation systems, which getting the aspects of data science, which get in aspects of communication, which most ERP systems don't have, based on data triggers and you can essentially add on to existing ERP systems to give additional features to that part. So that is a part, if Xelpmoc just a hypothesis, were to completely implement an ERP system, the part of it would be to be consisting of xERP components and probably one of the open source ERP system, which we are not developing but using to give an end to end solution to a customer but that has not been the case yet. Though the case of what I told about using it to extend existing ERP in that we have had some use cases.



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Sriram Rajan: Excellent, thank you. But just if I could use this opportunity, one last question. Edu Tech again is all this big guys buying companies every day, I'm exaggerating but it's massive pockets and we have gone into the same space and in fact expanded investments as well so the rationale for it.

Sandipan Chattopadhyay: So in the last call I had explained, we have segmented education into three parts one we call the NTL, which is Need To Learn, then there's a need to succeed and then there's a need to know. We are mainly expanding on the need to know segment which is not exactly the formal segment in the NTL segment. In the NTS part we are working with the digital model, wherein we look at our process which we believe would be the future when enabling the schools and making sure that you're able to leverage the best of technology with human interface through establishments. Again, not trying to set up your own channel but empowering and sort of augmenting the existing infrastructure by modernizing them, that is our approach in the NTL segment. NTS you know, there always will be a differentiator depending on the subject matter. We do believe in that content is a big differentiator, the pedagogy, the way you approach the problem is a big differentiator. So we try to make sure that we are working with enterprising, slightly what we believe is disruptive kind of approach to that part. The need to know space, we thought is pretty open. We are not that great in explaining why we are educating something on that everything is like a formula driven that I think will grow as a market as we try to establish ourselves as thought leaders and not clerks. So if India tries to shift need to know market would grow, and we are as good as anybody is our belief.

Sriram Rajan: Excellent. Thank you.

Ravi Udeshi: The next question is from the line of Rudresh Kalyani, individual investor. Rudresh Kalyani please go ahead.

Rudresh Kalyani: Hi, Sandipan. I just wanted to know, is it possible for investors like us to invest in the portfolio companies of Xelpmoc in many ways?

Sandipan Chattopadhyay: Not at this stage. We really hope we can get a model properly otherwise the paperwork and the legal jamboree is too much at the moment. So we do think that we will have an avenue once it reaches a level of maturity which is less risky to open it up for retail investors also that is my dream also. And hopefully one day Xelpmoc will be investing more along with co-investors and you will be able to partake through that. But as of now, we are slightly handicapped in terms of scalability of that model to really reach out to that microscopic level. That's one of the problems that we are seeing and we don't want to change the domicile or want to bypass the law in any way. So that constraint on us is what we are trying to make sure is that we are doing it properly.

Rudresh Kalyani: Thank you. And my second question is in this hyper competitive hiring space, how are you able to attract the talent from the industry.



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Sandipan Chattopadhyay: You are seeing a part of the strike coming in and hitting our balance sheet in terms of ESOP. We do believe in people who believe in the story of Xelpmoc and hence we were never really in competition with that market. That said there are a lot of avenues and the competition is higher, it is more difficult but till now touchwood we have been able to hold our foot.

Rudresh Kalyani: Thank you.

Ravi Udeshi: Thank you Rudresh. We have a question from Mr. Krishnakumar Srinivasan. Please go ahead.

Krishnakumar Srinivasan: Good evening, sir. I'm new to the company so pardon my ignorance and questions. So could you just explain little bit about, how you source business, how do you access markets from the base businesses and in terms of also investing companies that we talked about, how do you go about, can you share little bit of color about the way the business is done if it's possible.

Sandipan Chattopadhyay: So Krishna Kumar, I have covered it in previous calls and for the sake of others, I would entreat you to go and read the previous concall transcripts but in summary, I'll just sum it up in many ways. We have a pre-done diagnosis or pre-done hypothesis on which sectors we want to get into and that's mostly embodied by what we call the HEAL segments, i.e. health, education and agricultural avenue. So we're not looking for ideas out of the blue coming to us, we have a space for 5-6 such like, but mostly we look at areas which we have pre-investigated and pre-research and that's how we build the teams. And then we look for suitable entrepreneurs. This is more of a matchmaking in terms of the ideology and the direction in which we had to work. So we work like a tech co-founders that's as far as the startup space comes. On corporate innovation, I have always admitted and confess we didn't have a process, we are in the process of setting it up and the corporate sales part of it which will foster the services revenues, that as per plan will start from the next financial year in the first quarter. We are in the process of setting up processes for that because that will be slight bit of a cultural shift for us.

Krishnakumar Srinivasan: Thank you and all the best.

Ravi Udeshi: Thank you so. The next question we have is from the line of Mr. Amit Kumar. Amit please go ahead.

Amit Kumar: Good evening. I have just one question. The UK subsidiary is it on track.

Sandipan Chattopadhyay: Yes, in fact, as we speak, Madhu is on his first official trip from UK and he is now dilly dallying in London and setting up all the paperwork and stuff like that. So we should be operational as planned, probably from January.

Amit Kumar: Okay, thank you.

Ravi Udeshi: First one is from Mr. Raveendra Yellappa. What happened to Taxitop, is it still operational?



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Srinivas Koora: Taxitop is still in operation, as you know, like last 18 months, the number of taxis which were on roads were almost on low or negligible during the pandemic. So right now they are focusing on a couple of other aspects as well but Taxitop has not moved as we expected. So that is the reason why you're seeing that we have almost written off that investment.

Ravi Udeshi: Sure. The next question we have is from Mr. Dhiren Kumar. Signal Analytics got diluted by roughly 10% to raise Rs.50 million. Does it mean that the total valuation of Signal Analytics is around roughly Rs.500 million.

Srinivas Koora: Signal investment is more or less a pre money investment of close to about Rs 60 crores. We have raised about Rs 5.24 crores and diluted about close to 8.5%.

Sandipan Chattopadhyay: So I would like to add something here. Yes, on paper Xelpmoc holding now richer by 60% but these are very early days. I would not want everyone to look at it in too much of that perspective but it's a great sign that the concepts and things that we have chosen to put our effort into sacrificing the revenue from services that has paid dividends and we have extremely high hopes on the future of Signal.

Ravi Udeshi: The next question that we have is from Mr. Sandeep Das. Sandeep Das please go ahead.

Sandeep Das: Hi. So in the recent few months, I've seen that some interesting acquisitions have been done in terms of talent. Like Madhu, so when I see the profile they are like who's who in the industry with lot experience, so what you guys are up to? I mean, is there any plans in the future as well to get more leaders like this?

Sandipan Chattopadhyay: We always look for good people. We actually were very encouraged when one of the PE's came in specifically for this purpose to augment management because honestly, we were growing at a creative rate of growth at a faster than what the founders and decision making level itself could handle. And we are grateful that we have been able to create a body of work which has made people like them interested to joining us, privilege is all ours. Anytime anyone who believes in ideology and can add value will always be added to Xelpmoc. The idea of Xelpmoc is to become the kind of talent pool part or the aggregation of people and the Amul of technology, if so be it. And what we are up to is not different by the way, we just think we will do it better and we did a larger scheme.

Sandeep Das: Okay, got it. Thank you.

Ravi Udeshi: We have a follow up question from Mr. Sriram Rajan. Sriram please go ahead.

Sriram Rajan: I'm an individual investor. So just, I think from your portfolio, Ideal Insurance Brokers and Madworks I didn't see it in this quarter deck, it was that in the previous quarter. You kind of exited those investments or something like that.



Srinivas Koora: Yeah, we have exited both investments. In fact, Ideal Insurance we were holding less than 1% and we thought that as you know, that incase if we invest in any one particular sector or any one particular company, we don't invest in a similar company in the similar sector. So that's where we have taken an exit from the Ideal Insurance and as far as Madworks is concerned, again we have almost all written it off. That's the reason why you are not seeing both of those in our portfolio.

Sriram Rajan: So instead of Ideal you invested in a similar insurance company or something?

Sandipan Chattopadhyay: We haven't invested but we have kept the options open and because we were not getting much value and it's not the kind of interaction we believe we are heavily involved with our portfolio companies. That was not the case here plus it was blocking our sector. So we kept our options open.

Sriram Rajan: Question on Rype, I think you increased your investment quarter on quarter into Rype Fintech. Something maybe wrong with me, I try to research this company but their website doesn't load up.

Sandipan Chattopadhyay: You have to look for the product, it's called Slate.ac. It's pretty popular.

Sriram Rajan: Thank you.

Ravi Udeshi: We have a question in the chat box from Mr. Yashesh Ajmera. Is Xelpmoc focused on portfolio companies or can we see positive EBITDA in next few years?

Sandipan Chattopadhyay: Well, I had clearly said that till next first quarter of next financial year we are not focusing on the services part of it. We do believe our core business is not services but innovation. Services is a great money spinner and we will be focusing it from Q1FY22 and you would look at us on the uptrend of the EBITDA but as and when we see growth and wealth making opportunities we will still take a little bit of risk on that but we're doing try to balance it from next financial year. We are completing three years of listing and we need to act more mature. We will get into some regularity and hopefully we will see some results on to that.

Ravi Udeshi: Thank you. We have a question chat from Reveendra. We are seeing gradual decrease in head count QoQ? while it's clear that Focus is on start-ups, why not also build services revenue with increasing Headcount? would like to understand your thought process.

Sandipan Chattopadhyay: There is another question Ravindra. I will just answer this question. It's a complicated question, you are seeing gradual decrease in our headcount but it is also true that many of our people not only leave us and go we don't know where but some of them also go into our portfolio companies and some of our other subsidiaries and are also augmented by those people in some cases, so there will be some adjustment that said we don't want to keep people on the bench till we get a



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strategy in place for the services and as of now, we are not absolutely focusing on that in the real sense. By March, you will see a very different picture you can expect that part of the headcount going up from let's say Jan, Feb 2022 onwards.

- Srinivas Koora:** The drop in headcount is mainly on the interns, not at the middle level or the senior level.
- Sandipan Chattopadhyay:** Not that we are not of showbiz. We are aware of any portfolio companies planning to list separately as and when we get official knowledge of it, we will share with you.
- Ravi Udeshi:** Thank you. Next question is from Mr. Ayush Gupta.
- Ayush Gupta:** Sir, in the second last con call, you said that you were working on some new model related to micro-entrepreneurship. So if you can get some update on that.
- Sandipan Chattopadhyay:** It's in stealth mode, we are working on it. I don't think you will see the light of day for that project before, Q1 next year. I think there's some wrong idea. It takes six to seven months of research, R&D, some product development, some model testing for us to go ahead and get into a new segment. Now, the main aspect is not just that but what we call nano entrepreneurship that we were talking of. You may see something happening earlier if opportunities arise, but as a planned intake into it, that and some other stealth sectors you'll see some exposure from first, but these are again more the Signal type where we are the primary movers, not exactly in the entrepreneur driven but we will work with an entrepreneur in those segments.
- Ayush Gupta:** Got it. One more question like right now our portfolio added value is around Rs 61 crores, right? So, if we include the Signal funding, then I guess a portfolio value would cross like Rs 100 crore. Is that right?
- Sandipan Chattopadhyay:** Mathematically, yes is my answer. But you should also look at the maturity and age of the investments also. That's my advice to you.
- Ayush Gupta:** Got it, thank you.
- Sandipan Chattopadhyay:** So technically, I think you will see portfolio value technically doubling. It will be Rs 120 crores by maths.
- Ayush Gupta:** Right, thank you. That's from my side.
- Ravi Udeshi:** We have a chat question from Niraj. If we see some interesting startups and would like to connect you to startup's is there an option to connect?
- Sandipan Chattopadhyay:** Of course. We have a hello@Xelpmoc.in for that purpose, every day we get close to 40-50 startups reaching out to us every day and I'm not joking. Everyone wants to have a startup these



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days and it's pretty interesting how it's moving. Please do connect, but at the same time, understand the philosophy on which Xelpmoc stands understand we're not a financier. Our way of working is like a tech co-founder. So we don't invest, people don't expect to have a check and having a great idea. That's not the kind of people were looking for. I just want to be clear on that.

Ravi Udeshi: Thank you. We have a question from Mr. Dhwanil Desai. Please go ahead.

Dhwanil Desai: Hi, Sandipan. Sorry if my question is very primitive and naive, so please pardon me for that. I'm just kind of putting it up front. I'm very new to this business model and I'm still grappling with this challenge. The point I'm trying to understand is that, where does the value creation lie in terms of we know what is the core of this business model, in terms of value creation for the entity or the company and shareholders. Secondly, any parallels or to which what we are trying to do anything that we can look up for. If you can throw some light on that.

Sandipan Chattopadhyay: The second question is easier to understand. We have had these discussions and I am aware that some of these discussions happen on Twitter, I'm not aware of any parallels. Now coming to the value creation, of course, we are working in certain sectors we believe in and the model of working is we work like the tech co-founder. So you can see that we are earning almost something akin to a value additions to stock option from startups in that part. And the second part of our revenues is slated to come from the corporates where we are more or less a kind of like a service industry. The only difference being we are acting like enablers for startups and working on an end to an innovation project, not on body shopping. That parallel does exist I mean, a part of Happiest Minds business. A lot of our model on those things in specifics but we are on the innovation space for business, that's a difference.

Dhwanil Desai: But the service part is always going to remain of smaller part of the value.

Sandipan Chattopadhyay: Never now, we are not focused on it. Once it becomes an independent being by itself, it will have its own life and who knows. I mean, I hope you're right. I would always hope that that grows at a normal rate but our startup ecosystem grows as a faster rate and we still keep your words true but that said it has a life of its own. The skills we have are pretty rare, so we do expect a huge absorption of that also but hope your words come true is my hope.

Dhwanil Desai: Okay, great.

Ravi Udeshi: Thank you. The next question that we have is from Amit Kumar. Amit Kumar please go ahead.

Amitkumar: Hi, Sandipan can you give an overview of Signal Analytics please.

Sandipan Chattopadhyay: Okay, so, it is complicated. In our six years we have gathered some experience and one of the key experiences was that even if startups can collaborate a divergent set of stakeholders often exist, hence it is difficult, and we being the common element, are not that significant to do it.



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Now, when we started looking at Edtech which is a need to know basis, we realized there could be distinctive components to it like content, gaming, a subscription management system, smart toys they all are catering to the same target audience. Their bundling effects can really unravel the market, and market access is our common costs. So the general purpose stack, is what we are building in Signal and Signal in tum would sort of invest into these four companies and create an ecosystem for tackling that Need to Know space completely. That's the overview of Signal. This is something they have already disclosed, so I'm just elaborating on that. Probably, if it warrants and it's possible we will give out a public document or a kind of explainer for Signal but I think this is a limit to which I can explain at the moment.

Amitkumar: Okay, thank you.

Ravi Udeshi: The next question that we have is from Amuthan Iyer. Please go ahead.

Amuthan Iyer: Thank you and good evening. Thank you very much for this opportunity. It was very heartening to see institution institutional investor entering Xelpmoc, where we diluted about 5% stake. My question here is, do such investors stay on from whatever I could gather, these are long term investors and kind of work with the management with respect to their vision. Do these kinds of deals have a fixed tenure? Do they kind of look at exit at a pre decided valuation, so this is one question. And second question is on the like as a retail investor we have clearly understood that your products and services are for sustenance to nurture the startups. This is what we have understood from your previous phone calls.

Sandipan Chattopadhyay: Yes or no, it's also to champion them and product surely is not to sustain the startups. Products is a different line of business altogether.

Amuthan Iyer: Right. So with respect to ESOP's, my question, I think last time you shared that it was kind of the part of it or the vesting part of it would go for a few quarters more. So again, with new talent, very senior talent coming in, whether this would kind of continue and would there be an arrangement where the investee companies also share the expenditure part given that our product service portfolio is yet to take off. Thank you so much.

Sandipan Chattopadhyay: So for coming to your first question. We are in the public market. No such rules exist except for the statutory one because we have gone with preferential allocation, there is a fixed lock in on one year, everything else is given and driven by the ethos of the PEs that we do. So it's not just about getting institutional money, it's about the quality of institutional money. We are extremely lucky and let me tell you one thing, sitting on this chair, we do get offers from a lot of institutional persons and the modes are from different parts. But we engage what we think can add value to not only us as a company but also to existing shareholders as well and then we curate and choose. This was one such person because they are historically known to be exactly like you said, extremely influential long term holders, they take a lot of time deliberating on which companies to invest in, they do a lot of research. Getting money from them is also an authentication and



validation of your model. So all those positives were there, that's what we took the money and plus let me tell you, it was almost like an incoming discussion. I will not say request, we are too small for them to request us but it did come as an initiative which was initiated from the outside and once the quality was visible, we really fell for it. Come into your second questions, the second part is clear no investee companies would never ever be at the cost of our ESOP costs. Would there be an extension of those things? Yes, but we will make sure that it is not of that kind of a percentage of what it is now because by that time, hopefully the reason we are going for will start accumulating and they will be offset on that. But yes, to retain talent and to get sure that we are looking for growth. If you really want good people to come, they will not come for salaries, they will come when they know that the company's growth and their growth are aligned to each other. And we want to sort of risk takers to come and join, only they are the right type of people to join us.

Amuthan Iyer: So would it be kind of an ongoing q-o-q profit.

Sandipan Chattopadhyay: It will be an ongoing question but we hope that our revenues will overrun that and there will be profit left even after looking at all these everything's.

Amuthan Iyer: One more question on Snaphunt, if you can throw some color on its activities and how do you foresee its future?

Srinivas Koora: Snaphunt is a Singapore based company it helps job seekers receive job proposals from the world top employers by letting their inner match candidate with the global jobs and they're aligned with their experience, goals preference etc. What we did was we built an AI which will help them to shortlist the candidates, curate and which will reduce the time and effort that is required to recruit people.

Sandipan Chattopadhyay: Yeah, I can add one more thing because I was part of the development on that but we essentially look at something as vague as culture fit, whether the guy will fit into the culture of the company because it's a top level recruitment that they're doing. Hence a lot of the soft factors are there. The algorithm is proprietary to that part, but we develop the algorithm by way of culture fitness calculator.

Amuthan Iyer: Thank you so much. That's it.

Ravi Udeshi: The next question we have is from Mr. Nitin Jagtap. Nitin please go ahead.

Nitin Jagtap: I am individual investor. Just looking through all your financial disclosures in the investor section on your website, I am very impressed by the kind of information that you have shared. Just one points, you have mentioned this already, but request you to share that deck on Signal, which will help us.



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Sandipan Chattopadhyay: I will share whenever is possible because as you know there are strategic intentions and stuff like that but surely we would make something more public that much I can promise you.

Nitin Jagtap: Yeah, because I tried to look for the website.

Sandipan Chattopadhyay: The website doesn't exist as of now. I just saw the question from someone else also, it's doesn't not exist as of now. It's a stealth product, we will build it and we'll go public.

Nitin Jagtap: So what is possible to share, you can please put it on your website.

Sandipan Chattopadhyay: We can share the objectives and the overall plan, the details and all those things if we share it, it will be in shared to investors at this juncture.

Nitin Jagtap: Okay. Thank you.

Ravi Udeshi: Thank you.

Sandipan Chattopadhyay: There is a question which is, I think, more Srini domain than me domain because my comments could be slightly unparliamentarily. Srini, you want to take that question which has come in the text, when do you see the breakeven happening in terms of revenues vs expenditure, excluding selling off stakes in the investments.

Srinivas Koora: So basically, we don't consider as a part of positive cash flow, especially from the operations at least internally as far as the profitability is concerned. But yes, Q1 was profitable. Q2 certain projects were concluded that is the reason why you haven't seen that maybe from Q4 onwards, we will be back on track with respect to positive cash flow from operations.

Sandipan Chattopadhyay: I would say that it will be next year Q1 if some of the things that is already in motion do get, and you will, again, be bashing me up because we will not have that much fund.

Srinivas Koora: But again, what we are seeing, what we're talking about that excluding the ESOP expenses. As you told earlier, the ESOP expenses you will see at least for next eight quarters easily.

Sandipan Chattopadhyay: Just to qualify that calendar quarter, financial quarter one that means April, May, June of 2022.

Ravi Udeshi: The next question that you have from Mr. Ganparthi Jagadeesh. Ganparthi Jagadeesh please go ahead.

Ganparthi Jagadeesh: Hi, sir, thank you for your contribution towards all the stakeholders, allowing the chance to put their money into Xelpmoc, where earlier there was no chance to put into startups. I have a question, is there any companies that are looking which are developing software products? Now the cloud era is growing at a faster pace, where in terms of the cloud computing, cloud security,



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are you looking for any companies that are developing or are you looking for any products in that area?

Sandipan Chattopadhyay: We're always looking for interesting things. And yes, our plan for the first seven years is almost nearing completion and we are looking for the next batch of ideas. Some of the interesting work in FinTech or in mathematical deep tech, yes, we are looking at those sort of software, companies, products as well as our own inclusion in them. We'll be expanding the stuff; it's certainly become a buzzword but we were looking at what we used to call it virtual worlds. We were looking at some of those things in many fields. I think we will go deeper into those parts anytime any interesting technology. We don't know everything; things surprise us and when things surprise us we go out learn and we engage with those people that will continue to happen.

Ravi Udeshi: Srinivas Sir, there is a question on the chat for about updates on Mihup and Woovly funding.

Srinivas Koora: As far as the portfolio companies funding is concerned, whatever is available in the public domain that's already there. We can't share more than that because, again, you need to understand that we are also part of the shareholders, there are other shareholders as well. So right now we will not be in position to share much about the funding part on Mihup and Woovly. Whatever is available with us we have already shared.

Ravi Udeshi: We have a question from Mr. Abhishek Agarwal. Please go ahead.

Abhishek Agarwal: Hello, sir. Thank you for giving me this opportunity. First, I would like to congratulate on whatever you are doing with respect to qualitative aspect as of now, I know financials will come along as we go ahead. But then just one qualitative question of sorts, anything in pressing anything unique that you've come across in this past two, three months or something that you're really looking forward to in terms of global markets or domestic markets, qualitatively?

Sandipan Chattopadhyay: Yes, we are looking at some good ideas. Unfortunately, it's under NDA and stuff. But hopefully, as I told you 2-3 quarters back that the top management's main focus, till first quarter of next financial year is picking our next set of winners and making sure they're doing. I think we have done a good job in 2-3 cases which are already disclosed, but I hope that 2-3 mature and then we'll be set for the next four years. I can tell you the broad area but not more than that. Not in the name but let's say in broad nature, something to do with the digital virtual space is something we were dabbling in for some time. I think that's reaching some traction, and some interesting work you may also start seeing from the health tech space.

Abhishek Agarwal: Okay, interesting. Thank you for that.

Ravi Udeshi: We have a question from Amit Sonigara. There are a few segments which seems to be promising and huge scope like blockchain tech, EV and its infra, clean energy segment. is there any intention to opportunity Xelpmoc is looking for to serve these segments as well?



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Sandipan Chattopadhyay: Amit, yes those are areas we're looking at not clean energy yet, but the not EV either. Infra block chain using into real estate and all that we are looking at.

Ravi Udeshi: We have a question in chat from Manupriya. Are there any other Xelpmoc projects surprising, we can expect like Signal Analytics with our director/management holding significant stakes?

Srinivas Koora: None of the projects which are stealth mode where directors or management are holding any stake. Even Signal, when incorporated it was 100% subsidiary of Xelpmoc. Similarly in case even if any projects are stealth mode, if we spin it off into different entity initially it would be Xelpmoc who would be holding 100% stake. Maybe in case if there is any option where any of the investors want to invest then that's secondary thing but any project which is in stealth mode, it would be 100% subsidiary of Xelpmoc.

Sandipan Chattopadhyay: Well, those are mechanisms by which we looked at getting in. Forming a company from one company straight is difficult. The easier way is to form it with two directors and then buy it over. If you mean to that part, it is there. That was just a kind of fast track to make sure that we have a subsidiary in the right way.

Ravi Udeshi: We have a question in chat from Anurag. Are you thinking of diluting more in Signal in the next few quarters?

Sandipan Chattopadhyay: Anurag, we don't know. Maybe not, not till we get some value and then maybe we'll dilute but there are certain people who have shown interest because of the time frames and all we have not been doing, we are engaging with them, but it will be part of this existing round only if at all.

Ravi Udeshi: Thank you. In case anyone else has any questions, please raise your hand. We have a question in chat from Ashok. Whether the new design and machine interface company deviates from HEAL and if not, what is it?

Sandipan Chattopadhyay: That's a very good question. Ashok, this is about the subsidiary we have discussed about design. No, it doesn't deviate from HEAL. We are entering the services, we see a scope for a huge amount of our services coming with the aspect of design especially as IoT- Internet of Things, electronic vehicles and all come, the kind of design caliber we have been somehow people are finding it attractive and reaching out to us. We see the need or an opportunity to do that. So it's not a deviation from our HEAL stack and who said that HEAL doesn't need great design. We have great design and that's why people find it usable, even if they're not literate and stuff, designs are the base of everything. The name of the company is design and tech, design leads tech. So design has always been more important. It's just not people don't understand it, they think of the tech sector, but design is very important in Xelpmoc. Now, we think there is a case in point where a focused subsidiary would do better because the culture of a design company is slightly different than a product company or a development company, wherever there are culture aspects and all when we need different people, we think it's better to have a subsidiary.



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- Ravi Udeshi:** Thank you. We have a question from Mr. Priyesh Shah. Priyesh, please go ahead
- Priyesh Shah:** Hi. So, I would like to elaborate on the last question, when do we foresee the overall expenses including the ESOP, breaking even in terms of revenue. When do we actually really see the revenue coming in?
- Sandipan Chattopadhyay:** Would it be okay, if we answered this question after quarter one completion next year.
- Priyesh Shah:** Yeah, absolutely.
- Sandipan Chattopadhyay:** That's the time, we'll be able to give something definitive, as of now we are looking at his feet and trying to maximize between wealth building and margin building.
- Priyesh Shah:** Right. Because you definitely have your core businesses as well. So how is the balance struck?
- Sandipan Chattopadhyay:** What do you think is Xelpmoc core business by the way?
- Priyesh Shah:** So as I foresee is much more into the three products, which you definitely have put on in terms of if I can just say that, in terms of the OCR.
- Sandipan Chattopadhyay:** Innovation is the core business that's also services but corporate services or paid services is a part which will give us the cream on top. No one is giving us equity for free; we are putting in some hidden cost to get that part and that's where the main value is coming. If you look, in Mihup we hold 5% in Signal we hold 92% that difference is coming. Some money goes into both those things that we want. So, I think we are fairly balanced and we have sort of bias for growth, with that said cash flows and all have to be managed and we have to reach estimate in our earnings outside and our expenses have to be balanced. I think from next year first quarter end we will tell better looking at how we are settling in and how we do it. Tendency to earn money, putting a focus on service that will come into being from first quarter next financial year and we have been consistent about it and should not be a surprise but we intend to live up that part exactly. We have shown our proficiencies that when we want to earn money we can and that is a confidence that I will live with. We will focus on the wealth part of it and we will trigger that activity from first quarter of next financial year.
- Priyesh Shah:** Okay, thank you.
- Ravi Udeshi:** We have a chat question from Ravindra. Are there any stealth, project surprises we can expect like Signal Analytics with our directors, management holding significant stakes?
- Sandipan Chattopadhyay:** And the answer to that was no. We have very good corporate governance. We are not here to make money from management or the directors.



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- Ravi Udeshi:** Thank you. We have a follow up question from Mr. Dhwanil Desai. Dhwanil please go ahead.
- Dhwanil Desai:** Hi Sandipan. So another question as I listened to the discussion and explanations that you are giving, so one question is that the business models of the tech for equity or whatever that you want to call it vis-a-vis providing corporate services is very different. And the skill set required, resources, organogram, and culture everything will be very different. So how will you manage that in a single organization if you can throw light on that.
- Sandipan Chattopadhyay:** It's very nice of you to point it out. We are cognizant of it and we are building that as a separate thing, in our previous call we had explained that my guys are innovators there used to telling this a bullshit idea, which will not work in services segment at all, that's the reason we are building that practice, the principles, the working processes for that. And that's the reason I see that headcount increase you'd see from January onwards; those people don't exist in the system.
- Dhwanil Desai:** But there will still be the part of the same ecosystem, I mean the same organization.
- Sandipan Chattopadhyay:** This will be one of our department and we may do some abstraction like we have done for design in future. So the thing is as long as we have a front end, the back end can still be the same technical geeks I have, they can internally manage. So, I don't need to go out and hire more geeks, but I do surely need a good presentation there.
- Dhwanil Desai:** And the second question is how should we think about dilution within Xelpmoc, we have raised money should we think of Xelpmoc as a startup, kind of a thing which keeps on diluting as it scales up, or we should not think like that. How should we think as an investor.
- Sandipan Chattopadhyay:** I'll be honest with you; dilution was not planned except for the ESOPs. But once we get a great investor, which seems is a fair value, and look at it from our side, we went public raising Rs 25 crores for 25%. And then in less than three years if we are getting the same Rs 27 crores for 5% and despite having very honest talk with the guy looking at the market conditions, and despite that doing it, I think at that rate, it probably makes sense. But our main thing is that we should not ever dilute to an extent where we don't have the power and the management control to follow our vision. That is first priority for us, that much we can tell you. I can tell you this much that I will not sell my soul for money, but when that money can be used to extend my soul I will take it.
- Dhwanil Desai:** Okay, got it. Thank you.
- Ravi Udeshi:** We have a question from Mr. Anurag Kumar. Please go ahead.
- Anurag Kumar:** I want to ask that, are you also facing challenges in recruiting. Can you please throw some light on that.



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Sandipan Chattopadhyay: Things are tougher but because of the way we used to recruit and that's why the ESOP is so high. We were looking for a different band of people. So fundamentally, we were never in that rat race. That said now that the options are much better as many large names coming along. It is more difficult but touchwood till now we are not doing bad.

Anurag Kumar: Yes sir and as you are moving to Hyderabad the new locations that will be difficult.

Sandipan Chattopadhyay: No, on the contrary, I think it's the other way round.

Anurag Kumar: Okay, thank you.

Ravi Udeshi: We have a chat question from Ashok. Who will helm the UK subsidiary?

Sandipan Chattopadhyay: So, we are setting that up but Madhu from ours side is in charge of all international corporate operations and he will lead the ballgame. All for all you know, we may actually get someone from there to help that unit or it could be someone seconded from Xelpmoc heading it along with but we will have local presence there. That's for sure.

Ravi Udeshi: We have a chat question from Ayush Gupta. Can you please change the format of quarterly results, if possible, any format we'll do other than 1000 as it gets very difficult to process the numbers.

Sandipan Chattopadhyay: I think we will give it in lakhs. We can give it in lakhs. I think that's a very fair point. By the way I also got confused sometimes on that.

Ravi Udeshi: Thank you. We have a follow on question from Mr. Rudresh Kalyani. Please go ahead.

Rudresh Kalyani: Hi. See everything has its own gestation period. So couldn't we wait till we have MVP or prototype something like that for Signal before we dilute it or is it too early to dilute it.

Sandipan Chattopadhyay: It is difficult to get money out of anyone without something. So of course we have something, It is just that we are keeping it in stealth.

Rudresh Kalyani: Thank you. That's it.

Ravi Udeshi: We have a chat question from Anil. can we add company name along with the brand name in investor presentation?

Sandipan Chattopadhyay: Make sense, we should do that Srin.

Srinivas Koora: Sure we will do that.



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Sandipan Chattopadhyay: That's a good question. Thank you. Sometimes I get confused which is which, so I can understand others will surely get confused.

Srinivas Koora: I think they are referring more from the portfolio company's point of view for example, Right. We know that the slate and also include brand in the portfolio. At there is one more slide in case if you can just go one slide above, it also gives you the brands. In portfolio slide number 23, for example Slate how much percentage with their brands.

Sandipan Chattopadhyay: Yeah, but I think we'll add the second column, it makes it simpler. Nice suggestion, we'll do it.

Ravi Udeshi: Thank you.

Ravi Udeshi: We have a chat question from Manupriya. So in near future is there a chance to see promoter holding go down below 50% by dilution? Let's say three to five years for brevity.

Sandipan Chattopadhyay: Anything is possible in love and war. So can't say no. But even if that happens, we would like to see some management control into that part but please remember that promoters are not how we look at it that's the stock market term. Our ecosystem or fundamental stakeholders, hold beyond 60%. Our employees are also there please remember that, our key management people who are getting ESOPs are also there. That is the forum we have, we were the seeders, we were the startups we should not be the light of it. But that said, I can say that we will not dilute in that sense. We may we get diluted but we will not dilute ourselves. I hope that makes sense to you.

Ravi Udeshi: Thank you. We have a question from Mr. Amuthan Iyer. Please go ahead.

Amuthan Iyer: Okay. Srinu can you clarify what is Xelpmoc's holding in Mihup?

Srinivas Koora: Yeah Mihup right now we hold about 10.4%

Amuthan Iyer: Okay, thanks.

Ravi Udeshi: Thank you. Since we have crossed the hour mark and there are no further questions so we can close this.

Sandipan Chattopadhyay: I would like to say something. We really think of the whole stakeholder group as family, I can tell you one thing personally last 4-5 months have been rejuvenating for me. It's almost like day zero for us. The new people who have come in, I can't even begin to tell you how gratifying it is to have that sort of a vibrancy back, it's almost like rethinking things, looking at new areas with a different kind of thing and in many ways, you will realize that in the quarters to come this has been probably the most active 4-5 months since we started Xelpmoc, that has been extremely gratifying thing. I think Srinu should end the session, but I had to tell this to just make sure you people are in the same boat as all of us.



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Ravi Udeshi: We have a chat question from Ganapathi Jagadeesh. In terms of services sector how Xelpmoc is unique compared to service sector giants like TCS.

Sandipan Chattopadhyay: Everyone professes to service everything. it's a skill level and the effectiveness that is there and of course, they're absolutely respectable, there are certain businesses we don't do, like looking at contract of skills only we do end to end part and we do meet head to head with them sometimes. I believe in some places we are good because we do end up getting projects. We have even got projects where we were managing the whole front end in orchestrating where they were doing the back, so it's case to case.

Ravi Udeshi: Thank you. There are no further questions. Thanks a lot to Sandipan Sir and Srinivas Sir.

Srinivas Koora: Thank you, everyone for joining in, in case if you have any further queries please do reach out to us. We'll do our best to address that. That's it from our side. Thank you once again.