



Xelpmoc Design and Tech Limited  
Q4 FY20 Earnings Conference Call

**June 10, 2020**



**MANAGEMENT: MR. SANDIPAN CHATTOPADHYAY – MD & CEO,  
XELPMOC DESIGN AND TECH LIMITED  
MR. SRINIVAS KOORA – CFO, XELPMOC DESIGN AND  
TECH LIMITED**

**MODERATOR: MS. ASHA GUPTA, CHRISTENSEN IR**



*Xelpmoc Design and Tech Limited  
June 10, 2020*

**Moderator:** Ladies and gentlemen, good day and welcome to the Xelpmoc Design and Tech Limited Q4 FY20 Earnings Conference Call. As a reminder all participant lines will be in the listen only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for 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 Ms. Asha Gupta from Christensen IR. Thank you and over to you ma’am.

**Asha Gupta:** Thank you Zaid. Good evening everyone and thanks for joining the Q4 FY20 earnings call for Xelpmoc Design and Tech Limited. It is a great pleasure to have all of you in this call today. Results and investor presentation have already been mailed to you and is also available on the stock exchanges. In case anyone has not received the release, please do write to us and we will be happy to send the press release and presentation to you.

To take us through the results and to answer your questions, today we have the management of Xelpmoc represented by Sandipan Chattopadhyay, MD & CEO and Srinivas Koora, CFO of Xelpmoc. Srinivas will start the call with brief overview of the quarter and full year gone past and we will then start the Q&A session.

We would like to remind you that everything that is said on this call that reflects in the outlook for the future or which can be construed as a forward looking statement should to be reviewed in conjunction with risks and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus with SEBI that you can find on our website.

With that said I now hand over the call to Mr. Srinivasan. Over to you sir!

**Srinivas Koora:** Thanks Asha. Good evening everyone. Welcome to Xelpmoc earnings call for the fourth quarter of fiscal 2020.

Total operating revenue for the quarter was Rs 32.6 million as compared to Rs 21.3 million in Q3 FY20, reflecting an increase of 52.9% quarter-on-quarter basis. On year-on-year basis we have grown by 123%. In Q4 FY19 our total operating revenue was Rs 14.6 million whereas for Q4 FY20 it was Rs 32.6 million, EBITDA was Rs 5.4 million as compared to negative Rs 4 million in Q3 FY20. Net profit for the quarter was Rs 4.7 million as compared to net loss of Rs 1.6 million in Q3 FY20.

Now coming to full-year performance; total operating revenue was Rs 81.1 million as compared to Rs 60.9 million in FY19, reflecting an increase of 33.2% year-on-year. EBITDA was negative Rs 27.3 million as compared to Rs 49.8 million in FY19. Net loss was Rs 21.7 million as compared to net loss of Rs 49.8 million in FY19. The fair value of our investment in portfolio companies as on 31<sup>st</sup> March, 2020 stands approximately at Rs 350 million and as on 31<sup>st</sup> March,



*Xelpmoc Design and Tech Limited  
June 10, 2020*

2019 NAV of this investment was approximately Rs 274 million. As on 31<sup>st</sup> March, 2020 our total team size was 104 which includes employees, interns and couple of consultant.

If you look at the revenue mix for Q4 FY20, 15% of our revenue was generated from international clients and 85% from domestic clients. We have added one new client in the last quarter. Till date overall we have served 36 clients, a new client whom we have added in last quarter of FY20 is one of the leading chains of schools in India which has 40 schools in 14 major cities known for their quality of education and academic excellence.

Now coming to outlook; we would like to give an outlook for FY2021 where Xelpmoc would like to focus on education sector with a multitude of opportunities that have arisen due to Covid pandemic. We see a good growth opportunities in this space. We are seeing an increasing traction from the overseas market for our services and this is a new pipeline given most of our current work was only from India. We would like to continue to build on strengthening the financials on the back of breakeven what we have achieved in this quarter. The project implementation pipeline looks strong and this should aid the fundamentals of the company. For 2021, we would like to focus our energies on promising sectors and portfolios like EduTech Ventures, Healthcare, Fortigo, Mihup, Slate and would like to invest our best efforts in these sectors and in these portfolio companies.

With that I would like to open the floor for Q&A.

**Diwakar Pingle:**

Sandipan maybe you could just spend a couple of minutes because we have lot of new callers into this particular call. I thought it will be nice for you to kind of just spend maybe couple of minutes explain the business model and how we operate so that the new callers will have a fair understanding rather than them asking the questions. Would that be okay?

**Sandipan Chattopadhyay:**

Sure I will do that. Thank you for all joining in today's call. It is great pleasure that we have your support and interest all this while. We are grateful from that perspective.

Just to give a quick refresher, at the cost of risk of being boring, repetitive I will just reinstate some of the core values of company. We look at ourselves an innovation catalyst for all sectors, predominantly looking at corporate sector who are looking for new changes and of course the startup industry and we adhere to solutions to next 700 million Indians which have the potential for the next 3.5 billion world citizens in Africa, Southeast Asia and other such socio-economic pockets like India and that has been our core forte and we have stuck to that particular theme all the while, predominantly we call this is as 'HEEAL' which is Health, Education, Environment, Agriculture and Livelihood. These are the sectors we work in and we started off with this part as a pressing need of the country that will come at some point of time. Well, I'm not happy with how it has become more in focus now but as of today given the current scenario I think our theme has been proven to be one of the huge significance to the country and we are seeing a huge amount of renewed interest in the areas and sectors that we had always focused on because



*Xelpmoc Design and Tech Limited  
June 10, 2020*

we knew that ultimately the base of India has to improve if the overall Indian economy and all these things have to improve. So that is more or less the kind of areas that we are in.

As a structure the way we work in we have very high powered systems and processes and obviously very brilliant guys who are idealistic in nature and we work with start-ups as a co-founder to them and within the corporates we work for new initiative areas almost like an equal partner for making sure that we are getting the best of class, technology and processes for them to take on global competition. So that is in a nutshell what Xelpmoc stands for and what we would like to do. I'm keeping it short here. I would like to take more questions and specifics and answer as and when it is needed.

**Moderator:** Thank you. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Sumit Agarwal, an Individual Investor.

**Sumit Agarwal:** Congratulations for achieving breakeven in this quarter. My question is as you are now seeing break even in this quarter, so can you sustain this kind of margin going forward and do we foresee reaching to the range of 20% to 25% in the coming quarters and when do we envisage that we might reach over there?

**Sandipan Chattopadhyay:** Yes, we would very much like to stay in that and that was our plan, we had always said that Quarter 4 of financial year 2020 is the time when we were trying to get breakeven because as I said the skills were always regulatable by us and we wanted to make a right balance and a prudent balance between profitability from our projects vis-à-vis our entire engagement with the startups gives a value creation for the future and we have been able to stick to the plan. It was an execution aspect of it, and we are on track of it but at the same time we have to be cognizant of the global environment on that part. All said and done given the current project situation and the booking pipeline we have, we look good for one quarter or two quarters going ahead to stick to the plan. But obviously the current economic situation and simply inaccessibility to the marketing call or to reach out to people or even reluctance on the part of several corporates to take any decision at this point of time will have a bearing but of course will be at par or maybe below or above par of what the market would do but we are not insulated from the market completely, so maybe our growth plans and all would not be exactly how it is. The margins that you are talking of would be a factor of all these factors. We would see and hear and balance all the opportunities coming to us and take call. At the sake of increasing margin percentage, we do not want to make sure that we deliberately lose out on opportunities which may be a short term lessening of the margin but for a long term gain. So those are decisions that with the strong board and the management has been committed to it, we would keep on doing it. At this point of time I would not want to give any number as a guidance. But in principle we would think that the profitability fails or the focus towards profit of Xelpmoc has started and we would adhere to it.

**Sumit Agarwal:** Thank you. Also it will be very helpful if you talk about your project pipeline outlook for FY21 and thereafter, if you could highlight and how we are basically planning out to see the impact of



*Xelpmoc Design and Tech Limited  
June 10, 2020*

Covid and how we are overcoming that and stuff like that because you have mentioned that you are not seeing any problems in the overseas instead you are seeing traction, so I just wanted to get your views in that?

**Sandipan Chattopadhyay:** Overall I think there will be a wealth of opportunities coming from the overseas market especially during Covid because margins and cost pressures will be there all around the world and there where the things are cost effective, high quality and the nature of the work we do which is more of efficiency increasing software, I think that demand will be consistent. How well we execute and all will always be a factor. There will be more players on it, we will be looking at the new sectors to come on to it, so there will be some more heat on to that part, we have to balance those out. From a project outlook point of view, there has been a slight handicap and we have not been able to be as aggressive as we would like to be. We are doing pretty well because of the effort we are putting in the last to last quarters and those are the results you are seeing. So we have chain which as I say this is a runway for 3 to 6 months but post that how the situation worldwide unfold, for the simple sake if I have to get overseas projects I need to be there for some time, I need to have meetings there, I need to go out and do some phone calls. Just not possible at this point of time for the last three months, so some of the plans that we had where we had thought we will go beyond what we have said is not really worked out the way we want. But at the same time, we are well booked, so covered for some time and we hope that we will be able to leverage on this part and create a portfolio as a current work by which others work by referral itself would go. So we have to wait and watch, unfortunately that's a status for any company in the world today. We are not insulated from that part. But at the same time we are not in a risk because we were not that current, we had a lead time for that part. We are sufficiently stocked for now, but future outlook is something that we have to evaluate in terms of execution part.

**Moderator:** Thank you very much. The next question is from the line of Naman Jain, an Investor.

**Naman Jain:** Good evening, Sandipan and Srinivas. Actually I am a new investor in the company, this being the first call that I'm attending. Just wanted to understand that in terms of next 3 to 5 years kind of a horizon what should shareholders expect from the management as at the moment Xelpmoc looks more like a holding company with many investments which are maybe illiquid or notional in nature. But in terms of the shareholder value creation how will that pan out over next 3 to 5 years?

**Srinivas Koora:** Basically in case if you look at our products book right now, it's a combination of both corporate versus startups. So as far as the startup is concerned since we are partnering with these guys at the very initial stages and we want to enter into a long-term contract where it would be a win-win situation both for the startup as well as Xelpmoc. So, what we do is we initially enter at a very-very seed level of investment that's where we pick up stakes but at the same time we do also develop their company technology solutions. Generally these contracts are for 3 years and



*Xelpmoc Design and Tech Limited  
June 10, 2020*

which are extendable further for another 2 years. So, in fact looking at us as a holding company it gives us an opportunity to have a long-term relationship with the startups or the client and which will be win-win situation for both the startup as well as the company.

**Naman Jain:** But in terms of shareholder value in Xelpmoc, what plans do you have over next 3 to 5 years to create that?

**Srinivas Koora:** In order to create a shareholder's value what we would be focusing was corporates and we are going to come out with our own products and the other one is the startup's. So holding layer could be come in as a part of startup.

**Naman Jain:** What would be the impact of this pandemic on the investments that we have made in all the startups—I am sure that you would not have had a chance to go deep into it—but in terms of surviving or stuff like that any handle on that?

**Sandipan Chattopadhyay:** I personally see that giving the nature of the sectors that we are in, they were so core in fundamental and efficiency increasing, we are seeing added traction to most of our startups, going in stature and usage because now everyone is trying to get onto those rustic, very down to earth kind of a solutions that we make for the mass classes at a very efficient and cost-effective way. So, we have actually seen more traction and more interest in our start-ups in the last quarter than ever before. So maybe it's a silver lining in the overall pandemonium that's happening all across but we have been sort of insulated and if I may dare say we have seen actually added opportunity opening up because of the nature of that 700 million Indians target that we had from the beginning.

**Naman Jain:** One last question, we have recently done this Catailyst acquisition, so can you throw some more light on this?

**Sandipan Chattopadhyay:** Not acquisition, we are working with them. We don't acquire companies in that sense, not yet. Catailyst is a pretty advanced AI oriented way by which we are looking at pharmaceutical companies and pharma result in a way by which we are looking at global data to come in and trying to ascertain a kind of value that we can attribute to the parent company. So this is more or less a kind of a focused project for the overseas market to look for one of the impacts and discoveries we can make in that part to the analysts and other people who are doing drug discovery oriented companies, investments, research and stuff like that.

**Moderator:** Thank you. The next question is from the line of Puneet Mothihar, an Investor.

**Puneet Mothihar:** Hi, I would like to thank you Mr. Sandipan and Mr. Srinivas for letting be a part of Xelpmoc even before the IPO had come out. My question is a little specific to the new companies which you guys have added which is Traydstream and AgeBold. My question is, have you guys bought equity in these startups or this will be against the services which you will be providing?



*Xelpmoc Design and Tech Limited  
June 10, 2020*

**Sandipan Chattopadhyay:** These two in specific are purely services contracts.

**Puneet Mothihar:** Ok, purely services contracts and Xelpmoc has not invested any money in these companies?

**Sandipan Chattopadhyay:** Not at all, not yet. Some things may brew up with Traydstream, with AgeBold we are happy to just be on the services part. It's not part of exactly our core sector. It was part of our core competencies on services whereas in Traydstream we are now seeing opportunities where some of the products may actually stick to our theme, there we may explore certain opportunities but are of course is not yet talked off. It is something that is a wish-list at the moment. As of now there are no investments or any kind of a joint collaboration or any of the standard structure that we do for any of the products. They are few odd customers who are paying us for the services part.

**Puneet Mothihar:** I want to ask about Fortigo Network Xelpmoc Company which is a separate entity. I have noticed that the profit and the turnover has gradually decreased from the previous year, so can I know the reason why?

**Sandipan Chattopadhyay:** Fortigo Xelpmoc, it is a joint venture company between Fortigo and Xelpmoc where the initial thought process was for all the truck related technologies we were trying to build from that particular entity. I am sure you are aware that the Fortigo is a part of our portfolio company and also their complete text track is developed by Xelpmoc. So later on the board has decided that instead of having it in a separate company they wanted to do everything from the main entity. So that is the reason why we have sold whatever holding that we had to the promoters at the cost price.

**Moderator:** The next question is from the line of Rajinder Kumar Sethi, an Individual Investor.

**Rajender Kumar Sethi:** Thank you Srinivasan and Sandipan sir for this opportunity of investing in startups at a very early stage because even I am at the age of 25 right now and giving me opportunity of investing in startups, thank you very much. My question is there is a startup known as PHI Robotics and I want to know about how it is shaping up with you? And other thing is I had gone through lot of apps of your startup and there are lot of fake reviews of that application on Google Play Store like Kids Stop Press, Woovly. They are having a lot of fake reviews like same review is given around 30 or 40 times, is there anything that you can speak about it?

**Sandipan Chattopadhyay:** Google Play Store is not in our control, so of course those are things we cannot really control on that part. But overall if you look at the traction and the usage of the software and Woovly has gained a huge traction, they have also attracted investments. So it's on the right track. Kids Stop Press is an area where they are growing organically and looking at certain other stuff, so I think we adhere to our part of the play and we look at the overall growth. But of course managing comments and all on Google is something beyond our control at this point of time.



*Xelpmoc Design and Tech Limited  
June 10, 2020*

**Sandipan Chattopadhyay:** Even if you look at Kids Stop Press, on the user side in the last one year they have grown 3X.

**Rajender Kumar Sethi:** In case of PHI Robotics?

**Sandipan Chattopadhyay:** PHI Robotics is more into little bit of a deep level R&D and some sort of exotic work that they are doing in terms of in the Defence segment, in warehouse management and security systems for corporates. It's a long run process. We are tracking their progress and trying to help them on to that part but as of now we have to wait and watch as to how the markets unfold given the Covid thing. A lot of the POCs were done pre-covid internationally and in India. We will see how they mature in that but we do believe that it will have a little bit of added interest and added spice now given the current situation.

**Rajender Kumar Sethi:** There is also investment in education recently in Vibgyor, how things are shaping up with that?

**Sandipan Chattopadhyay:** Not investment at all, we are developing a product of which Vibgyor is one of the first customers. Just to make it very clear on that part that it's not at all a charter of Xelpmoc and nor are they in a position to accept any investment at this point of time to the best of my knowledge. It's one of the lead customers at the moment but there are other prospects that we are pursuing and it has opened up a box of opportunities for us given the current situation every school it's trying to adjust.

**Rajender Kumar Sethi:** Ok sir, thank you, could you please make a disclosure on investor relation website about the startup we are invested in and how much percentage of total equity we are currently invested? What amount of stake that we have in that company?

**Srinivas Koora:** Right now, what we are doing is what is the fair value and what was the cost price that we are reflecting. From going forward we will ensure that even holding percentage you will have some information.

**Moderator:** The next question is from the line of Kapil Makkar, an Individual Investor.

**Kapil Makkar:** Could you please let us know the name of the client, the school chain which you just acquired the client which you just acquired who is on the school chain? Is it Vibgyor?

**Srinivas Koora:** We have not acquired any company. We have not acquired any school. Basically, we are partner for developing the technology for one of the leading school and because of the confidentiality clause we have not disclosed the name of the brand. We have not acquired any stake in that company.

**Moderator:** The next question is from the line of Ayush Agarwal, an Investor.





**Ayush Agarwal:** Congratulations for the good set of numbers. I would start with the book keeping questions; first, can we assume this as a sustainable basis for our revenue run rate going ahead?

**Srinivas Koora:** Yeah, we are trying to build the momentum on this but given the economic conditions what Sandipan has previously stated where we are able to find it difficult in acquiring new clients but nevertheless we would like to continue with the current momentum.

**Ayush Agarwal:** Since I can see that our employee cost has gone down, so has been there any layoff or have we taken any papers or why did the employee number change quarter-on-quarter?

**Srinivas Koora:** So basically there is no layoff from our side. What we did was we did have some smart work by hiring interns, trainees etc. and trying to train them and getting the higher productivity. So apart from that even in Covid situation we have not done any salary cuts and any layoffs.

**Sandipan Chattopadhyay:** We have few years to build the core components and I think if you look at the trend from last to last quarter onwards we were able to leverage those core components more and more and get more productivity out of it, so we did sort of a strategy wherein we didn't fill-up positions of natural acquisition in senior positions and we built up good bases and those junior guys have come up to a very high productive level, they were using the core components we were developing in the first few years of our development and I think that is overall paying dividends right now. Going forward we think this trend of productivity increase per employee should be an increasing function.

**Ayush Agarwal:** My next question would be like following up on the previous participant's query. He asked about a shareholder value of 3 to 5 years but I will be more pointed in that and ask you that in a company like Fortigo since we have stake in that company and we have been there right from the start, so when do you plan to take an exit, at what stage would we take an exit so that we can generate that much cash flow and probably invest in other startups and perhaps in a much more bigger startup rather than these seed funding's?

**Sandipan Chattopadhyay:** These are strategic questions and we can basically go by thumb rules. I have actually talked about in the previous calls and also in initial IPO meets. The typical cycle of exits of investors at the level of seed are at a very involved level is usually in the 5 to 7 years cycle. So, we are about 4 years in vintage now with some of the projects, in some projects we are 3 years, it is a rolling canvas in that sense for different startups. But of course, given the opportunity we will certainly look at having partial exits and certain clauses that we have wherein some part of the fund raising comes to us. We have always triggered some of those, some revenues and some cash flows have been generated because of that comes from our startups. We think going forward that will only be an increasing function because these are more like locked in funds which will have liquidity. But having said that you must also understand each of these are statutorily assets which don't have an assured return of any nature but we believe because we have a very spread out all weather kind of a portfolio, overall we will average out and have good results on the



overall portfolio. Individually we should not talk of each company because no one knows what happens with individual companies, right.

**Ayush Agarwal:** I wanted to ask this question because as you can see during this pandemic, VC funding and other funding's have dried up, so these might have taken a hit on our plans of we were looking at an exit in the certain portfolio companies because what I'm trying to understand basically is how are we going to generate enough cash to further our investments in the future?

**Sandipan Chattopadhyay:** I think one thing you must get clear is that as a policy we have never really invested in a company by putting in cash except for very abnormal cases and exceptional cases which are one in 21, in 25. We mainly look at more or less at cost with some initial POCs and all being at our cost which is the minimal risk we take, post that we do get paid for the services we are giving to them but at cost. We don't make profits on it and the profit and the value we add is got we get as equity, so we come in the very early stage, almost at a founder level and for very minimal amount of money we essentially get this equity for that. So it's not like we are a holding company of any sort. We get not exactly sweat equity but more of an early investor, ringside view investor kind of an equity at a privileged price. So that is the first thing. So, our investments and the risk of investing going ahead, giving early joined in is not something that really comes up. It's only when investments are in and the project is in full swing do we have any exposure to risk. And again I had answered this in the previous query, given the nature of our theme the fact that we have adhered to a very-very mass market products and services we are actually seeing more traction in most of our products right now and we think that will be a continuing trend. So, all I can say is that we had sort of hit on a need which we thought was a need and there is something like a need driven market, Covid has made a very slightly more of a norm than anything else. That's our take on the situation right now.

**Srinivas Koora:** Apart from that the total cost of investment in all these companies is approximately Rs 3.73 crores where right now the NAV is about Rs 35 crores. As of now the strategy we will not be looking at investing in any other company by putting a very hefty amount etc. In case if we want to get in, if we like the sector, if we are going to partner with them for developing technology for a longer tenure then we would look at entering at a very-very early stage.

**Ayush Agarwal:** So basically you are not even looking at Series A or something like that, we are only looking seed funding and building tech for them?

**Sandipan Chattopadhyay:** Absolutely not. Hopefully one day when we have choose the theme and all, we will have those sort of a preserving our percentages and interests in startups we are participating. As of now that's surely not in our roadmap.

**Ayush Agarwal:** My last book keeping question would be, Rs 13 crores on our balance sheet you get completely liquid funds or is there something else in it?



*Xelpmoc Design and Tech Limited  
June 10, 2020*

- Srinivas Koora:** No, completely it's in the liquid fund.
- Moderator:** Thank you. The next question is from the line of Raghav Singh from Page Capital.
- Raghav Singh:** This is my first con-call and I have a very simple question, probably you guys have been asked again and again, maybe in future also. So as I understand our business model is into two parts, one is pretty lumpy in nature where we do some investments where the maturity period of 5 to 7 years and then probably we will take advantage of that and we will be getting lot of revenue, so that becomes lumpy. Second is there we have products, we can sell licenses, we can sell services which will be pretty much linear in fashion but as an investor most of the time expectation is that the companies ideally grow at a linear pace. So how are you planning to balance that out in future, if you can give some color or guidance to that?
- Srinivas Koora:** As you said we would be concentrating both on the start-ups as well as on the corporates. We continue to do what we are doing right now. As far as the revenue generation from services and the product will continue. We would be focusing more on the corporate but nevertheless even there would be certain marginal portion which is coming from these start-ups as well for developing the technology. Basically, when we talk about start-ups, start-ups is not just an investment into the company, unless and until we have a long-term relationship with those entities where technology is completely our baby we don't partner with them but whereas in case if you compare other companies it's a purely a service contract. Today he might be working with you, tomorrow he might not be and most of the cases whatever the technology agreement that we have entered since we being the shareholders of those companies we have the first right of refusal before in case if they want to go to some other party even after completing term. So that way I think we are in a position in a better way both on the linear side and as well as on the bumpy side where in case whatever we could make out from this portfolio holding.
- Raghav Singh:** What is our run rate like this quarter we are profitable. I believe if we are able to achieve revenues in excess of this probably will be profitable most of the time in future right or it will be again lumpy in nature?
- Srinivas Koora:** In case if you look at the cost, cost is more or less consistent. We are very-very cost conscious, in case if you look at from September to March onwards like the cost is more or less fix and averaging about Rs 2.8 crores per quarter.
- Moderator:** The next question is a follow-up from the line of Kapil Makkar, an Individual Investor.
- Kapil Makkar:** Looking at the size of your company and looking at the size of your investment in startups; you look more like a VC, do you agree with me?
- Sandipan Chattopadhyay:** Not at all, I don't think we are anything like a VC at all.



*Xelpmoc Design and Tech Limited  
June 10, 2020*

**Kapil Makkar:** I'm sure that you would not agree but looking at the financials of your own company and looking at the investment size in the start-ups, don't you think that it will make more sense that if you take a revenue instead of taking....

**Sandipan Chattopadhyay:** I don't think the investment have been significant. How much have we invested Srinji?

**Srinivas Koora:** Rs 3.73 crores.

**Sandipan Chattopadhyay:** I think for a company of our size that's not large enough to be considered as a VC class investment.

**Kapil Makkar:** I certainly understand that your market cap as of today is Rs 100 Cr and out of that you had already done an investment of Rs 3.73 Cr in other startups so don't you think it would make more sense if you take revenue instead of taking equity stake in those companies?

**Sandipan Chattopadhyay:** Not all projects are equity model first to clarify that. For Xelpmoc, so I think equity gives us a way to grow faster and have more growth than just a services company and services company are margin driven. You can never get a 7-8 times return on what you are actually putting. I would rather say that if I can go out, we are more of an Intellectual Capitalist than a Venture Capitalist. The money we are putting is notional, the main thing is we are putting in where we are hoping to get exponential returns in some of the cases is by the dint of our skill and by the understanding of the market and the technologies where we look for the startups.

**Kapil Makkar:** Alright I believe there is one company who was running in a loss, when you guys had a loss in the previous quarter right and yet you are buying stake. I don't think it's a prudent business decision but it's up to the board the way they want to take it forward?

**Sandipan Chattopadhyay:** As you said it's a strategic call that somewhere we have to put in the investment into making sure that there is future growth possibility. From a project's perspective we are always positive but to make sure that the profit is at a more sustainable and higher growth, the startups, we do think that, that's a better model and that's kind of a hybrid model which will be the future of all services invested as well.

**Srinivas Koora:** And just to add what Sandipan has said, see we don't want to work as a vendor where a client is coming and giving scope of work what need to be done. We also involve the product ideation, we are like a technology founder where we also help them in product ideation, developing text track etc. and more importantly since you are their shareholder you have a long-term relationship with them in building a technology platform and it also gives confidence to the promoter that I don't need to have an CTO or a technology team, in-house technology team at least for next couple of years. Today in case if you look at it for startups they go ahead and recruit a CTO and they also build a tech team, they give very huge ESOPs to CTO and at times CTO leaves and the complete team leaves the organization and the entrepreneur is back to square one.



*Xelpmoc Design and Tech Limited  
June 10, 2020*

**Kapil Makkar:** Totally agree with you and could you give us a timeline like 3 year, 5 year or 7 years down the line that your investment will liquidate, could you give us a timeline of your liquidation of your investments?

**Srinivas Koora:** Right now we haven't decided anything but the best option for the company to start looking at from a Series B level onwards and there are no restrictions as far as the shareholders agreement are concerned. We are at our liberty, whenever we want to do it but from the company's point of view it would be better if you can start looking from a Series B level onwards.

**Moderator:** Thank you. Next question is a follow-up from the line of Naman Jain, an Investor.

**Naman Jain:** Just one more curious question sir, so while we are very happy and thankful that we have had a chance to invest in a company which is very different from what is present on the table in terms of all the other listed companies but just wanted to understand your thought process as to why we did an IPO at such valuations where instead considering your past and how you guys have proven history; you guys could have easily taken a PE funding and could have grown the company and then getting listed?

**Sandipan Chattopadhyay:** That was an idealistic stance we took, yes we could have done that, and it would not have been difficult and probably is something I'm not talking out of vanity but of reality. The fact is that when you do that the normal stock market investor doesn't get the growth possibilities that a PE gets. By the time it goes public, the gain possibilities from the public markets are limited, so only the growth rates. It's at the initial stages where the main growth and the returns possibilities come. So, two things we wanted to achieve by forming Xelpmoc. One is surrogately give an exposure and a kind of a role to play in the startup ecosystem of India and secondly to make sure that the normal middle-class investors have a chance of getting the gains that only the PEs and the HNIs usually get. I think that's been our idealism and that's something we believe in strongly. In future we hope that this model will be replicated and also used by many other people. I think the time for that has come and then we will really have an ecosystem of startups that we as Indians own instead of being completely, I mean people of India own than being led by some few parts of India. Both of them are needed, we were completely dis-balanced towards VC funding alone; I think there has to be a balance in this formats and many other formats. We are just trying that one of those formats.

**Moderator:** Next question is a follow-up from the line of Rajendra Kumar Sethi.

**Rajendra Kumar Sethi:** Sandipan sir as you are a developer of Moneycontrol.com, is there anything in which you are looking for equity market, you are developing something technological for equity market?

**Sandipan Chattopadhyay:** Not really as of now, we may get into some sort, at a later date not now, in a mass market or access to the financial markets at an aam janta level at the Tier II-Tier III city level is something we will look at in the future for sure. We are looking for suitable partners because here



*Xelpmoc Design and Tech Limited  
June 10, 2020*

technology would be a part but the execution, the actual mass market appeal is also in the field strength and the way you approach it. So having a right partner is very important, we are looking out, there are some prospects but as of now I would not want to comment on it but yes, personal finance if allows and my dream is to make sure that even the middle-class Indian start respecting finance and the stock markets, equity markets, mutual funds, that we will have a self-sufficient country, so maybe in the near future.

**Rajendra Kumar Sethi:** Fair value of Ideal Insurance investment is currently declining quarter-on-quarter, is there anything problem with that company or we are decreasing our stake in that?

**Srinivas Koora:** No we have not even decreased, there is no problem. We have taken a Covid discount on that; that is the reason why you will see that.

**Rajendra Kumar Sethi:** As you have invested in Dunzo startup and it is growing like many fold. Is there any plan for Xelpmoc just not being a technology partner but also invested in some startup which will grow like anything means I mean that will create great services?

**Sandipan Chattopadhyay:** I think we want to establish ourselves and prove our credentials to the public market then with your cooperation if we can create something, who knows about the future? We would love to do it but at this point of time our hands are full and getting the foundation layer right, getting success stories out, establishing the credentials and the model feasibility is our first priority. We are not looking at that on that but in fact personally we have stopped investing since we started Xelpmoc. Dunzo is pre-Xelpmoc days when I was still figuring out what to do.

**Rajendra Kumar Sethi:** Thank you sir from the retail investor side, you don't know what you have made.

**Sandipan Chattopadhyay:** Thank you so much for having the faith and believing in the ecosystem and being participant to it. We know it's not a standard IPO that we had, we have our own, everyone had a lot of different things but we had umpteen amount of faith in the intelligence and maturity which is often undermined mostly and it was good to see that our confidence in the investor was proven right. Thank you for being there for us.

**Moderator:** Thank you. I now hand the conference over to the management for closing remarks. Over to you team.

**Srinivas Koora:** Thank you everyone for joining us. While these are the uncertain times our focus continues to ensure that the business is run as efficiently as possible. We will try to build on the existing current momentum. In case if you have any further queries please do reach out to us, we will do our best to address. Wish you all have a great evening ahead and requesting you to be safe. Thank you once again.



*Xelpmoc Design and Tech Limited  
June 10, 2020*

**Sandipan Chattopadhyay:** I will just trying to add which may not be exactly normative; but please do understand it's a very committed management team and our prudence, our ambition and our idealism are equally woven. It is something of a passion for us and all I can say is we would work tirelessly to make sure all our combined dreams are fulfilled because we are even more invested than anything else that we have ever being in before.

**Moderator:** Thank you very much sir. Ladies and gentlemen on behalf of Xelpmoc Design and Tech Limited that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.