

# Directors' Report

Dear Members,

Your Directors have pleasure in presenting their 4<sup>th</sup> Annual Report on the business and operations of the Company, together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2019 (the "Report").

## 1. Financial Performance

The summarised financial results of the Company for the financial year ended 31<sup>st</sup> March 2019 are presented below. (₹ in 1000s)

Particulars	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from Operations	60,886.95	53,601.34	60,886.95	53,601.34
Other Income	2,059.71	610.04	2,059.71	610.04
Financial Income	0.00	0.00	0.00	0.00
<b>Total Revenue</b>	<b>62,946.66</b>	<b>54,211.38</b>	<b>62,946.66</b>	<b>54,211.38</b>
Profit/Loss before depreciation	(47,478.99)	(34,532.86)	(47,918.55)	(34,201.68)
Less: Depreciation	2,507.23	729.69	2,507.23	729.69
<b>Profit/Loss Before Tax</b>	<b>(49,986.22)</b>	<b>(35,262.55)</b>	<b>(50,425.78)</b>	<b>(34,931.37)</b>
Less: Provision for tax	(587.19)	759.39	(587.19)	759.39
<b>Profit/Loss After Tax</b>	<b>(49,399.03)</b>	<b>(36,021.94)</b>	<b>(49,838.59)</b>	<b>(35,690.76)</b>
Other Comprehensive Income	57,029.80	(769.16)	57,029.80	(769.16)
<b>Total Comprehensive Income</b>	<b>7,630.77</b>	<b>(36,791.10)</b>	<b>7,191.21</b>	<b>(36,459.92)</b>

**Note:** The above figures are extracted from the standalone and consolidated financial statements prepared in compliance with Indian Accounting Standards (IND AS). The Financial Statements of the Company complied with all aspects with Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015], as amended from time to time and other relevant provisions of the Act.

## 2. State of Company's Affairs, Business Overview and Future Outlook

The Revenue from operations has increased by about 13.60% on accrual basis to ₹60,886.95 thousand in the financial year ended 31<sup>st</sup> March 2019 as compared to ₹53,601.34 thousand in the financial year ended 31<sup>st</sup> March 2018.

The Company's Operating Earnings Before Interest, Depreciation and Taxes (EBITDA) margin stands at -81.3% of the operating income in the financial year ended 31<sup>st</sup> March 2019. The Loss Before tax of the current financial year increased by 41.75% to ₹(49,986.22) thousand as compared to ₹(35,262.55) thousand for the preceding financial year.

The Net Loss of the current financial year increased by 37.13% to ₹(49,399.03) thousand as compared to ₹(36,021.94) thousand for the preceding financial year.

During the year, there were no changes in the nature of business of the Company, the detailed discussion on Company's overview and future outlook has been given in the section on 'Management Discussion and Analysis' (MDA).

## 3. Initial Public Offer:

The Directors are pleased to inform the Company's Initial Public Offering (IPO) of 35,01,442 Equity

Shares of face value of ₹10/- each (Rupees Ten Only) at an issue price of ₹66/- per equity share including a share premium of ₹56/- per equity share with a discount of ₹3/- per equity share to the retail individual bidders, by way of Book Building Process received an overwhelming response from the investors. The Issue was opened on 23<sup>rd</sup> January 2019 and closed on 25<sup>th</sup> January 2019. The issue was oversubscribed by 2.7454 times, with QIB portion getting oversubscribed by 1.2875 times, non-institutional portion by 8.1943 times and the retail portion by 2.6138 times. The allotment of 35,01,442 Equity Shares of ₹10/- each for cash at a premium of ₹56/- per share aggregating to ₹2,300.45 Lakhs under the said IPO was made on 31<sup>st</sup> January 2019. Subsequent to the completion of IPO, the paid up equity share capital of the Company got increased from ₹1,020.3856 Lakhs to ₹1,370.5298 Lakhs. The trading of Equity Shares of the Company commenced on National Stock Exchange of India Limited and BSE Limited 4<sup>th</sup> February 2019. The success of IPO reflects the trust, faith and confidence that customers, business partners and markets have reposed in your Company.

Utilisation of IPO Proceeds as on 31<sup>st</sup> March 2019 are as under:

Particulars	(₹ in 1000s)	
	Net proceeds as per prospectus	
Gross proceeds of the Issue	2,30,044.74	
Less: Estimated offer related expenses in relation to the Issue	33,551.50	
<b>Net Proceeds</b>	<b>1,96,493.24</b>	
Add: Saving in offer related expenses	4,973.94	
<b>Total</b>	<b>2,01,467.18</b>	

Particulars	(₹ in 1000s)		
	Projected	Utilised	Unutilised
Purchase of IT hardware and network equipment's for development centers in Kolkata and Hyderabad	54,875.19	-	54,875.19
Purchase of fit outs for new development centers in Kolkata and Hyderabad	40,862.50	719.79	40,142.71
Funding working capital requirements of our Company	60,000.00	10,000.00	50,000.00
General corporate purposes (including savings in offer related expenses)	45,729.49	6,500.00	39,229.49
	<b>2,01,467.18</b>	<b>17,219.79</b>	<b>1,84,247.40</b>

Expenses incurred by the Company, amounting to ₹28,577.56 (₹ in 000s), in connection with the IPO have been adjusted towards the securities premium in accordance with Section 52 of the Companies Act, 2013.

IPO proceeds net of IPO related expenses which remain unutilised as at 31<sup>st</sup> March 2019 temporarily invested in short term liquid funds ₹160,000.00 (₹ in 000s), short term bank deposits ₹19,000.00 (₹ in 000s) and with banks ₹5,247.40 (₹ in 000s).

Pursuant to Regulation 32(1) of the Listing Regulations, there is no deviation / variation in the utilization of proceeds as mentioned in the objects stated in the Prospectus dated 30<sup>th</sup> January 2019, in respect of the Initial Public Offering of the Company.

#### 4. Dividend

Considering the loss incurred in the financial year 2018-19 and accumulated losses, your Directors have not recommended any dividend for the financial year under review.

As per Regulation 43A of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 (the Listing Regulations), the top 500 listed Companies shall formulate a Dividend Distribution Policy. The Company does not come under the category of top 500 listed Companies based on the market capitalization as on 31<sup>st</sup> March, 2019, however for good corporate governance practice, the Company has formulated its Dividend Distribution Policy which is available on the website of the Company and may be viewed at <https://www.xelpmoc.in/documents/Dividend%20Distribution%20Policy.pdf>.

#### 5. Transfer to Reserve

In view of the accumulated losses, no transfer is proposed to the General Reserve.

#### 6. Deposits

During the year, your Company has not accepted any deposits within the meaning of sections 73 and 76 of the Companies Act, 2013 read with the

Companies (Acceptance of Deposits) Rules, 2014, hence there are no details to disclose as required under Rule 8 (5) (v) and (vi) of the Companies (Accounts) Rules, 2014.

#### 7. Details of Subsidiaries/Joint Ventures/ Associate Companies

The Company does not have any subsidiary Company, however the Company has Associate Company and Joint Venture, and the details of the same are as under:

##### i. Madworks Ventures Private Limited – Associate Company

The revenue for the financial year 2018-19 and 2017-18 are ₹3,653 and ₹1,16,827, respectively and expenses for the financial year 2018-19 and 2017-18 are ₹10,25,490 and ₹13,93,636 respectively. The Net Loss has decreased from ₹11,93,416 in FY 2017-18 to ₹10,21,811 in FY 2018-19.

##### ii. Fortigo Network Xelpmoc Private Limited – Joint Venture

The revenue for the financial year 2018-19 and 2017-18 are ₹41,62,500 and ₹1,10,25,000, respectively and expenses for the financial year 2018-19 and 2017-18 are ₹39,12,240 and ₹99,27,941 respectively. The Net Profit

after tax has decreased from ₹8,09,659 in FY 2017-18 to ₹1,86,430 in FY 2018-19.

The Company does not have any Subsidiary, hence does not required to formulate a policy for determining 'material' subsidiaries.

Further, during the year under review, neither any Company has become nor ceased as a Subsidiary or Associate or Joint venture.

## 8. Consolidated Financial Statement

The Statement containing salient features of the financial statements of the Associate Company and Joint Venture in the prescribed format i.e. Form AOC-1 is appended as 'Annexure - 1' to the Board's Report. The statement also provides the details of performance and financial position of Associate Company and Joint Venture. However looking at the performance of the Associate Company and Joint Venture, they do not contribute significant in the growth and performance of the Company. These documents will also be available for inspection on all working days except Saturdays, Sundays and public holidays at the registered office of the Company.

The Consolidated Financial Statement represents those of the Company and its Associate Company and Joint Venture. The Company has consolidated its Statement in accordance with the IND AS 110- 'Consolidated Financial Statements' pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015.

The Audited Financial Statements for the year ended 31<sup>st</sup> March 2019 of Madworks Ventures Private Limited and Fortigo Network Xelpmoc Private Limited, are available on website of the Company i.e. www.xelpmoc.in.

## 9. Share Capital

- The Authorised Share Capital of the Company has been increased from ₹11,00,00,000 (Rupees Eleven Crores Only) divided into 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of ₹10/- (Rupees Ten Only) each to ₹15,00,00,000 (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of ₹10/- (Rupees Ten Only) each, during the year under review.
- The Paid-Up Share Capital of the Company has been increased from ₹6,51,71,320 to ₹13,70,52,980, during year under review. The details of changes are as follows:
  - The Company has issued and allotted 65,999 Equity Shares of ₹10/- each

at a premium of ₹80/- per share on the preferential allotment basis on 14<sup>th</sup> May 2018.

- The Company has issued and allotted 36,20,725 equity shares of ₹10/- each, at par, as Bonus equity shares in proportion of 55 equity shares for every 100 equity shares of an aggregating amount of ₹3,62,07,250.
- Pursuant to the initial public offer of equity shares of face value of ₹10/- each ("Equity Shares") of the Company ("Issue"), which opened for subscription on 23-01-2019 to 25-01-2019, 35,01,442 equity shares at an issue price of ₹66/- per equity share including a premium of ₹56/- per equity share, aggregating to ₹2300.45 Lakhs, allotted to the respective bidders in various categories.
- The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise, during the period under review.
- The Company has not issued any sweat equity shares to its directors or employees, during the period under review.

## 10. Directors and Key Managerial Persons

The Company has 8 (Eight) Directors on the Board, of which 3 (Three) are Independent Directors, 1 (One) is Non-Executive & Non-Independent Director and 4 (Four) are Executive Directors including one Managing Director as on 31<sup>st</sup> March 2019.

### a. Appointments/Resignations from the board of directors and Key Managerial Personnel

During the period under review, following changes have been occurred:

- Mr. Sandipan Chattopadhyay (DIN 00794717), existing director of the Company was appointed and designated as Managing Director of the Company, at extra-ordinary general meeting of the members of the Company, held on 2<sup>nd</sup> July 2018 for a term of 3 years, with effect from 2<sup>nd</sup> July 2018 up to 1<sup>st</sup> July 2021 and also designated as a Chief Executive Officer of the Company w.e.f. 2<sup>nd</sup> July 2018.
- Mr. Srinivas Koora (DIN 07227584), existing director of the Company was appointed and designated as Whole-time Director of the Company, at extra-ordinary general meeting of the members

of the Company, held on 2<sup>nd</sup> July 2018 for a term of 3 years, with effect from 2<sup>nd</sup> July 2018 up to 1<sup>st</sup> July 2021 and also designated as a Chief Financial Officer of the Company w.e.f. 2<sup>nd</sup> July 2018.

- Mr. Jaison Jose (DIN 07719333), existing director of the Company was appointed and designated as Whole-time Director of the Company, at extra-ordinary general meeting of the members of the Company, held on 2<sup>nd</sup> July 2018 for a term of 3 years, with effect from 2<sup>nd</sup> July 2018 up to 1<sup>st</sup> July 2021.
- Mr. Vishal Chaddha (DIN 05321782), existing director of the Company was appointed and designated as Whole-time Director of the Company, at extra-ordinary general meeting of the members of the Company, held on 2<sup>nd</sup> July 2018 for a term of 3 years, with effect from 2<sup>nd</sup> July 2018 up to 1<sup>st</sup> July 2021.
- Mr. Tushar Trivedi (DIN 08164751), appointed as a Independent Director of the Company, at extra-ordinary general meeting of the members of the Company, held on 2<sup>nd</sup> July 2018 for a term of 5 (five) consecutive years, with effect from 2<sup>nd</sup> July 2018 up to 1<sup>st</sup> July 2023.
- Mrs. Pratiksha Pingle (DIN 06878382), appointed as a Independent Director of the Company, at extra-ordinary general meeting of the members of the Company, held on 2<sup>nd</sup> July 2018 for a term of 5 (five) consecutive years, with effect from 2<sup>nd</sup> July 2018 up to 1<sup>st</sup> July 2023.
- Mr. Premal Mehta (DIN 00090389), appointed as a Independent Director of the Company, at extra-ordinary general meeting of the members of the Company, held on 2<sup>nd</sup> July 2018 for a term of 5 (five) consecutive years, with effect from 2<sup>nd</sup> July 2018 up to 1<sup>st</sup> July 2023.
- Mrs. Bhavna Chattopadhyay (DIN 08164750), appointed as a Non-Executive & Non-Independent Woman Director of the Company, at extra-ordinary general meeting of the members of the Company, held on 2<sup>nd</sup> July 2018.
- Mr. Abhay Kadam resigned from position of the Company Secretary of the Company w.e.f. 24<sup>th</sup> July 2018.
- Mrs. Vaishali Kondbhar appointed as a

Whole-time Company Secretary of the Company w.e.f. 24<sup>th</sup> July 2018.

#### **b. Directors Retiring by Rotation**

In terms of Section 152 of the Companies Act, 2013, Mr. Jaison Jose (DIN: 07719333) being Director liable to retire by rotation shall retire at the ensuing Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment. The information as required to be disclosed under Regulation 36 of the Listing Regulations in case of re-appointment of Directors will be provided in the notice of ensuing Annual General Meeting.

#### **c. Independent Directors**

The Company has received declarations/confirmations from each Independent Directors under section 149(7) of the Companies Act, 2013 and the Listing Regulations confirming that they meet the criteria of independence as laid down in the Companies Act, 2013 and the Listing Regulations.

The Board members are provided with all necessary documents/reports and internal policies to enable them to familiarise with the Companies Procedures and practices. The programs undertaken for familiarizing independent directors with the functions and procedures of the Company are disclosed in the Corporate Governance Report.

### **11. Number of Meetings of Board of Directors**

12 (Twelve) meetings of the Board of Directors of the Company were held during the year under review. Detailed information of the meetings of the Board is included in the Report on Corporate Governance, which forms part of this Report.

### **12. Directors' Responsibility Statement**

Pursuant to the requirement under Section 134 (3) (c) of the Companies Act, 2013, the Directors hereby confirm and state that:

- (a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company at the end of the financial year and of the profit and loss of the Company for that period;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 13. Policy on Directors' Appointment and Remuneration

The Nomination and Remuneration Committee ('NRC') works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole as well as for its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgement, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner. The Company has in place a Policy on appointment & removal of Directors ('Policy').

The salient features of the Policy are:

- It acts as a guideline for matters relating to appointment and re-appointment of directors.
- It contains guidelines for determining qualifications, positive attributes for directors, and independence of a Director
- It lays down the criteria for Board Membership
- It sets out the approach of the Company on board diversity
- It lays down the criteria for determining independence of a director, in case of appointment of an Independent Director the Company has updated its existing

'Nomination and Remuneration Policy' to incorporate the changes in line with recent amendment in Listing Regulations pertaining to criteria for determining independence of a director and object & purpose of policy.

The updated Nomination and Remuneration Policy is posted on website of the Company and may be viewed at <https://www.xelpmoc.in/documents/Nomination%20and%20Remuneration%20Policy-updated.pdf>

### 14. Performance Evaluation of the Board

The Nomination and Remuneration Committee of the Company has laid down the criteria for performance evaluation of the Board, its Committees and individual directors including Independent Directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, based on the predetermined templates designed as a tool to facilitate evaluation process, the Board has carried out the annual performance evaluation of its own performance, the Individual Directors including Independent Directors and its Committees on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

### 15. Committees of the Board

The Company has several committees, which have been established as part of best corporate governance practices and comply with the requirements of the relevant provisions of applicable laws and statutes:

The Committees and their Composition are as follows:

- **Audit Committee**

1. Mrs. Pratiksha Pingle	Chairman
2. Mr. Tushar Trivedi	Member
3. Mr. Srinivas Koora	Member

- **Nomination and Remuneration Committee**

1. Premal Mehta	Chairman
2. Tushar Trivedi	Member
3. Pratiksha Pingle	Member

- **Stakeholders Relationship Committee**

1. Mr. Tushar Trivedi	Chairman
2. Mr. Srinivas Koora	Member
3. Mr. Jaison Jose	Member

- **Management Committee**

1. Mr. Srinivas Koora	Chairman
2. Mr. Sandipan Chattopadhyay	Member
3. Mr. Tushar Trivedi	Member
4. Mr. Vishal Chaddha	Member

The details with respect to the powers, roles and terms of reference etc. of the relevant committees of the Board are given in detail in the Corporate Governance Report of the Company, which forms part of this Report.

## 16. Corporate Social Responsibility (CSR)

Your company does not fall in the ambit of limit as specified in section 135 of the Companies Act, 2013 read with Rule framed there under in respect of Corporate Social Responsibility. However, the directors of the Company, in their personnel capacity, are engaged in philanthropy activities and participating for cause of upliftment of the society.

## 17. Management Discussion & Analysis Report

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) of the Listing Regulations is presented in a separate section and forming part of this Report.

## 18. Corporate Governance

The corporate governance is an ethical business process to create and enhance value and reputation of an organization. Accordingly, your Directors function as trustee of the shareholders and seek to ensure that the long term economic value for its shareholders is achieved while balancing interest of all the stakeholders.

The Report on Corporate Governance as stipulated under Regulation 34(3) of the Listing Regulations is presented in a separate section and forms part of this Report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013.

A certificate from Manish Rajnarayan Gupta, Practising Company Secretary, partner of VKMG & Associates LLP, Company Secretaries, conforming compliance to the conditions of Corporate Governance as stipulated under Regulation 34(3) of the Listing Regulation, is annexed to Corporate Governance Report.

## 19. Vigil Mechanism / Whistle Blower Policy

Your Company has in place Whistle Blower Policy ("the Policy"), to provide a formal mechanism to

its employees for communicating instances of breach of any statute, actual or suspected fraud on the accounting policies and procedures adopted for any area or item, acts resulting in financial loss or loss of reputation, leakage of information in the nature of Unpublished Price Sensitive Information (UPSI), misuse of office, suspected/actual fraud and criminal offences. The Policy provides for a mechanism to report such concerns to the Chairman of the Audit Committee through specified channels. The frame work of the Policy strives to foster responsible and secure whistle blowing. In terms of the Policy of the Company, no employee of the Company has been denied access to the chairman of Audit Committee of the Board. During the year under review, no concern from any whistle blower has been received by the Company. The whistle blower policy is available at the link <https://www.xelpmoc.in/documents/Whistle%20Blower%20Policy.pdf>

## 20. Statement on Risk Management Policy

Risk assessment and management are critical to ensure long-term sustainability of the business. The Company, has in place, a strong risk management framework with regular appraisal by the top management. The Board of Directors reviews the Company's business risks and formulates strategies to mitigate those risks. The Senior Management team, led by the Managing Director, is responsible to proactively manage risks with appropriate mitigation measures and implementation thereof.

Enlisted below are the key risks identified by the management and the related mitigation measures.

### Market Risk

Volatility in domestic as well as global economic environment, political uncertainties and changes in government policies may affect the technology industry. Slowdown in the industry may adversely impact the Company's operations. To mitigate the market-specific risks, the Company aims to expand its presence and client base across multiple geographies and industries.

### Competition Risk

The Company operates in a highly competitive industry where the number of players is increasing rapidly. To stay ahead of competition, companies need to incorporate new technologies and create enriching applications for customers. Strong domain expertise, innovative technological capabilities and powerful customer-focused solutions characterize the operations of the Company, enabling it to outlast competition.

### Technology Risk

With rapid technological advances, evolving business models and newer software and product introductions, organizations will be required to embrace futuristic technologies to drive efficiencies. The success of a technology service company will depend on its ability to develop impactful solutions for its customers. To combat this risk, the Company focuses on enhancing its services and offerings in response to evolving industry requirements.

### Talent Risk

Workforce shortage may pose a big challenge for the technology industry. At Xelpmoc, human capital is the most important asset of the Company. Recognizing its crucial role in driving success, the Company strives to foster a conducive and inclusive environment in addition to providing employee benefits. It encourages a culture of innovation and entrepreneurship within the organization and undertakes trainings and programs for growth of employees.

## 21. Particulars of Loans, Guarantees or Investments

Pursuant to provision of section 186 of the Companies Act, 2013, during the year under review, the Company has not provided any Guarantees or security to any person or entity. However, Company has given loan and invested the surplus funds available in the units of mutual funds and securities of body corporate, the details of which are provided in the standalone financial statement (Please refer Notes No. 6, 7 & 8 of standalone financial statements).

## 22. Particulars of Contracts or Arrangements With Related Parties

All contracts/arrangements/transactions entered by the Company, during the financial year, with related parties were in the ordinary course of business and on an arm's length basis. The Company has not entered into any transaction with related parties, which could attract the provision of section 188(1) of the Companies Act, 2013, hence requisite information in Form AOC-2 is not required to be provided.

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The statement showing the disclosure of transactions with related parties, such as payment of Directors' remuneration, in Compliance with applicable IND AS, the details of the same

are provided in Note No. 31 of the Standalone Financial Statement. All related party transactions were placed before the Audit Committee and the Board for approval.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board is available at the link: <https://www.xelpmoc.in/documents/Policy%20on%20Materiality%20of%20Related%20Party%20Transactions%20and%20Dealing%20with%20Related%20Party%20Transactions.pdf>

## 23. Internal Financial Control System

The Company has in place adequate standards, processes and structures to implement internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. In addition to above, the Company has in place Internal Audit carried out by independent audit firm to continuously monitor adequacy and effectiveness of the internal control system in the Company and status of its compliances.

## 24. Listing Regulations, 2015

The Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid its Annual Listing Fees to the stock exchanges for the Financial Year 2019-2020.

The Company has formulated following Policies as required under the Listing Regulations, the details of which are as under:

1. 'Policy for Preservation of Documents' as per Regulation 9 which may be viewed at <https://www.xelpmoc.in/documents/Documents%20Preservation%20&%20Archival%20Policy.pdf>
2. 'Archival Policy' as per Regulation 30 which may be viewed at <https://www.xelpmoc.in/documents/Documents%20Preservation%20&%20Archival%20Policy.pdf>
3. 'Policy on Criteria for determining Materiality of events/information' as per Regulation 30 which may be viewed at <https://www.xelpmoc.in/documents/Policy%20for%20Determining%20Materiality%20of%20Information%20or%20Events.pdf>

## 25. Auditors

### (a) Statutory Auditor

M/s. JHS & Associates LLP, Chartered Accountants, has been appointed as Statutory Auditors of the Company for a period of 5 years from the conclusion of

3<sup>rd</sup> Annual General Meeting till the conclusion of the 8<sup>th</sup> Annual General Meeting of the Company. Your Company has received necessary confirmation from them stating that they satisfy the criteria provided under section 141 of the Companies Act, 2013.

The report of the Statutory Auditor forms part of the Annual Report. The said report does not contain any qualification, reservation, adverse remark or disclaimer.

**(b) Secretarial Auditor**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed VKMG & Associates LLP, Company Secretaries, to undertake Secretarial Audit for the financial year ended 31<sup>st</sup> March 2019. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2019 is annexed herewith and marked as '**Annexure - 2**' to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**(c) Internal Auditor**

Pursuant to provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, the Company had appointed M/s. Venu & Vinay, Chartered Accountants to undertake Internal Audit for financial year ended 31<sup>st</sup> March 2019.

## 26. Reporting of Frauds by Auditors

During the year under review, the Auditors of the Company have not reported to the audit committee, under section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

## 27. Material Changes and Commitments

There were no material changes and commitments, affecting the financial position of the Company, which has occurred between the end of the financial year of the Company, i.e. 31<sup>st</sup> March 2019 till the date of this Directors' Report.

## 28. Details of Significant and Material Orders

There were no other significant and material orders passed by the regulators/ courts/ tribunals, which may impact the going concern status and the Company's operations in future.

## 29. Particulars of Employees and Related Disclosures

(a) The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of

Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as '**Annexure - 3**'.

(b) In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in a separate annexure forming part of this Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. In terms of Section 136, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary of the Company.

## 30. Transfer to Investor Education and Protection Fund

The Company does not have any unpaid/unclaimed amount which is required to be transferred, under the provisions of Companies Act, 2013 into the Investor Education and Protection Fund (IEPF) of the Government of India.

## 31. Conservation of Energy and Technology Absorption

The disclosures to be made under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 by the Company are as under:

**(A) Conservation of Energy**

**(i) The steps taken or impact on conservation of energy:**

Though business operation of the Company is not energy-intensive, the Company, being a responsible corporate citizen, makes conscious efforts to reduce its energy consumption. Some of the measures undertaken by the Company on a continuous basis, including during the year, are listed below:

- a) Use of LED Lights at office spaces.
- b) Rationalization of usage of electricity and electrical equipment- air conditioning system, office illumination, beverage dispensers, desktops.



- c) Regular monitoring of temperature inside the buildings and controlling the air-conditioning system.
- d) Planned Preventive Maintenance schedule put in place for electromechanical equipment.
- e) Usage of energy efficient illumination fixtures.

**(ii) Steps taken by the Company for utilizing alternate source of energy.**

The business operation of the Company are not energy-intensive, hence apart from steps mentioned above to conserve energy, the management would also explore feasible alternate sources of energy.

**(iii) The capital investment on energy conservation equipment:**

There is no capital investment on energy conservation equipment during the year under review.

**(B) Technology Absorption**

**(i) The efforts made towards technology absorption:**

The Company itself operates into the dynamic information technology space. The Company has a sizeable team of Information technology experts to evaluate technology developments on a continuous basis and keep the organisation updated.

**(ii) The benefits derived:**

The Company has been benefited immensely by usage of Indigenous Technology for business operation of the Company.

**(iii) The Company has not imported any technology during last three years from the beginning of the financial year.**

**(iv) The Company has not incurred any expenditure on Research and Development during the year under review.**

**(C) Foreign Exchange Earnings and Outgo**

The foreign exchange earnings and outgo, during the year, is as under:

<b>Foreign Exchange Earnings</b>		Amount in ₹ 1000s	
<b>Sr. No.</b>	<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
1.	Revenue from software development	10,414.68	1,390.40
	<b>Total</b>	<b>10,414.68</b>	<b>1,390.40</b>

  

<b>Foreign Exchange Outgo</b>		Amount in ₹ 1000s	
<b>Sr. No.</b>	<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
1.	Technical consultancy services	2,835.75	-
2.	Professional and Legal Expenses	5,900.20	-
3.	Travel Expenses	-	335.72
	<b>Total</b>	<b>8,735.95</b>	<b>335.72</b>

**32. Extract of the Annual Return:**

Pursuant to sub-section 3(a) of Section 134 and subsection (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as on 31<sup>st</sup> March 2019 forms part of this report as 'Annexure - 4' and same is available at the website of the Company at <https://www.xelpmoc.in/documents/Extract%20of%20Annual%20Return%20-%20Form%20No.%20MGT-9%20-%20FY2018-19.pdf>

**33. Secretarial Standard of ICSI**

The Company has complied with the Secretarial Standards on Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) specified

by the Institute of Company Secretaries of India (ICSI).

**34. Maintenance of Cost Records**

Maintenance of cost records as prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act 2013 is not applicable to the Company.

**35. Prevention of Sexual Harassment**

Your Company is fully committed to uphold and maintain the dignity of women working in the Company and has zero tolerance towards any actions which may fall under the ambit of sexual harassment at workplace. The Company has constituted the Internal Complaint Committee,

however, it has not received any Complaint, during the year, under review.

The policy framed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rules framed thereunder may be viewed at <https://www.xelpmoc.in/documents/Policy%20against%20Sexual%20Harassment.pdf>

### 36. Employees' Stock Option Scheme

The Company has obtained shareholders approval at EGM held on 28<sup>th</sup> July 2018 by way of Special Resolution in respect of formulation and implementation of **XELPMOC EMPLOYEE STOCK OPTION SCHEME 2018 (XELPMOC ESOS-2018)** and authorized Board of Directors to create, grant, offer, issue and allot, from time to time, in one or more tranches, options not exceeding 14,00,000, exercisable into 14,00,000 Equity Shares of the Company, to or for the benefit of permanent employees/Directors (Present and Future) of the Company. However, the Company was unlisted Public Company at the time of adoption and

approval of Scheme and also the scheme was not in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & the SEBI (Share Based Employee Benefits) Regulations, 2014. Hence, the Company has not created any ESOP pool and not granted any options under XELPMOC EMPLOYEE STOCK OPTION SCHEME 2018. Accordingly disclosures as required under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is not applicable to the Company.

### 37. Acknowledgements

Your Directors take the opportunity to express our deep sense of gratitude to all users, vendors, government and non-governmental agencies and bankers for their continued support in Company's growth and look forward to their continued support in the future.

Your Directors would also like to express their gratitude to the shareholders for reposing unstinted trust and confidence in the management of the Company.

#### Registered Office:

#### Xelpmoc Design and Tech Limited

CIN: L72200KA2015PLC082873

#17, 4<sup>th</sup> Floor, Agies Building,

1<sup>st</sup> 'A' Cross, 5<sup>th</sup> Block, Koramangala,

Bengaluru - 560034

website: [www.xelpmoc.in](http://www.xelpmoc.in)

E-mail ID: [vaishali.kondbhar@xelpmoc.in](mailto:vaishali.kondbhar@xelpmoc.in)

Place: Mumbai

Date: 24<sup>th</sup> May 2019

#### For and on behalf of the Board of Directors of Xelpmoc Design and Tech Limited

#### Sandiapan Chattopadhyay

Managing Director & CEO

(DIN: 00794717)

#### Srinivas Koora

Whole-time Director & CFO

(DIN: 07227584)