

EXPLEO SOLUTIONS LIMITED

Annual Report

FY 2020-2021



Think bold, act reliable

[expleo]

Corporate information

BOARD OF DIRECTORS

Ralph Franz Gillesen
Chairman and Non-Executive Director

Prof. K. Kumar
Deputy Chairman & Independent Director

Balaji Viswanathan
Managing Director & CEO

Lilian Jessie Paul
Independent Director

Prof. S. Rajagopalan
Independent Director

Rajesh Krishnamurthy
Additional Director (Non-Executive)

Rajiv Kuchhal
Independent 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. Chandrasekharan & Associates
Chartered Accountants
1st Floor, Kalpataru Complex, No.44, C.P. Ramaswamy Road, Alwarpet
Chennai-600 018

BANKERS

DBS Bank India 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, Tel. 044 4392 3200
email: investor.expleosol@expleogroup.com
website: www.expleosolutions.com

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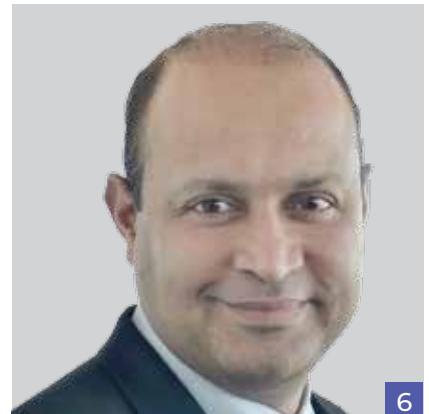
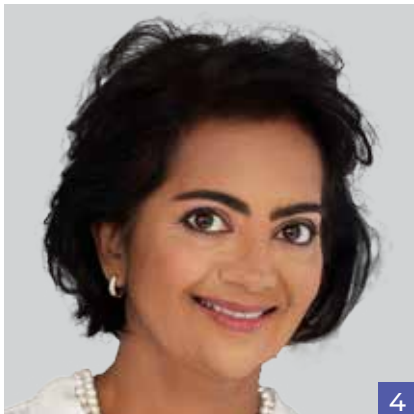
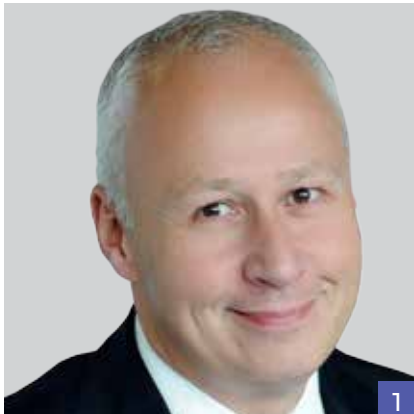
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Board of Directors



1. Ralph Franz Gilleszen

Chairman & Director (Non-Executive)

Ralph Franz Gilleszen is the Chairman & Director (Non-Executive) of Expleo Solutions Limited.

Ralph Franz Gilleszen 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.

2. 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.

3. BALAJI VISWANATHAN

Managing Director & CEO

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

Balaji comes with 28 years of professional experience in the financial services and ITES domain of which 16 years have been in the Financial Services Industry and 10 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 a large Customer Services and Process outsourcing organisation, 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.

4. LILIAN JESSIE PAUL

Independent Director

As an entrepreneur, investor, board member, and marketing leader with 26 years of expertise across strategy and modern marketing; Jessie Paul has helped grow organizations from startup stage to global scale. She advises companies on their digital evolution so they can reach customers in the new tech-enabled ecosystem while guiding them on how to maximize profitability with their go-to-market and positioning.

She is the CEO and founder of Paul Writer a marketing consulting firm that helps global and Indian clients with market entry, positioning and customer outreach. She was Global Brand Manager of Infosys during its hectic growth era, headed marketing for challenger brand Quintant (acquired by iGATE), and Chief Marketing Officer of Wipro Technologies for five years during which it quadrupled its revenues to \$4 billion.

Her first book, No Money Marketing: From Upstart to Big Brand on a Frugal Budget was a business bestseller in India, and an updated version has been accepted for publication by Bloomsbury in 2021.

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. Rajesh Krishnamurthy

Additional Director (Non-Executive)

Rajesh Krishnamurthy is an Additional Director (Non-Executive) of Expleo Solutions Limited.

Rajesh Krishnamurthy joined Expleo Group as Chief Executive Officer on July 15, 2020. He will accelerate Expleo

Group strategic transformation roadmap, with a strong focus on digitalizing its services and scaling its global delivery capabilities. Prior to that, Rajesh was Chief Technology and Transformation Officer for the CMA CGM Group, the French container transportation and shipping leader since February 2018. He was mandated to harness organizational change to embrace digital transformation and drive new growth. He was responsible for Group IT, digital and shared services centres across the globe.

Rajesh, a Bachelor in Electronics Engineering from the University of Pune, India started his career in 1992 at Infosys, a global IT and consulting major and was an integral part of the Infosys success story and growth. In Infosys, he was President of company's business focused on the Energy, Utilities and Telco markets. He was also responsible for the European region and Infosys Global Consulting organization.

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. 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



Mr Ralph Franz Gillessen
Chairman

Dear Shareholders,

It has been an extraordinary year for all of us - a crippling pandemic, lockdowns across the globe, and evolving priorities with ramifications that have transformed the world. The interrupted demand and supply with remote operations put many organizations, large and small, through the test of survival. It was a challenge for us at Expleo Solutions as well. However, I am happy to announce that our employees' commitment, the faith our customers have in us, and meticulous planning and swift execution have helped us achieve stellar business growth and performance. We were also able to grow by over 10%, double our digital business, which has carved out a significant niche in our offering.

One key parameter defined organizations last year – their resilience through the use of technology. Lockdowns boosted the ranks of brands that could thrive with the sophisticated technology in e-commerce, home deliveries, agile supply chains, and no-touch banking services. Across the board, companies ramped up digitalization to cater to the new ways of doing business. A study by McKinsey revealed that companies had accelerated their digital transformation by three years and their digitally-enabled product portfolio by an astonishing seven years, as these changes in ways of doing business are here to stay and likely to evolve faster.

Organizations in the new normal will seek to provide experience-based outcomes, seamless collaboration, remote operations, uncompromised security, and resilience to respond to business

disruptions. And this will be driven by technologies like AI, Distributed Cloud, Blockchain, RPA, Digital Twins, and Cybersecurity. Expleo has invested in AI/ML and Intelligent test models that analyze and manage sophisticated data and help our customers to leverage these technologies with confidence. Research by Forrester shows that by 2022, 75% of all databases will be deployed or migrated to a cloud platform, with only 5% ever considered repatriation to on-premises. Automated environments in the Cloud and automated testing systems will play a significant role in freeing developers to create viz a viz diagnosing problems. Organizations will leverage this to release better products faster. We are committed to helping our clients with the next era of test automation with Expleo's model-centric and scriptless test automation strategy.

Application development security will increase by 164% in the next five years. And in our largest business segment, the banking and financial sector, the significance of technology will peak in the following year. According to Nelson Hall, banks will pursue process automation, technologies that enable work from home, and cognitive processing.

Technology adoption in our key markets – South East Asia, Middle East, Europe, and India, is booming. Despite an economic slowdown, the regional internet economy grew steadily in South East Asia and will continue to grow at a CAGR of over 30% from \$100 billion in the next 5 years; a Google study pointed out. New digital customers made up more than 35% of the total customers in education, e-commerce, and banking. A majority of these customers lived beyond major cities like Indonesia, the Philippines, and Malaysia. Digital banking services are increasing from 42% pre-COVID-19 to 63% post-COVID-19, and the total digital payment transactions will double to \$1.2 trillion by 2025. We have customers engage with us in the Healthcare and BFSI space for engineering and performance testing from Indonesia and the Philippines. In the Middle East, national reform agendas like Saudi Arabia's Vision 2030 and Egypt's Digital Transformation Sectoral Plans are driving immense opportunities in the digital space.

At Expleo, we are responding to these trends with four key focus areas – focus on servicing our clients through easy to deploy, secure digital capabilities, growing and nurturing future talent, meticulously monitoring feedback and customer satisfaction and driving innovation for our customers.

We strive to enable our customers in their digital transformation journeys with faster, safer, and experience-driven technology. We ramped up to fulfil immediate, short-term deployments and shorter decision cycles for primary digitalization requirements. There has been a surge in demand for digital services in the past nine months with urgency for testing and implementation. With Expleo's Center of Excellence for digital practices, we track demand and focus on addressing digital requirements. A testimony to our digital capabilities is our renewed business from our existing customers in this space. And we doubled our revenues in our digital business. A large EdTech company in the Middle East has partnered with Expleo to build its capabilities in virtual tutoring, collaborative classrooms, and a teacher productivity portal.



Along with the renewed focus on digitalization, organizations have reprioritized their cybersecurity systems and approaches. Customer expectations for robust information security have further driven the need for security and performance. One of the world's largest core banking service providers has chosen Expleo as their partner to move their offering to the Cloud and for a large-scale security and vulnerability assessment.

We are also witnessing a heightened demand for skills and experience. In the IT software testing space, the number of deals in the last two quarters drove us to increase our headcount by 318 skilled employees, on payroll by 178 and contract by 140. Organizations seek subject matter experts in specific tools and technologies and domain experience with a deep understanding of their business. Our current demand is an indicator of more hiring in the next few quarters.

Our response to COVID-19 has increased our customers' faith in our brand. Our 100% score on our CSAT survey was a testimony to that. We were able to seamlessly manage risk and assure business continuity to our customers with a process that focused on customers, employees, security, and productivity. We provided uninterrupted services to 65+ customers across the globe. We identified flexible and secure work arrangements and prioritized our employees' mental health and safety, resulting in zero threats and increased employee engagement through constant communication channels. We were able to enforce IT controls and necessary home-grown tools to enable remote operation and frequent audits to stay compliant even

before the national lockdown in India began. Our customers called out our ability to be highly proactive, agile, and going beyond the SLAs to deliver customer support and satisfaction.

At Expleo, innovation remains one of the key drivers of business growth. We will continue to augment our capabilities and strengthen our services in the digital space. In 2020, we won two prestigious awards at the IBSI Global FinTech Innovation Awards 2020. The award-winning Expleo's Continuous-Q DevOps framework helps customers achieve significant savings in license cost, with easy and faster deployment of automation to accelerate their digital journey.

We will continue to augment our capabilities through our investments in innovative technologies. Our topmost priority is to ensure that we stay relevant and actively contribute to your business success. A testimony to that was the 'Asia's most promising business leader' awarded to Managing Director & CEO of Expleo Solutions Limited, Balaji Viswanathan, by Economic Times.



On behalf of the Board, I want to take this opportunity to thank our customers and employees for the trust they have reposed in us. I would like to thank you, our valued shareholders, for extending your continued support.

Stay safe, healthy and take care of your families.

Yours Sincerely,

Ralph Franz Gillessen

Chairman

Performance highlights

Decade at a Glance (Consolidated Basis)

Rs. in Millions

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17#	2015-16	2014-15	2013-14	2012-13	2011-12
Gross Revenue **	3009	2702	2828	2712	2599	2642	2142	1944	1614	1214
EBIDTA	753	610	591	538	424	605	389	499	326	224
Profit Before Tax	684	541	536	479	370	562	320	422	265	185
Profit After Tax	504	399	362	319	232	369	216	300	194	114
Fixed Assets: Gross Block	474	432	324	307	300	526	483	473	457	225
Fixed Assets: Net Block	248	260	189	224	267	248	243	274	312	109
Share Capital	103	103	107	107	107	106	105	103	101	101
Reserves and surplus	1916	1420	1281	1179	1164	982	911	980	781	655
Networth	2019	1522	1388	1286	1271	1089	1016	1082	882	755
Sundry Debtors	608	759	457	681	424	544	567	558	413	236
Cash and Bank Balances	1311	872	987	850	891	857	683	502	394	404
Current Assets	2259	1774	1625	1633	1380	1534	1380	1157	952	899
Current Liabilities	549	534	522	626	435	728	560	290	289	263
Working Capital	1710	1240	1103	1007	945	806	820	867	663	636
Employee Strength (No.s)	1117	1062	962	1012	919	1076	907	905	782	742
No of Equity Shares (‘000)	10252	10252	10713	10710	10680	10639	10545	10268	10124	10052
Earnings Per Share (Diluted) (Rs.)	49.20	38.51	33.79	29.90	22.26	34.62	20.57	28.66	19.03	11.30
Book Value per Share (Rs.)	196.89	148.45	129.60	120.06	119.03	102.32	96.37	105.41	87.11	75.12
Dividend - Rs. per share (Interim and Final)	-	-	-	24	24	24	24	9	6	5

EBITDA : Earnings before Interest, Depreciation, Taxes & Amortization

** Export incentives are reclassified to Other Operating Revenue

Figures are as per Ind AS format from the year 2016-17 onwards

One Million (Mn) is equal to Ten lakhs

Directors' report

Dear members

The Company is pleased to present its business and operations report for the year ended March 31, 2021.

1. Financial highlights for the year ended March 31, 2021:

(Rs. in Millions)

	Consolidated		Standalone	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Total Income	3,063.14	2,779.87	3,058.30	2,761.70
Employee benefits expense	1,570.93	1,464.12	1,265.36	1,125.91
Depreciation and amortization expenses	58.05	58.22	57.83	58.00
General, administrative and other expenses	739.54	705.89	1,099.52	1,079.37
Finance cost	10.56	11.08	10.56	11.08
Total expenses	2,379.08	2,239.31	2,433.27	2,274.36
Profit/(loss) before exceptional items	684.06	540.56	625.03	487.34
Exceptional items	-	-	-	-
Profit before tax	684.06	540.56	625.03	487.34
Tax expense	179.65	141.54	172.48	137.85
Profit after tax	504.41	399.02	452.55	349.49
Other comprehensive income	(7.80)	(4.33)	(5.47)	(4.67)
Total comprehensive income	496.61	394.69	447.08	344.82
Earnings per equity share (par value of Rs.10/- each)				
Basic (Rs.)	49.20	38.51	44.14	33.73
Diluted (Rs.)	49.20	38.51	44.14	33.73

2. Business and Operations Review:

Total operating revenue was Rs.3,008.94 Mn for the Financial Year 2020-21, which increased by 11% over the previous year's Rs.2,702.18 Mn. Total Comprehensive Income stood at Rs.447.08 Mn (15% of Total Income) against previous year's Rs.344.82 Mn (12% of Total Income). This signifies an improvement in absolute and percentage terms, both. Currency fluctuations resulted in a profit of Rs.32.29 Mn for the year as compared to a profit of Rs.43.97 Mn in the previous year.

The Company's revenue from operations was more geographically diversified this year, with the share from

India, the Middle East, Asia, and Australia rising to 38% compared to 36% in the previous year. The business derived from Europe was 59% (previous year 61%) of its revenue from operations, while 3% (previous year 3%) was from the US. The proportion of on-site to offshore revenue from operation stood at 46% / 54% compared to 53% / 47% in the previous year.

During the year under review, new client acquisition contributed 5% to revenue from operations. The repeat business from existing clients is same as 95% of revenue from operations compared to previous year.