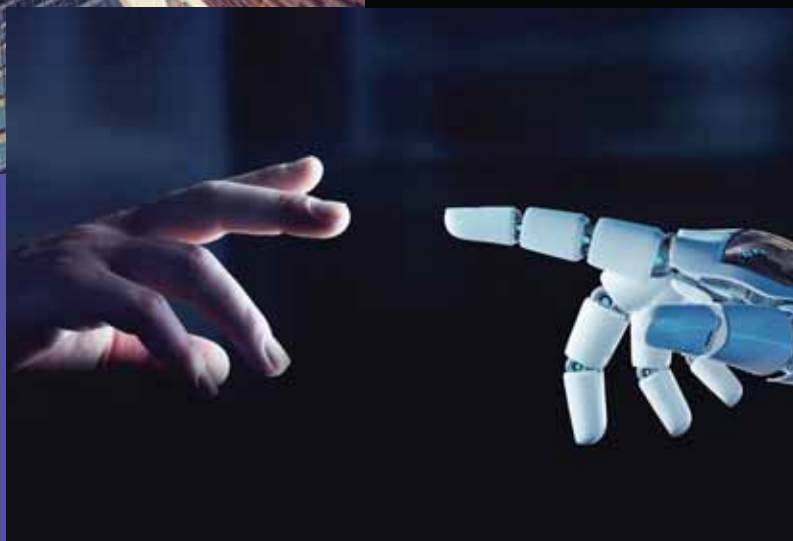


EXPLEO SOLUTIONS LTD.
(FORMERLY KNOWN AS SQS INDIA BFSI LTD.)

Annual Report FY 2019 – 2020



#1year
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Corporate information

BOARD OF DIRECTORS

Prof. K. Kumar
Deputy Chairman & Independent Director

Olivier Aldrin
Non-Executive Director

Balaji Viswanathan
Managing Director & CEO

Lilian Jessie Paul
Independent Director

Martin Hodgson
Additional Director (Non-Executive)

Prof. S. Rajagopalan
Independent Director

Rajiv Kuchhal
Independent Director

Ralph Gillessen
Non-Executive Director

Ulrich Bäumer
Independent Director

CHIEF FINANCIAL OFFICER

Desikan Narayanan

COMPANY SECRETARY

S. Sampath Kumar

AUDITORS

Kalyaniwalla & Mistry LLP
Chartered Accountants
Esplanade House, 29, Hazarimal Somani Marg, Fort,
Mumbai-400 001.

INTERNAL AUDITORS

V. Chandrasekaran & Associates,
Chartered Accountants
1st Floor, Kalpataru Complex, No.44, C.P. Ramaswamy Road,
Alwarpet, Chennai-600 018

BANKERS

The Lakshmi Vilas Bank Limited
Cathedral Road, Chennai-600 086

ICICI Bank Limited
Bazullah Road, T. Nagar, Chennai-600 017

The Hongkong and Shanghai Banking Corporation Limited
Cathedral Road, Chennai-600 086

LEGAL ADVISORS

S. Ramasubramaniam & Associates
New No.13/1, Bishop Wallers Avenue West
Mylapore, Chennai-600 004

REGISTRAR AND SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
'Subramanian Building' No.1, Club House Road, Chennai-600 002,
Tel. +91 044 2846 0390 / 044 4002 0700, email: investor@cameoindia.com,
website: <http://www.cameoindia.com>

REGISTERED OFFICE

6A, Sixth Floor, Prince Infocity II, No.283/3 & 283/4
Rajiv Gandhi Salai (OMR), Kandanchavadi,
Chennai-600 096, +91 044 4392 3200,
email: investor.expleosol@expleosolutions.com
website: www.expleosolutions.com

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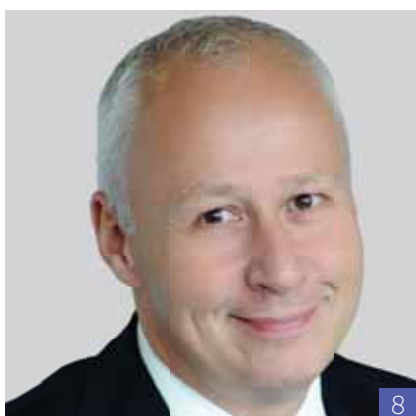
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Board of Directors



1. PROF. K. KUMAR

Deputy Chairman & Independent Director

Kumar is Deputy Chairman and Independent Director of Expleo Solutions Limited.

He has over three decades of experience as a corporate manager, consultant, entrepreneur and in academia. Kumar holds a bachelor's degree in Electrical & Electronics Engineering (Madurai Kamaraj University) and obtained both the PGDM and Fellowship (Doctoral level) qualifications from the Indian Institute of Management, Bengaluru (IIM-B). In his current role as Professor of Entrepreneurship at Indian Institute of Management, Bengaluru (IIM-B), he is involved in teaching, research and entrepreneurship promotion initiatives. His corporate experience includes a consulting role at Tata Consultancy Services (1991-95) and as CEO (1995-2001) and President (2005-2006) of Trigent Software Ltd.

2. BALAJI VISWANATHAN

Managing Director & CEO

Balaji is the Managing Director and CEO of Expleo Solutions Limited.

Balaji comes with over 26 years of professional experience in the financial services and ITES domain of which 16 years have been in the Financial Services Industry and 8 years in the Outsourcing/Offshoring of Financial Services. His last assignment was as Senior Director in charge of Global Delivery for BFSI services at Concentrix which is the outsourced business division of SYNEX Corporation, a Fortune 500 company listed on the NYSE.

Balaji also worked with Serco, Reliance Jio Payments Bank, Yes Bank and HDFC Bank across Sales, Product Management and Operations, from where he garnered a strong domain knowledge of Core Banking Systems, Cards, Transaction Switching apart from being responsible for operations and technology for South Asia at Master Card International.

3. OLIVIER ALDRIN

Director (Non-Executive)

Olivier Aldrin is the Director (Non-Executive) of Expleo Solutions Limited.

Olivier Aldrin is the Chief Executive Officer of Expleo Group.

After starting his career at Arthur Andersen, Olivier Aldrin has held the positions of Chief Financial Officer and Deputy Chief Executive Officer at various digital services companies (Serete, Thales IS, Ingenico, Econocom). His previous roles include, Deputy General Manager in charge of Finance at Altran Technologies.

Olivier is a graduate of Neoma Business School (France).

4. LILIAN JESSIE PAUL

Independent Director

Jessie Paul is the Managing Director of Paul Writer. Jessie has 25 years of experience in marketing, always on a tight budget. She was Global Brand Manager of Infosys during its hectic growth era of the late

90s and early 2000s, headed marketing for challenger brand iGATE (now a part of CapGemini) and went on to be Chief Marketing Officer of Wipro Technologies for five years during which it quadrupled its revenues to \$4 billion.

In 2010, Jessie Paul founded Paul Writer a marketing advisory firm that works with global and Indian clients to maximise marketing impact. She now drives the Paul Writer Impact Network, an agency network dedicated to managing and optimising the complete buyer journey.

Her first book, No Money Marketing: From Upstart to Big Brand on a Frugal Budget was published by Tata McGraw-Hill, and was based on her experience putting Indian brands on the global map. She is now refining her thoughts on frugal marketing in the digital era for an updated version of the new book to be published by Bloomsbury in November 2020.

She holds an MBA from Indian Institute of Management, Calcutta, and a bachelor's degree from National Institute of Technology, Trichy.

5. PROF. S. RAJAGOPALAN

Independent Director

Rajagopalan is an Independent Director of Expleo Solutions Limited.

He is a Bachelor of Technology (B.Tech) in Chemical Engineering from Indian Institute of Technology, Delhi, Post Graduate Diploma in Management from Indian Institute of Management, Bengaluru and a Ph.D from Indian Institute of Technology, Kanpur. He was the CEO of the Karnataka State Council for Science and Technology for 14 years and also was Founder and Chairman of TIDE an NGO. He was awarded Ashoka Fellowship in the year 1984, Fellow of the Salzburg Seminar in the year 1999 and finalist of Social Entrepreneur of the year in 2006. Prof. S. Rajagopalan was elected as one of the 50 pioneers of change by India Today Magazine in the year 2008. Since 2008, he is a professor at the International Institute of Information Technology, Bengaluru.

6. MARTIN HODGSON

Additional Director (Non-Executive)

Martin Hodgson joined SQS / Expleo in end of 2015 to set up and build Management Consulting Division. He is the Executive Director of Management Consulting, responsible for consulting business globally and a Board member of Expleo Technology Germany GmbH, which is responsible for the QMC business.

He has built up his career in technology and consulting with Ford Motor Company for 10 years as system and business analyst and project and programme manager on complex global information technology programmes. He worked with Llyods Register of Shipping for 5 years, running IT Application and infrastructure development projects. He was also engaged with Global Programme Management Consultancy (Pcubed) for their European Operations and was promoted as Global CEO and been with them for a period of

15 years. Martin is an Engineering Graduate from Cambridge University.

7. RAJIV KUCHHAL

Independent Director

Rajiv is an Independent Director of Expleo Solutions Limited.

He has more than 30 years of management experience with 16 years in Infosys. He was instrumental in establishing of product engineering services practice at Infosys, heading the practice till 2001. Rajiv was one of the founding members of Infosys BPO (earlier Progeon), the business process outsourcing (BPO), subsidiary of Infosys Technologies, where he was the Head of Operations and subsequently, the Head of Business Transformation. He subsequently worked with OnMobile as its Chief Operating Officer. Rajiv is an angel investor, and a General Partner at Exfinity Ventures.

He is a graduate in Electrical Engineering from Indian Institute of Technology, Delhi.

8. RALPH GILLESSEN

Director (Non-Executive)

Ralph GillesSEN is the Director (Non-Executive) of Expleo Solutions Limited.

Ralph GillesSEN is Board Member of Expleo Germany Holding GmbH providing the global leadership of the sales teams and is responsible for assuring client delivery and resource management for all Expleo Quality and Management Consulting activities.

He ensures that the company has the proper operational controls, procedures, and systems in place to effectively grow the organisation and to ensure financial strength and operating efficiency.

Ralph has joined SQS in 2002 and has worked in various senior sales and consultancy positions. He entered the SQS management board in January, 2013 and is member of Expleo Group Executive Committee since January, 2018.

9. ULRICH BÄUMER

Independent Director

Ulrich is an Independent Director of Expleo Solutions Limited.

He is a dual qualified (Rechtsanwalt - Germany; Attorney-at-law - New York) lawyer and a partner in the technology group of the international law firm, Osborne Clarke. He advises the clients of the firm mainly in the areas of information technology. He drafts and negotiates complex international IT project (especially outsourcing and licensing) contracts and assists the technology clients of the firm in M&A transactions. He also advises in all other aspects of technology and licensing law. He advises many German and International companies on all aspects of IT law. Ulrich is the Justiziar (inhouse lawyer) of VOICE e.V., the German CIO association. Ulrich is a lecturer at law (IT law) at the University of Cologne, the WHU-Otto Beisheim School of Management, Columbia University (NY/Paris) and the National Law School University of India (Bangalore).

Letter to the shareholders



Prof. K. Kumar
Deputy Chairman

Dear Shareholders,

The financial year gone by witnessed the expansion of our new, invigorated brand, Expleo Solutions, part of the Expleo Group of companies, focusing exclusively on business assurance, quality assurance and software testing for the Banking, Insurance and Financial services industries. In this communication, I would like to share with you our performance for the financial year 2019-20, update on business operations, new opportunities, and our response to combat Covid-19.

During the financial year 2019-20, we have reported total income of INR 2,780 Mn (INR 278 crores) compared to INR 2,888 Mn (INR 288 crores) in financial year 2018-19, reflecting a drop of 3.7% on year on year basis. We achieved a Net Profit Margin of 14.2%, an increase of 13.7% over the previous year. Our net cash position stood at INR 872 Mn for the financial year 2019-20 compared to INR 987 Mn in financial year 2018-19. During the year, 21% of our business came from the Expleo Group as against 19% in the previous year.

We were able to achieve this performance in the financial year 2019-20 despite the main markets of United Kingdom (UK) and Europe witnessing some headwinds in terms of growth. On the positive side, the markets in Middle East and Asia, where we are offering our services directly,

continued to grow. Some of the key European clients also showed increased business activities. However, the United States (US) continued to remain a weak market for us, despite its huge potential. Your company opened a branch office in Philippines and received necessary approvals from various Statutory Authorities in Philippines to commence commercial operation from this branch office.

Expleo was recognized as a 'Leader' in the overall market segment for next generation software testing services in the Nelson Hall's April, 2019 report.

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Additionally, we were also positioned as a 'Leader' in mobile testing, AI-based automation and other cognitive & testing capabilities. This is a testament to the excellent work of our teams and an encouragement to continue to deliver effective solutions for our clients. As the technologies keep evolving, we are keen to remain at the forefront of the next generation of quality services, especially in mobile, AI-based and Robotics Process Automation (RPA). We will continue to invest in Quality Engineering and Quality Assurance (QA) around embedded software, Internet of Things (IoT) and Product Life Cycle Management (PLM) in coming years.

The Banks and Financial institutions have started recognising the need to evolve from traditional models to a fully agile approach to accelerate the pace of digital transformation. They are facing significant disruption, led by changing consumer demand and proliferating new technologies. They are also challenged by intense new competition from nimble FinTech start-ups and digital native challenger banks. Agility and speed to scale have become more business critical than ever before. Businesses are getting a taste of the benefits that process automation can provide them to meet these critical demands.

Our clients are increasingly adapting to new age digital technology to operate successfully in today's disrupted world. Most banks have embarked on digital transformation initiatives in their quest for innovation, shorter new product development cycles and reduced costs. We work closely with global banks and institutions, helping them to navigate these challenges. We are well positioned to hand hold our clients in their journey of transition, by helping them to create, test, and scale digital solutions and operationalise them at a rapid pace.

During the year, we saw strong demand for digital and new age services such as Robotic Process Automation (RPA), Application Programming Interface (API) Banking, Artificial Intelligence (AI) and DevOps. We continue to increase our service footprint and offerings in these areas. Rapid digital transformation and rising test automation for lower operational costs along with enhanced quality assurance are key drivers for client organizations to adopt digital assurance. We will continue to explore strategic partnership with technology and platform providers who would help us reach a larger set of such customers in coming years. Most importantly, we will continue to invest in upskilling and right skilling of our employees and getting them trained and certified to adapt to the new age technologies. We have set a target

for transforming at least 50% of employees into techno-functional employees by end of 2020. We believe such a transformation will position us better to face the dynamic changes in market conditions post Covid-19. The new age services offered by Industry 4.0 technologies have already proven to be a great boon during the tough times brought on to the business world by Covid-19 pandemic.

We are tending towards a new normal even as the Covid-19 pandemic is continuing to create disorder across the globe. We have two priorities right now, protecting our employees and securing our business during this crisis. The safety of our employees is our first concern, especially for those who are still working, or are going back to work, on our or clients' sites when remote working is not possible. We want to recognise their commitment to our clients and continuity of our company critical services. We are incredibly proud of the agility and commitment demonstrated by Expleo community to adapt to this new normal, in the face of great uncertainty.

As the pandemic develops, we continue to provide our services in all the 30 countries where we have operations, and we are delivering most of our client activities remotely. We have been able to switch over 95% of our employees to deliver our client services remotely while maintaining high standard of cyber-security. Due to high uncertainty, it is too early to say how Covid-19 will affect Expleo Solutions' business and financial performance in the financial year 2020-2021. As for the future, our topmost priority is to make sure that your company exits this period strong, better placed to accompany our clients through their recovery and back to growth. We are confident that we will overcome this situation together.

On behalf of Board, I would like to take this opportunity to wish our customers a speedy return to normalcy in their business operations and also to thank them for the trust reposed in us. I would also like to congratulate our staff for the exemplary commitment and hard work demonstrated by them. I would like to thank you, our valued shareholders, for extending your continued support and reposing your confidence in your company.

Stay safe, healthy, and take care of your families.

Yours Sincerely,

Prof. K. Kumar

Deputy Chairman

Performance highlights

Decade at a Glance (Consolidated Basis)

Rs. in Millions

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Gross Revenue**	2,694	2,828	2,712	2,599	2,642	2,142	1,944	1,614	1,214	829
EBIDTA #	610	591	538	424	605	389	499	326	224	61
Profit Before Tax #	541	536	479	370	562	320	422	265	185	32
Profit After Tax #	399	362	319	232	369	216	300	194	114	19
Fixed Assets: Gross Block #	432	324	307	300	526	483	473	457	225	194
Fixed Assets: Net Block #	260	189	224	267	248	243	274	312	109	112
Share Capital #	103	107	107	107	106	105	103	101	101	101
Reserves and surplus #	1,420	1,281	1,179	1,164	1,239	911	980	781	655	599
Networth #	1,522	1,388	1,286	1,271	1,345	1,016	1,082	882	755	700
Sundry Debtors #	759	457	681	424	541	567	558	413	236	229
Cash and Bank Balances #	872	987	850	891	861	683	502	394	404	400
Current Assets #	1,776	1,625	1,633	1,380	1,519	1,380	1,157	952	899	762
Current Liabilities #	537	522	626	435	490	560	290	289	263	183
Working Capital #	1,239	1,103	1,007	945	1,029	820	867	663	636	579
Employee Strength (No.s)	1,062	962	1,012	919	1,076	907	905	782	742	661
No of Equity Shares ('000)	10,252	10,713	10,710	10,680	10,639	10,545	10,268	10,124	10,052	10,052
Earnings Per Share (Diluted) (Rs.) #	38.51	33.79	29.9	22.3	34.6	20.6	28.7	19.0	11.3	1.9
Book Value per Share (Rs.)	148.45	129.6	120.1	119.0	126.4	96.4	105.4	87.1	75.1	69.6
Dividend - Rs. per share (Interim and Final)	-	-	24.0	24.0	24.0	24.0	9.0	6.0	5.0	1.0

EBITDA : Earnings before Interest, Depreciation, Taxes & Amortization

** Export incentives are reclassified to Other Income

Figures are as per Ind AS format from the year 2015-16 onwards

One Million (Mn) is equal to Ten lakhs

Directors' report

Dear members

The Company is pleased to present the report on its business and operations for the year ended March 31, 2020.

1. Financial highlights for the year ended March 31, 2020:

(Rs. in Millions)

	Consolidated		Standalone	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Total Income	2,779.87	2,887.69	2,761.70	2,883.26
Employee benefits expense	1,793.10	1,833.59	1,347.15	1,249.77
Depreciation and amortization expenses	58.22	54.99	58.00	54.76
General, administrative and other Expenses	376.91	462.76	858.13	1,097.79
Finance cost	11.08	0.67	11.08	0.67
Total Expenses	2,239.31	2,352.01	2,274.36	2,402.99
Profit/(loss) before exceptional Items	540.56	535.68	487.34	480.27
Exceptional Items	-	-	-	-
Profit Before Tax	540.56	535.68	487.34	480.27
Tax expense	141.54	173.66	137.85	165.89
Profit After Tax	399.02	362.02	349.49	314.38
Other Comprehensive Income	(4.33)	(1.55)	(4.67)	(1.55)
Total Comprehensive Income	394.69	360.47	344.82	312.83
Earnings per Equity share (Par value of Rs. 10/- each)				
Basic (Rs.)	38.51	33.79	33.73	29.35
Diluted (Rs.)	38.51	33.79	33.73	29.35

2. Business and Operations Review:

Total operating revenue was Rs. 2,694.04 Mn for the Financial Year 2019-20, which as compared to Rs. 2,827.73 Mn in the previous year is lower by five percent. Total Comprehensive Income stood at Rs. 344.82 Mn, (representing 12% of Total Income) as against Rs. 312.83 Mn (11% of Total Income) in the previous year. This signifies an improvement over the previous year both in absolute and percentage terms. Currency fluctuations resulted in Profit for the year of Rs. 43.97 Mn as compared to a loss of Rs. 26.94 Mn in the previous year.

Geographically, the Company's revenue from operations has been more diversified this year with revenue from operations from India, the Middle East, Asia and Australia rising to 35% (as compared to 28% in the previous year). The business derived from Europe was 62% of its revenues from operations and 3% from US. During the year, the proportion of Onsite revenue stood at 53% as compared to 58% in the previous year and the Offshore revenue stood at 47% as compared to 42% in the previous year.

During the year under review, new client acquisitions contributed to 5% of revenue from operations. The

repeat business from existing clients accounted for 95% of revenue from operations as compared to 97% in the previous year.

The revenue from Group clients for financial year 2019-20 increased to 21% as compared to 19% in the previous financial year. On the practice front, the Banking practice registered degrowth of 12% as compared to the previous year, contributing 35% of revenues.

Employee strength, as on March 31, 2020, for the standalone entity was 990 (consolidated entity 1062) as compared to 889 (consolidated entity 962) in the previous year. The percentage of women employees during the year was maintained at 37 percent. For the consolidated entity, the women employees during the year stood at 387 (36%) as compared to 340 (35%) in the previous year. The attrition is reduced to 20% for the year ended March 31, 2020 as compared to 24% in the previous year.

3. Capital expenditure:

During the financial year 2019-20, the Company added Rs. 129.44 Mn to its to the Company's gross block with capital expenditure, which comprised Rs. 106.18 Mn on account of Leasehold assets, Rs. 19.40 Mn on technology infrastructure, Rs. 3.86 Mn through physical infrastructure, and the balance Rs. 0.01 Mn through intangible asset addition.

4. Liquidity:

The Company continues to maintain comfortable cash balances to meet its strategic objectives. The liquid assets as at the end of the year stood at Rs. 1,338.77 Mn (against Rs. 1,132.39 Mn in the previous year). The Company's Cash balance stood at Rs. 699.94 Mn as compared to Rs. 839.71 Mn in the previous year.

5. Share capital:

At the end of the financial year March 31, 2020, the Company's Paid-up Equity Share Capital stood at Rs. 102.52 Mn, consisting of 1,02,52,485 fully Paid-up Equity Shares of Rs. 10/- each.

Buyback of Equity Shares:

The Company had announced the Buyback of not exceeding 4,60,896 (Four Lakhs Sixty Thousand Eight Hundred and Ninety Six) fully paid-up equity shares of face value of Rs. 10/- (Rupees Ten only) each ("Equity Shares"), representing 4.30% of the total number of Equity Shares of the paid-up Equity Share Capital of the Company from the shareholders or beneficial owners of Equity Shares of the Company as on the record date i.e. April 12, 2019 ("Record Date"), on a proportionate basis, through the "Tender Offer" route at a

price of Rs. 550/- (Rupees Five hundred and fifty only) per Equity Share, payable in cash, for an aggregate amount not exceeding Rs. 25,34,92,800/- (Rupees Twenty Five Crores Thirty Four Lakhs Ninety Two Thousand Eight Hundred only) ("Buyback Offer Size") excluding the Transaction Costs. The Buyback Offer Size represents 25% of the aggregate of the fully paid-up share capital and free reserves, of the Company as per the audited standalone financial results for the financial year ended March 31, 2018.

The Company adopted the tender offer route for the purpose of the Buyback. The Buyback was implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by the SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with the "Streamlining the Process for Acquisition of Shares pursuant to Tender-Offers made for Takeovers, Buy Back and Delisting of Securities" as prescribed under the SEBI Circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, including any amendments thereof, issued by Securities and Exchange Board of India ("SEBI").

The tendering period for the Buyback Offer opened on Thursday, May 30, 2019 and closed on Thursday, June 13, 2019.

The Company bought back an aggregate of 4,60,896 (Four Lakhs Sixty Thousand Eight Hundred and Ninety Six) Equity Shares under the Buyback, at a price of Rs. 550/- (Rupees Five hundred and fifty only) per Equity Share.

The total amount utilized in the Buyback is Rs. 25,34,92,800/- (Rupees Twenty Five Crores Thirty Four Lakhs Ninety Two Thousand Eight Hundred only) excluding the Transaction Costs.

Equity Shares held in dematerialized form accepted under the Buyback were transferred to the Company's Demat Account on Friday, June 21, 2019. The unaccepted dematerialized Equity Shares have been returned to respective Seller Member/Custodians by the Clearing Corporations on Friday, June 21, 2019. There were no tender of shares in the buyback received in physical form.

The 4,60,896 (Four Lakhs Sixty Thousand Eight Hundred and Ninety Six) Equity Shares accepted under the Buyback were extinguished on June 26, 2019.

6. Net worth:

The Company's net worth stood at Rs. 1,152.52 Mn as at March 31, 2020 as against Rs. 1,068.82 Mn at the end of the previous year.

7. Transfer to general reserve:

During the financial year, the Company transferred Rs. 34.00 Mn (previous year - Rs. 31.00 Mn) to the general