



“Xelpmoc Design and Tech Limited  
Q4 FY '23 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Xelpmoc Design and Tech Limited Q4 FY '23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note this conference call is being recorded.

I now hand the conference over to Mr. Ravi Udeshi from EY. Thank you, and over to you, sir.

**Ravi Udeshi:** Thank you, Bikram. Good evening to all of you. Welcome you to the Q4 and FY '23 Earnings Conference Call of Xelpmoc Design and Tech Limited. We have sent you the press release and the investor presentation and the same has also been uploaded on the Xelpmoc website as well as on the stock exchange. In case anyone does not have a copy of the same, please do write to us.

To discuss the results and outlook for the future going forward, we have with us today the top management of Xelpmoc, represented by Mr. Sandipan Chattopadhyay, Managing Director and CEO, Mr. Srinivas Koora, CFO, Mr. Madhu Poomalil, Group President, Strategic Initiatives, and Mr. Srinivas Kollipara, Group President, Startup Ventures.

Before we start the call, I would just like to remind you that the Safe Harbour clause applies. With that said, I now hand over the call to Mr. Srinivas Koora. Over to you, sir.

**Srinivas Koora:** Thank you, Ravi. Good evening, everyone, and welcome to Xelpmoc's earnings call for Q4 and FY '23. I hope you and your family are doing well. We saw headwinds in the startup space on account of funding slowdown witness in the emerging technology space. However, we foresee and started to diversify into the corporate segment. I will touch upon this strategy in the later part of my speech.

Our operating revenue for the quarter was recorded INR33.2 million as compared to INR18.6 million in Q4 FY '22 and INR39.1 million in Q3 FY '23. We saw a renewed interest from our clients, which lead to this year-on-year growth of about 79.1%. Sequentially, we saw a revenue decrease of about 15.1% as stated earlier due to the ongoing slowdown and operating EBITDA adjusted for the quarter was negative INR 23.5 million as compared to negative INR 44.2 million in Q4 FY '22 and negative INR 24.8 million in Q3 FY '22.

I would like to give some context to the decrease in EBITDA loss in Q4 FY '23 as compared to Q4 FY '22 have seen a reduced attrition IT sector on account of ongoing slowdown. Further we were in an expansion mode earlier and now that expansion has completed due to which we saw our investment in staff cost and operating expenses bear fruits in the form of increased operating revenue.

We had highlighted this decrease in operating costs in our last call and going forward, we expect our operating costs to be stable. Net loss for the quarter was INR32.6 million, partially due to INR8.2 million of ESOP expenditure and increased depreciation and amortization. The depreciation and amortization increase was due to increasing fixed assets and write-off use of assets. This in comparison to a net loss of about INR49.5 million in Q4 FY '22 and net loss of INR47.9 million in Q3 FY '22. For FY '23, our revenue from operations was INR147.4 million,

an increase of 83%. Our EBITDA loss was of INR85.2 million, compared to the loss of to the INR63 million in FY '22. And our net loss was Rs 116.4 million compared to INR128.3 million in FY '22.

Regarding the change in revenue, we would like to state that our revenue strictly was diversified with start-ups, corporates and governments forming 34%, 39% and 27% respectively of our FY '23 revenues.

We expect focus on corporate segment going forward, more focus on data science will enable us to sustain the recent increase in the revenue. Our team size is about 115, including employees, interns, consultants as compared to 117 in Q3 FY '23. Till date, we have served 59 clients and our sustained interaction with the clients is the foundation for our performance. The fair value of our investments in portfolio companies stood at approximately INR404.2 million as on 31st March 2023 as compared to INR623.6 million on 31, March 2022.

I would like to give some context to the decrease in the value of portfolio investment as stated in the start of the speech. There has been an overall slowdown in fundraising activity in the new economic segment. Some of our portfolio companies were in fundraising stage for their growth plan, the slowdown affected them leading them to curtail their plans. Hence, now, they are operating at a significant reduced scale or exploring other options, including strategic sale.

I'll discuss some of this in detail now. Now Fortigo. Fortigo has finalized an agreement to be acquired by a strategic partner. The transaction is expected to be consumed by end of June. It is largely, the stocks swap arrangement wherein CCPS holders who also have LP rights would get swapped into acquiring entity.

The common shareholders will be part of buyback after factoring LP side of the CCPS. Therefore, we expect to get a share concentration of INR11.1 million as compared to our original acquisition cost of INR0.01 million. The total amount of investment by all investors in Fortigo was roughly, approximately, around INR120 crores. Rype Fintech. Rype Fintech, which is known by the brand Slate.ac into an advanced stage of sale of product to another entity.

All investors -- currently, invested more than INR15 crores. Currently, time Rype Fintech not sure of total amount which can raise through this product sales, and we are unable to give any further update at this point of time. Our cost of acquisition in Rype Fintech is INR5.8 million.

Snapunt: Saphunt revenues have increased 35% year-on-year in the quarter ended March 2023. The total number of employees on its website has grown by about 62% year-on-year. The total number of job seekers have grown by about 125% in the same period.

It is facing some headwinds due to layoffs in the tech and related sectors. However, it has still around six months of cash, considering the current cash burn. And its management expects it to turn profitable within the said time.

Mihup - Mihup revenue is nearing the triple digit mark in INR 100 million revenue has grown by around 160% year-on-year as compared to the last year. Their annual recurring revenue has grown around 50% over the past year.

They have 11 customers, including one in auto and another 10 in contact centres. We are slightly reduced its [ valuation on conservative basis, looking at the current market scenario. Mihup's founders expect it to reach breakeven by this year end.

Woovly. Woovly, is backed by AI-driven brand tech user generated content. As its AI technology recognizes both products and brands. It has 40,000-plus influencers, which are followed by 150 million-plus followers. It has more than 8 million users who are generating 319 million videos views per month.

Woovly have recently raised about INR10 crores from one of its biggest investors.

TSIM i.e. The Star in Me and KidsStopPress both are looking at only organic growth will be in a self-sustaining mode for the next couple of years.

Pencil. Pencil, known as One Point Six Technologies. It has on April 2023 more than 36,000 sign-ups. 800-plus authors have published more than 1,400 titles. They are still burning marginal cash they are still in process of a merger process; post which they will do a fund raise, even excluding the proposed merger, the founders are confident of self-sustainability by end of this financial year.

Xelpmoc enters start-ups mostly at the incorporation stage. Or pre-seed funding or pre-revenue stage.

Majority of our start-ups have just started revenue generation. And are still burning cash. So unless they raise cash, it may be difficult for them to sustain their current level of operations. As of now the startup ecosystem is seeing significant pain and we are looking at scaling up Xelp's own products and services.

We will be focusing more -- we will be focusing on more revenue generation on corporates, focusing on data science, artificial intelligence and machine learning. We will be looking at only onboarding startup on a selective basis startups if they look very attractive.

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

**Moderator:** Thank you, very much, sir. We'll take your first question from the line of Ishit Desai, an investor. Please go ahead.

**Ishit Desai:** Sir, this is regarding the Fortigo acquisition, which you have mentioned. So the valuation since you're holding 4.9%, the acquisition is happening at a valuation of close to INR20 crores, is that correct, or is there a different structure to it?

**Srinivas Koora:** So basically, there is a different structure. Because it's in the advanced stage, the company has not yet signed a definitive agreement. So that's the reason why, we are not in a position to share anything. Whatever information that we have shared from the Fortigo, we are doing it. Please understand that CCPS's holders have invested close to INR120 crores and whereas Xelpmoc investment in form of equity is close to over INR0.01 million. Again is at INR0.01 million, we

are expecting that a buyback will happen there, Xelpmoc would be able to get close to about INR11.1 million.

As you know that any of the shareholder settlement, the first right of the liquidation preference will be given to the financial investors at least to cover their cost. So definitely, the first priority will be for the CCPS. As and when we have a definitive agreement in place where we have a clear visibility with respect to how this has happened, etcetera, there, we would be in a more comfortable position to share with you, we will definitely do that.

**Ishit Desai:** Fair enough, sir. Understood. And sir, apart from Slate, there are three more investments, which are not appearing in the current portfolio, which is PHI Robotics, Learning Hats and Graposs. So all these are also written off as of now?

**Srinivas Koora:** No. As far as the Graposs is concerned, Graposs is OCPS, optionally convertible. So that has been redeemed. And as far as the PHI Robotics is concerned, it was a very small investment, the company is not doing really well. So in fact, that has been written-off. And as far as the Learning Hats is also concerned, Learning is also, we are exiting at the cost.

**Ishit Desai:** Understood, sir. Also, sir, any update on Signal Analytics and it's been last three or four quarters since we have started working on that. So -- and we are looking at different modules to begin with. And probably by this time, we're looking to start monetizing on that. Sir, any significant updates on that part?

**Sandipan Chattopadhyay:** Srinivas, should I take that question?

**Srinivas Koora:** Yes.

**Sandipan Chattopadhyay:** See, yes, that's in progress. And there is also a little bit of a I would say, sluggishness in the overall market now, which is basically our target customers. The deliberation time is more than we had anticipated in terms of matching projects in terms of getting POC opportunity or even after the POC, the decision taking time is longer. But one of the products, especially, we have more or less productized and it's now in a format which is takeable in a kind of mostly as is format to integrate to the database on will still be custom. But the overall UI/UX, the overall query patterns and all those are desired. And that's the first product that which we are slowly trying to get into the market. So that's in progress, as we speak.

**Ishit Desai:** And this will be working in sync with the Soultrax acquisition and one or two the synergies we are building. So all of them are working together on this piece, right?

**Sandipan Chattopadhyay:** Soultrax belongs to the signal part of it, which is on Edutech. I'm talking about the generic other products, which are Xelpmoc part. So it's all of these things are going together, yes.

**Ishit Desai:** Yes. Understood. Okay. Thank you. I will come back in the queue. Thank you.

**Sandipan Chattopadhyay:** Thank you.

**Moderator:** Thank you. We take the next question from the line of Sudhir Dugad, an investor. Please go ahead.

**Sudhir Dugad:** Hi, Thanks for the opportunity. Yes. I wanted to check on what went wrong with Fortigo with regards to the reduction in valuation? That is my first question. And second question would be, we were looking to ramp up our product side of the revenue. So what is the status on that? And thirdly, in terms of monetizing our other start-up investments, where do we stand in terms of our portfolio value and the valuation, which we are hoping we would recover?

**Srinivas Koora:** So Sandipan, I'll take the first one, maybe second and third one, you can take it. Again, as far as Fortigo is concerned, I have covered it in my opening remarks. Fortigo was planning to raise funds. They tried their level best. They are also looking at some sort of merger and acquisition, etcetera. But finally, as I said, Fortigo has finalized an agreement to be acquired by a strategic partner. The transaction is expected to be completed by June.

And as the financial investors or CCPS holders, they have invested close to about INR120 crores. So they have liquidation preference, right? So the existing CPPS holders would be doing the share-swap. But whereas the equity shareholders are concerned, they are intending to buy-back from the Fortigo equity shareholders. So we have invested INR0.01 million in Fortigo. Again is that we are expecting that, through share buy-back, we will be getting somewhere around INR1.1 crores. I hope that answers my first question.

**Sudhir Dugad:** Yes.

**Sandipan Chattopadhyay:** Can you just repeat your second and third question, just to refresh it and not having...

**Sudhir Dugad:** Yes. So the second question was with regards to our product revenue, which you are planning to ramp up to basically get some support, which we are not getting from the start-up side?

**Sandipan Chattopadhyay:** Correct. Actually I had covered it just to the previous question person. I had told that, we have ramped up, but there is some sluggishness in the overall market, which is our target audience for the customers. And we have productized one of the components, which was X-Pand and that's the first one we're going to market with.

That has more or less been improved and made into a kind of as is, off-the-shelf kind of a thing for most of the part. Integration to their databases on, will set the custom made. But the front end, the query parts of it, those have been standardized, and that's the first product, we're going to market with.

**Srinivas Koora:** And please understand that, still we have just...

**Sandipan Chattopadhyay:** Yes. Please go ahead.

**Sudhir Dugad:** No, sir. Please you go ahead.

**Srinivas Koora:** So, please understand that we have just developed that particular product. We are yet, to take to the market as and when we get a traction, we will update to the investors.

**Sudhir Dugad:** Okay. And one question was that any timeline with regards to our losses getting reduced and we get into breakeven?

**Srinivas Koora:** So as far as that thing is concerned, right now, we will not be able to give any visibility, because the company is working on it and to ensure, how to improve our top line, our revenues, maybe corporate services, working more on data science, AI/ML and product timing, couple of things, which we have been doing it for the last six months, eight months, and that's the way, we are approaching right now. But still, we are not sure with respect to like, what would be the success rate of the products.

**Sudhir Dugad:** Okay. Thank you.

**Moderator:** Thank you. We'll take a next question from the line of Sthanikam Soujanya, an investor. Please go ahead.

**Sthanikam Soujanya:** Nowadays valuations of a lot of new tech generation companies, including the new companies was melted down, sir. Market is expecting only profit. What is your future prospects, sir, to get profit?

**Sandipan Chattopadhyay:** As I think Srini just covered it last time, we have said that in the opening remarks also announced that we have decided that, yes, the market situations are different than what would have wanted it to be. We are cognizant of that. For the moment, we are reducing our focus on to start-ups on a big time basis like we were doing it.

As I said, we always focusing more on the value creation more than profit creation. We are focusing more on the services part of it and trying to keep on the profitability because we have to sustain. We have to make sure we're profitable. So those are there, but that tend to happen as you can see, the upliftment of revenue is one indicator of the focus there.

But also detaching ourselves from the start-ups and reducing those parts and making sure we go to part of profitability is there. But even in services and all, there are headwinds, and I think that will stabilize over time, and we will be looking at that part. But we are working on profitability. But to be very frank, as of now, we are completely focusing on making it as efficient as possible and making sure we'll do the best possible.

As clearly, when with the profitability and all will be, we don't have a kind of a clear path as it as right now, whatever we have thought before and all, unfortunately, has not worked out the way we thought. There are things that we could not anticipate, and we didn't do the right predictions.

So from now on, we want to actually work it out and see also that part that make assumptions, which don't work up.

**Moderator:** We take the next question from the line of Karan Sharma, an Investor.

**Karan Sharma:** My name is Karan. So I had two questions. One was, it was mentioned in the call, Woovly has raised INR10 crores, right? So could you please tell at what valuation was this raised? Second, yes, I know you have answered it, but like all that Xelpmoc would reach at breakeven by Q4, then it was revised to Q1. Like can you give us some idea like when will be reaching to breakeven because it is difficult for us also? Yes.

**Sandipan Chattopadhyay:** No, I completely understand that. But to be very frank, we have tried to navigate the kind of atmosphere we are in. And as of now, we are not very clear. We are just trying to make sure that the profitability on a unique part is what we focus on retaining the team, making sure that all the good work we have done doesn't get lost in this storm. That's a focus on that part.

As we get clarity, we'll give you when we have a clear objective. It's no point giving our goal just for the sake of giving and not being able to meet it.

**Karan Sharma:** Okay, sir. One more specific question. Are we planning more ESOPs in the near future quarters?

**Srinivas Koora:** So whatever ESOPs grant that we have given, we have already informed to the exchange. And basically, in case we are in the process of hiring one of the senior person especially a CRO, maybe in that case, it has to give -- maybe we will take NRC approval, Board approval, accordingly we'll intimate to you. But as of now, we are not looking at any fresh ESOP to be issued. But yes, if you are recruiting senior people and to motivate them because even the earlier ESOPs we are doing they were given at a higher value. So...

**Karan Sharma:** Okay. So whatever...

**Srinivas Koora:** Yes, yes. And apart from that, just to cover your earlier question is if you look at it, as I covered in my opening remarks, 34% was the revenue that we generated from start-up from the previous year and we all know that the startups companies and an existing startup, especially people who are the Pre seed funding stage, they are not able to raise funds, even though the investors do have funds, but they want to wait and watch how it turns up and then they want to acquire and invest.

As far as Woovly is concerned, Woovly was also planning to raise some different, different investors, but apparently, they were not able to raise funds. Then one of their existing investors who reached out and he said that he is going to invest INR10 crores at a previous round of funding, that's how they have done through a right issue. Hope that answers the question.

**Karan Sharma:** Right issue, but at what valuation?

**Srinivas Koora:** So I think it was close to USD 4 million USD 4.1 million – USD 4 million.

**Moderator:** We'll take your next question from the line of Amuthan Iyer, an investor.

**Amuthan Iyer:** This is the first time that I'm hearing now that the management is focusing or going to put its resources on product and services aspect of it. So my question is whether -- this is just a force change or is it going to be a long-term sustaining strategy of putting in more resources in terms of manpower and finances in terms of our own products and services?

So this is the question. And connected to that is whether we are going to chart whatever resources we are putting into our startups in a different way from the past. So this is question number one.

Question number two in terms of the drastic write-down in terms of the valuation of Fortigo. We have also always heard that Xelpmoc is conservative in terms of valuing its investments. So wouldn't it have been prudent that this could have been reviewed more closely every quarter other than kind of doing it at one shot, where you even blindsided.



**Sandipan Chattopadhyay:** I will take the first question and the next, Srinu if that's okay with you.

**Srinivas Koora:** Yes.

**Sandipan Chattopadhyay:** Okay. So it is a force change. That's for sure. But it is not a force change in terms of direction. It's a force change in terms of the timing of when we wanted to do it. We surely wanted to make sure that we go for more for value growth than profit growth at least for the first 7, 8 years of our existence in the public market.

But given the dire situation and all those things, we think it's prudent to bring forward our plans of getting focused on the products and services. If you have been a follower in the sense of following what we have been talking about, we had already started the shift slowly towards the services and the product thing from last financial year, third, fourth quarter.

And we had said that it would be a transition over time and the next financial, we'll do a mix and match of both. As of now, we have put that other part on steroids. And we have said this is a part that need to now focus on much, much more. That said, the start-ups and all are not being ignored. We have a huge amount of learning, a huge amount of quality people and experience, but we surely would change the mechanics by which we engage with start-ups so that our exposure is minimized and sustainable for us. That hopefully answers your first question. If there is any doubt if you can ask me or to clarify right now.

**Amuthan Iyer:** Yes. Added to that was whether we are going to build them any differently. The 34% business that is coming earlier, I've heard you say that we are kind of billing them very nominally or just kind of covering our costs.

**Sandipan Chattopadhyay:** So we are treating them, that's what I said, the focus has shifted now to make sure that this is where the primary focus of bulk of the personnel and management is focused on the services now. So if that is your question, the management bandwidth yes, that is where the focus is going, but the specialized persons among us will still go on with the startup .

**Amuthan Iyer:** Are we going to bill them separately. This is the question. Earlier, we said we were billing them at...

**Sandipan Chattopadhyay:** With whom separately? You mean to say the new startups and all.

**Amuthan Iyer:** Yes, I think.

**Sandipan Chattopadhyay:** Yes, we will look at what the start-ups are coming. Like we said in the opening comments, we are looking for much later stage start-ups now. So yes, we will be able to bill them. I think there was one more question left, he had asked about the prudence for Fortigo valuation and if you could have anticipated before. Is that correct?

**Amuthan Iyer:** Yes.

**Srinivas Koora:** Yes. Sandipan, you go ahead.

**Sandipan Chattopadhyay:** Okay. Fine. I think we have been extremely prudent. And we have actually been monitoring it. Actually, we talk to entrepreneurs almost on a weekly basis, if not on a daily basis for most of the parts. And we are excited and all. It is just that they were in anticipation of some funds and then somehow with this, all the happenings here is unfortunately did not materialize.

And then certain events happened, which were, in a way, a bit too fast, and this was the only way left to get that thing to a kind of conclusion to some extent and protect maximum part of it. Unfortunately, we're not on the saving part for us ourselves.

We just got a great return in that sense from our investment perspective, but from a write-down perspective, it is quite a big shocker. And that's unfortunately the way the dice rolls. I've always said that these sort of events may happen, that's the risk of the start-up investments.

But I don't think it is a lack of prudence on our side that we missed it. We were extremely honest. We were extremely, extremely focused on getting the right valuation, and we are much more conservative. We did not tell the interim valuations and which the proposed fundraise was going to happen. We looked at the last fundraise and kept it at that.

But unfortunately, this has happened. So that's what we can say. And yes, from -- I can speak as a person who's been on the project from day one. It was our first project in many ways, it was a flagship project. It is something that obviously is a big, big sentimental loss for us as well.

**Srinivas Koora:** And as far the valuation is concerned, when we compare March 2022 with September 2022, we already drawn down the valuation as far as the Fortigo is concerned. And as I said in my opening remarks, we entered or we are associated with the startup at a very, very early stage. At the incorporation stage or a pre-round of funding.

Now these companies are yet to generate revenues, they were burning cash and as you know, as far as these companies which are at a very early stage the success rate would be at this side or that side. In case if it was entered Series B, Series C level, then the stuff there will be different, seed rounds of funding, incorporation rounds.

The startup state would be different. That's the reason why we are getting a very low price, like I said that the INR0.01 million was invested in Fortigo. But where are the other investors, they have invested in different stages.

**Moderator:** We'll take our next question from the line of Rudresh Kalyani from Kalyanamastu Foundation.

**Rudresh Kalyani:** See, in the balance sheet, there is a goodwill of INR89 lakhs. What is that about?

**Srinivas Koora:** Just one second. It's a Signal consolidation. It's IndAS adjustment.

**Rudresh Kalyani:** Pardon?

**Srinivas Koora:** We had a subsidiary company called Signal, where the product is developed. So on consolidation, it is appearing as a IndAS adjustment

**Rudresh Kalyani:** Okay. Fine. And in the previous year, you had a strategy to hold a majority stake in the upcoming startups and hold a few of them. Will you stick to it, or will you go ahead with having a minor stake and having a year number of startups? What is the strategy going forward?

**Sandipan Chattopadhyay:** I think as we said already that we are not going after -- so whatever has been there and whatever we have started, we're not going to backtrack from that. We're not going to abandon that. But going forward, I don't think that is going to be the focus for us because majority shareholding also means majorly time focus for our end. As I said, the majority of the focus of the company will now be on the services and the products part.

So I think in the near future, we would not see some of those coming up that we had all planned, some of which are in the works, which are almost near completion now. We'll finish that kind of range and then probably we will just keep it as it comes, which is on a value basis, which is on our current focus basis of making sure we are revenue positive even on those ones.

**Srinivas Koora:** And just to add to what Sandipan said that Sandipan said like whatever we are right now doing the research, internally discussing within the market, etcetera, couple of things are ongoing. In case, if those comes, we will surely inform to you. In case if those are coming out.

**Moderator:** We take the next question from the line of Ishit Desai, an investor.

**Ishit Desai:** Yes. So this is a follow on question from my side. In one of the discussions just you mentioned that you are now looking at a much later stage of start-ups to engage with, right? Obviously, the focus will still remain on product and services, but on a selective basis. So from an investment perspective, it would also mean that you will need a much larger capital to have any stake in the company. So are we looking at any sort of fundraise specifically for that? Or it will still be very selective?

**Srinivas Koora:** So generally, in case if you look at us when we say at a late-stage start-up, again, partnering with them, for services vendor in form of equity plus cash. There we will be running services for them, whatever is cost. We could be charging in form of cash, whatever our margin would be there, we would like to pick up in form of equity

And these partnerships, we said that we wanted to do with companies who are already prototyping, gone to market, having some visibility on the revenue or generating revenue. We wanted to partner with such companies. So we will not be doing any financial investment.

**Ishit Desai:** Understood. Understood. Fine. And sir, if Mr. Sandipan, if you could give some update on Signal, First Sense and Mayaverse, which are more recent investments. So if you have any update regarding any of these 3 companies, where do we stand broadly?

**Sandipan Chattopadhyay:** Yes. Correct. So Signal and Signal obviously, we have seen it's a structure. So there are -- so I guess, the updates are as follows. It has been already notified, and I'll stick to those parts of it. The content company is more or less getting into self-sufficiency. It is, I think, decently operating-wise doing well in economics-wise.

The main product, which we are making from Signal parent itself, we should be able to put it into beta another 2, 3 months to do field testing and all before we deploy it. Andin Edutech, we are taking a little bit of a slow cautious move there instead of trying to do it and we don't want to go with heavy marketing and all.

But kind of going to the product propagation by reference kind of a thing to see the product quality is the main marketing aspect. So we worked on that, and we are doing it. And First Sense we are trying to get the first POCs and stuff like that.

And we are also deliberating on a different kind of a structure for it so that, that technology that we have built in the core sense, we can deploy it in much more productized ways through our current plan of focusing on the services and the product part much more comprehensively. So we'll keep you updated on that.

But as of now, things are more or less on that aspect in completion. First Sense is the only one where we are looking at restructuring for certain strategic aspects.

I'm sorry, Mayaverse, right, Mayaverse, first cut, I think we started the actual fund deployment and all very recently. But in between the work in the stealth mode and in a slight mode has already been going on. We are looking at the first cuts of getting the planning, the storyboarding and such aspects clearly done. It should be deployed, and we will constantly keep you updated on that part.

**Ishit Desai:** But sir, what exactly is the company about? Is it on the gaming development side?

**Sandipan Chattopadhyay:** It is -- it is basically trying to be a content-first kind of approach towards a virtual reality, Metaverse, whatever you call it to that, mainly through deployment of not just a game, but a bouquet of games, but which runs on a common storyboard factor, which is based on an South Asian mythology kind of aspect.

**Moderator:** We take the next question from the line of Naysar Parikh from Native Capital.

**Naysar Parikh:** So I'm a bit new to the company. So pardon me if I'm asking a basic question, but I just want to understand from the services side, right? What are the kind of services that you were offering and like what is the differentiator? And do you do everything -- did you do -- are there things that where you do only cash? Or what is the proportion between the cash equity that you do?

**Sandipan Chattopadhyay:** Services is only for cash, very clearly. So that is the reason why we do services. The other aspect, we had a cash best-equity model, which is the start-up part of it. Services is clearly for cash. The main differentiator or the core area of strength that we do service is in, is that it is all the services projects we have done till date, and we want to and wish to do in future is based on our core competence which is around data science.

So there are other parts to complement the data science. There is app development, there are things. But that is not the kind of projects we take normally. Right now, going forward, looking at scaling and all within existing customers, depending on strategic reasons, all options would be on the table because now it's coming at a special service. But till now, our strength has been

data science, and that's where most of our traction. Past and hopefully future would be in. That's the way that we...

**Naysar Parikh:** Got it. And just second question was on the investments that you have, but what stage in terms of plan do you plan to monetize it to get out of rate or do you plan to continue to hold it? So what is your exit horizon? How do you look at exit? Or how do you look at when do you decide to exit and all the investments that you still hold? Like when would you plan to exit some of those.

**Sandipan Chattopadhyay:** I mean, I guess the real answer would be it's obviously a structure where the deliberation happens at the Board level and then we do a case-to-case basis. As you know that we are also not back matured a company and the vintage of most of our start-ups is just getting into a level where exit is an option as Srinivas was saying, we enter at a very early stage.

And we always thought that a 7-year kind of a time frame is the minimum after we should look at it. Given the current corpus that we have, that is still following. That said, some of them are reaching that kind of a time limit, and we are looking at that option. But sometimes the exits are happening in unfortunate ways, but we will keep on it.

But some of the ones that we really bet on; we would like to hold for longer. But again, these are all philosophies. Ultimately, it comes on a case-by-case opportunity, strategic aspect at the board level. And as and when those deliberations take place, we keep on informing the market as proper corporate governance structure.

**Naysar Parikh:** Got it. And so.

**Srinivas Koora:** Just to add what Sandipan has said as we enter at a very early stage, generally, it is very difficult for one to get an exit at a seed round or series A level of funding. People who invest during seed round funding or at a B Series A round of funding, they prefer investing into the company for the growth. Hence, the exit will be bit of a delay.

**Naysar Parikh:** Got it. Got it. And can you just talk like some of the investors that have actually worked out very well for you, like MiHup or Snaphunt or something. Can you just talk a bit about two, three of them in terms of what stage of growth that company is? And how do you see and current valuations? And how do you see future growth, future valuations for top two, three of your companies?

**Sandipan Chattopadhyay:** I think you joined a bit late. We covered that in the opening part of it. And it maybe a bit unfair to answer to the others who are familiar with the company or all, actually, all of these are present and all in the corporate deck already. You can just take a look at it. And if there are further questions, reach out to us on e-mail and we'll answer you.

**Naysar Parikh:** So no, I had a look at that, but I missed the starting part. I wanted to more understand from the business side of things how they are doing, but I will have.....

**Sandipan Chattopadhyay:** I understand, but things are just covered how the growth...

- Moderator:** We move on to the next question from the line of Amuthan Iyer, an investor.
- Amuthan Iyer:** Thanks for the opportunity again. So broadly, can we say in terms of the valuations of our portfolio company the current financial year is likely to be better than the past financial year. This is one question. And second is for retail investors, the con call is the most important access that, we get with the management. So can you please revert to the quarterly con calls as against the half yearly con call that you had decided for whatever reason? Thank you.
- Sandipan Chattopadhyay:** Yes. Okay. Sriniv, please go ahead.
- Srinivas Koora:** Yes. As we said earlier, most of the startup -- most of our startups are, they have just started generating revenue. And few are burning cash, and few are in the process of reaching breakeven in this financial year. But in case, if you really ask me the start-ups, that are burning cash, it is very difficult for them to sustain going forward, if they are not going to reach a breakeven or if they don't raise any further funding.
- But given the current situation, all our startup are very, very cautious as far as the spending is concerned because they do have visibility that for next six months, funding is very tight and very difficult to raise funds. They are trying to be self-sustenance, with the existing cash and to reduce the cash burn
- Moderator:** Thank you. We take the next question from the line of Rudresh Kalyani from Kalyanamastu Foundation. Please go ahead.
- Rudresh Kalyani:** Okay. Can you talk about the cash component, which has got drastically reduced compared to the previous H1?
- Srinivas Koora:** So basically, in case, if you look at the majority of it has gone for operations there. We are invested on fixed assets, the expenditure has incurred on staffing because even if you look at the previous year, we did not add a proper office. We have taken a full fledged office, previous year '21- '22, mostly was the COVID sort of a situation, office was not bigger as there were working from home. Reduced costing, but whereas from '22- '23, onwards full-fledged offices started, we have expanded our Hyderabad office. we have grown in terms of number of people, so most of the investment has gone into the operational expenses.
- Rudresh Kalyani:** Okay. And one more thing on the Catalyst. What it is raising funds from the co-funded platform? Why not from the angel platform or from the VC or something like that?
- Sandipan Chattopadhyay:** And that's the market situation that we are relying on the entrepreneur for. He found it's more suitable to go that way because it's also that, people who are coming with funding are also bringing in some expertise, which actually can add value to him. That's the main reason for going for that. And it seems to be the better option given the current scenario.
- Rudresh Kalyani:** And one more thing on the receivable, which has got increased by almost 70%. Why that, why there is a delay on the receivables?

**Srinivas Koora:** So basically, this is on account of two accounts, one is Pencil One Point Six. As we informed earlier, also, there are certain receivables, which is there in Pencil where we have decided that it would be converted into equity. Since, their merger process is going on they were not able to issue fresh Equity and they're expecting to be concluded by coming month of June, post that, there will be issuing equity to Xelpmoc. That's one account.

And there is one more account, which is Mitani, again Mitani is again Chhattisgarh Government project. There, we are doing so -- there is a delay in payment that on one account because in Chhattisgarh work, we are doing is in case, if any citizen wants any Aadhaar card, Pan card or any caste certificates, education certificate, etc etc. where a person can call up to a toll-free number, that person calls the call center and somebody will do and deliver, again, with everything we have outsourced to a third party, one the software part is taken care by us, outstanding is on account of operations and which we are expecting to be regularized from Q2 onwards.

**Moderator:** Thank you. We'll take next question from the line of Karan Sharma, an investor. Please go ahead.

**Karan Sharma:** Yes. Only one more question. Do we have any buyback plan as well because we invest in startup but in anticipation to see growth, right? So at a certain level, do we see Xelpmoc doing more than, what the start-ups are doing. So buyback plan, are you thinking of it?

**Sandipan Chattopadhyay:** No, not at the moment, for sure.

**Karan Sharma:** Okay. Thank you.

**Moderator:** Thank you. We take the next question from the line of Nitin Shetty, an investor. Please go ahead.

**Nitin Shetty:** Hello, all of you. Sir, when will the actual growth of Xelpmoc will come back like previous year, 2021, right? Even after so much of their generative AI things like that.

**Sandipan Chattopadhyay:** I guess it is -- see, from a skill point of view and all, we probably are suited for this, but other factors have diminished, what could have been a great aspect right now. No, we are working on it, and we will -- we obviously want to stick to it. The only thing I can commit is that it is a very hard-working team, and that commitment has not changed whatever with the market situation.

The key leaders are completely sold on to that part, and we will make the best of the opportunity available. When it will grow and all, unfortunately, we cannot decide the whole environment and we are part of it.

So we are trying to inert ourselves as far as possible, we are trying to streamline, trying to get revenue sources, not just focus on fashion that balance, that prudence, that maturity is coming as an organization. That's it, you hope to see the growth as soon as possible and no one more than me.

**Nitin Shetty:** Sir, I am connected with your company for a long time, since from way starting 2019. So, at that time, you had said, we will try for multi-fold return, not for that 20%-20% return or 30% return, But still, that growth has not came.

**Sandipan Chattopadhyay:** That's true. And we obviously have not been able to do that part. That's what sure. But see, at the same time, in equal brief, I had also said, this is our vision. This is what we're going to do, and this is the transparent with which operate. That has been completely done. And also it was told that, these are areas, which we think, this will happen, but it is high-risk area. I guess both those things have to be taken together in unison, correct?

**Moderator:** Thank you, sir. We'll take next question from the line of Amuthan Iyer, an Individual investor. Please go ahead.

**Amuthan Iyer:** Sir, good evening again. Just one query that was not answered whether the management can commit to a quarterly con call?

**Srinivas Koora:** So please give us some time. We will get back to you on that. The reason being why we are saying this, while we moved from quarterly to half yearly, only reason being like, especially for startup, in case if you want to see an uptake, a movement, etc. It requires a certain time.

And we found that, the quarter-on-quarter is the very short duration, for example, today we are on 31, May and next 30 days, we are going to finish even your Q1. So, what we thought was, in case, if we have it in once in six months, it will be prudent enough to add and we will be able to give more updates than having it on quarter-on-quarter basis. But given that, we take your suggestion. Please give us some time. We'll get back to you on that.

**Amuthan Iyer:** Thank you. Also on the tech side of it and on the development side of it, we have a very rich senior management. Do we lack a question per inquire, a hardcore sales team or a head at that level, especially for our products and services, of course?

**Sandipan Chattopadhyay:** Yes, we do. And that's a gap that, we are looking at filling up. That's a very pertinent and important question, yes. And that is the culture change. We lack that, and we also lack the delivery focus because innovation mindset and pure services mindset is slightly different. I've talked about this before. I think those are the competencies that we are building, and we may augment those two roles in some ways or have internal elevations to those focused areas on that. These are the two things that, we surely have to match here on.

**Moderator:** Thank you, very much, sir. Ladies and gentlemen, we have reached the end of the question-and-answer session. I would now like to hand the conference over to the management for closing comments. Over to you, gentlemen.

**Srinivas Koora:** Thanks, everyone, for joining us for this call. Please do send us an e-mail in case, if you have any further queries. We would be happy to answer these. Thank you very much, and that's from our end.

**Sandipan Chattopadhyay:** Thank you, everyone. Thanks a lot.

**Moderator:** Thank you very much, sir. Thank you, members of the management. Ladies and gentlemen, on behalf of Xelpmoc Design and Tech Limited, that concludes this conference. Thank you for joining with us. You may now disconnect your lines.