

EXPLEO SOLUTIONS LIMITED

Annual Report FY 2021-2022



Think bold, act reliable

[expleo]

Corporate information

BOARD OF DIRECTORS

Ralph Franz Gillessen
Chairman and Non-Executive Director

Prof. K. Kumar
Deputy Chairman & Independent Director

Balaji Viswanathan
Managing Director & CEO

Lilian Jessie Paul
Independent Director

Prashant Eknath Bramhankar
Additional Director (Non-Executive)

Prof. S. Rajagopalan
Independent Director

Rajesh Krishnamurthy
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

contents

05

Letter to the
Shareholders

08

Performance
Highlights

09

Boards'
Report

24

Annexure
to Directors'
Report

42

Management
Discussion
and Analysis

51

Report on
Corporate
Governance

70

Certifications

STANDALONE FINANCIAL STATEMENTS

86

Independent
Auditor's
Report

97

Balance
Sheet

98

Statement
of Profit
and Loss

99

Statement
of Change
in Equity

100

Statement
of Cash
Flow

101

Notes

CONSOLIDATED FINANCIAL STATEMENTS

147

Independent
Auditor's
Report

154

Balance
Sheet

155

Statement
of Profit
and Loss

156

Statement
of Change
in Equity

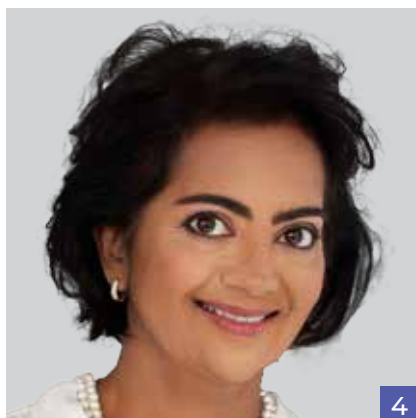
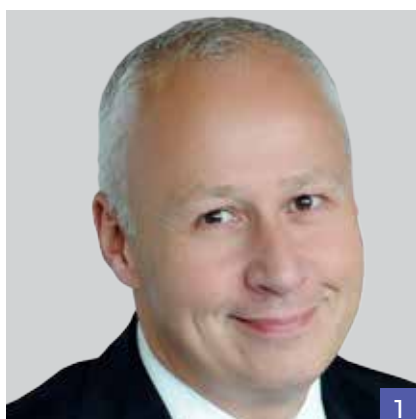
158

Statement
of Cash
Flow

159

Notes

Board of Directors



1. RALPH FRANZ GILLESSEN

Chairman & Director (Non-Executive)

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

Ralph Gillesen 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 a 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). He served as Professor of Entrepreneurship at Indian Institute of Management, Bengaluru (IIM-B) till his recent retirement and was involved in teaching, research and entrepreneurship promotion initiatives. His corporate experience includes a management 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

Experienced in Consumer & Market Research, Branch Banking, Sales, Product Management, Operations, Information Technology and Overall P&L Ownership.

In a career spanning 27 years (30 years including Market research and Field sales while in Evening college), Balaji has been with the Banking and Payment Card Industry for over 16 years and with Technology and Process Outsourcing for over a decade.

Played a pivotal role for 12 plus years in developing two start-up Banks (HDFC Bank and YES Bank) and three years with a Global Payment Franchise (MasterCard) supporting their Operations and Technology for the South Asia market. In the Tech and Process outsourcing Industry, associated with IBM Daksh (later acquired by Concentrix) for nine (9) years across Solutions, Pre-Sales, Global Delivery for the BFSI sector.

Held Global and Regional Leadership positions responsible for setting up Systems and Processes for Retail Banking, Commercial Banking, Cards, Risk Management, Customer Relationship Management, Technology and Process outsourcing.

In a nutshell, a technology enthusiast and keen to understand the business application of technology.

Recent accolades:

- Certified in Automation using open source, Data Science and Big Data, Artificial Intelligence and Blockchain.
- Recognised twice (2021 & 2022) as Asia's Most Promising Business Leader by Economic Times.
- Inducted into the Economic Times India Leadership Council.

4. LILIAN JESSIE PAUL

Independent Director

Jessie Paul has 27 years of experience as a marketer. She was Global Brand Manager of Infosys, headed marketing for iGATE (now part of CapGemini) and was Chief Marketing Officer of Wipro Technologies. She commenced her career with Ogilvy & Mather Advertising.

In 2010, Jessie founded Paul Writer (www.paulwriter.com), a marketing advisory firm that works with clients to design go to market strategies and brand blueprints.

Jessie is frequently cited as a marketing expert in publications and is the author of two books on frugal marketing - Marketing Without Money, published by Bloomsbury in 2021 and No Money Marketing, published by Tata McGraw-Hill in 2009. She publishes India's longest running marketing newsletter that reaches India's top business leaders.

She holds an MBA from Indian Institute of Management, Calcutta, and a bachelor's degree in computer science and engineering from National Institute of Technology, Trichy. Jessie has been invited to serve on the boards of multiple listed organizations as an independent director.

5. PRASHANT EKNATH BRAMHANKAR

Additional Director (Non-Executive)

Prashant Bramhankar is the Additional Director (Non-Executive) of Expleo Solutions Limited.

Prashant is Managing Director of two Expleo Group Subsidiaries in India, Expleo India Infosystems Pvt Ltd and Expleo Technologies India Pvt Ltd, responsible for the company's operations in India.

Prashant is a Mechanical Engineer, started his career in 1988 with Premier Automobiles, spent 10 years with Indian Automotive companies including Tata Motors. He also spent 16 years with Siemens Industry Software in multiple capacities in Software Product Development environment.

Prashant joined SQS in 2015 to head the global "Automotive and Manufacturing" business, post SQS merger with Assystem, he is focusing on running the two group

subsidiaries in India focused on Software Quality and Engineering services.

He is very passionate towards the new areas in Engineering, especially in Automotive.

6. 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.

7. RAJESH KRISHNAMURTHY

Director (Non-Executive)

Rajesh Krishnamurthy is the Non-Executive Director 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 joining Expleo, Rajesh was Chief Technology and Transformation Officer for the CMA CGM Group, the French shipping and logistics 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 centers across the globe.

He 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. At Infosys, he was President of the company's industry divisions, focused on Energy,

Utilities and Telco markets globally. He was also responsible for the European region and the Infosys Global Consulting organization.

Rajesh Krishnamurthy is a Bachelor in Electronics Engineering from the University of Pune, India.

8. 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.

9. ULRICH BAUMER

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 Gillessen
Chairman

Dear Shareholders,

The financial year 2021-22 was flourishingly different from its predecessor as the world was getting ready for the “new normal”. The business optimism was palpable, organisations accelerated tech investments to thrive, and the companies bounced back with renewed agendas to compete in the new normal. It was a similar trajectory for us at Expleo Solutions Ltd. Our strengthened team spirit is reflected in confidence shown by our team members in the surveys. We gained the trust of over 25 new customers across the globe with our accurate delivery and investments in technology and scale. And our new market and acquisition strategy is expected to accelerate our growth this year. And I would like to thank and sincerely appreciate our shareholders’ interest in Expleo Solutions Ltd.

The IT industry is set ablaze with growth opportunities, and we have been riding the wave with our focus on capabilities with a 30%+ Y-o-Y growth. According to a recent Gartner survey, it is evident that companies that invest in technology capabilities, talent, learning and leadership development are placed better for business growth and outcomes. And yet only 20% of companies surveyed have moved up in the adoption cycle of emerging technologies. 64% of the global respondents have said they will invest in digital businesses by 2023 to ensure that their business models are economically

viable. And organisations are increasingly aware of the risk of digital disruption and unconventional competition; hence the increased investments in technology and disruptive business models should help us as a transformation partner. This rise in awareness, coupled with the advancements in core technologies, gives Expleo Solutions Ltd. immense confidence in our purpose and fuels our growth in the new normal.

Today's workplace bears little resemblance to what we imagined a few years ago. The hybrid workforce saw a 30% increase in corporate spending on tech hardware and digital services. The C-suite roles have changed – every leader is now accountable for crisis management, technology evaluation, customer and employee engagement and attrition. Our customers' ways of operations have changed. According to Gartner, companies' transformation agendas include investing in 5g, IoT, AI, ML, Zero Trust security, software 2.0, data fabric and low code. Expleo Solutions Ltd, in the past year, has been aligning to these trends by building existing and additional capabilities by strengthening our teams in software engineering to cybersecurity, data science, compliance, product performance and reliability.

Expleo Solutions Limited's growth strategy is carefully crafted around four pillars to help us better align with our clients' priorities and drive sustained business growth.

- A reorganization defined by sectors and significant areas of expertise encourages sharing skills and international collaboration between teams.
- Investment in Digital Technologies to train our teams in digital professions by 2023 to build technofunctional disruptors.
- Expand areas of expertise to develop our position in the key industries of the future.
- And drive global innovation and R&D programmes to anticipate better the trends that will shape the future for clients.



The restructuring actions to better serve our customers helped us partner with many clients across 14 industries, including BFSI, NBFC, and enterprise business, to deliver engineering and quality assurance services. We have expanded our presence in markets like India, Southeast Asia, North America and Europe to drive business from where our customers are. And while 'the great resignation' is impacting the supply and the costs in the industry, we increased our employee satisfaction by 4% in the Great Place to Work survey and have onboarded over 2000+ employees in the last twelve months.

As a key investment in advancing digital technologies, we are excited about launching our sixth delivery and training centre in Coimbatore, Tamil Nadu. The new centre will contribute to our growth and help support clients' transformation programmes across industries. It can host up to 400 employees who will be trained and upskilled to deliver innovation and improve performance in futuristic technologies such as Artificial Intelligence, Machine Learning IoT, Low Code and Automation.

The increasing demand for data availability, regardless of where it lives, is compelling organisations to invest in Data management, analytics and AI. To augment our capabilities in this space, we took over the business of Lucid Technologies and Solutions, a leader in data governance, data protection and analytics. The business takeover includes all Lucid's tools, IP, business contracts across India and the USA. Lucid's clients include Fortune 500 and unicorns across BFSI, healthcare, software hi-tech, retail and manufacturing. This transaction will close in Q1 of FY 2022-23.

We were also able to realise our purpose during the times of crisis towards the upliftment of communities in Chennai and Mumbai. We have partnered with various Government and Non-Government Organisations to enable quality infrastructure for the students in rural and remote areas. And our commitment to the frontline workers in Chennai and Mumbai. I congratulate the entire team for making a considerable difference in people's lives and going over and beyond for what Expleo truly stands for.



This year has been a great testimony of our efforts and investments; the customer satisfaction response has been unprecedented. We added over 25 new customers over the year, and more trusting us by extending our engagement for business growth.

inclusion development, this year, we launched a new inclusion program in collaboration with the specialist organisation, Oorjja, to strengthen our workforce by onboarding eight differently-abled technology aspirants who will work in the UI/UX and data projects.

And with a sharp laser focus on our diversity and

I congratulate Balaji Viswanathan (second consecutive year) and Prashant Bramhankar for their recognition as Asia's most promising Business Leaders awarded by the Economic Times.

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

Yours Sincerely,
Ralph Gillesen
Chairman

Performance highlights

Decade at a Glance (Consolidated Basis)

Rs. in Millions

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16 #	2014-15	2013-14	2012-13
Gross Revenue**	4,045	3,009	2,702	2,828	2,712	2,599	2,642	2,142	1,944	1,614
EBIDTA #	808	753	610	591	538	424	605	389	499	326
Profit Before Tax #	721	684	541	536	479	370	562	320	422	265
Profit After Tax #	539	504	399	362	319	232	369	216	300	194
Fixed Assets: Gross Block #	640	474	432	324	307	300	526	483	473	457
Fixed Assets: Net Block #	392	248	260	189	224	267	248	243	274	312
Share Capital	103	103	103	107	107	107	106	105	103	101
Reserves and surplus #	2,449	1,916	1,420	1,281	1,179	1,164	982	911	980	781
Networth #	2,552	2,019	1,522	1,388	1,286	1,271	1,089	1,016	1,082	882
Sundry Debtors #	975	608	759	457	681	424	544	567	558	413
Cash and Bank Balances #	1,559	1,311	872	987	850	891	857	683	502	394
Current Assets #	2,896	2,259	1,774	1,625	1,633	1,380	1,534	1,380	1,157	952
Current Liabilities #	755	549	534	522	626	435	728	560	290	289
Working Capital #	2,141	1,710	1,240	1,103	1,007	945	806	820	867	663
Employee Strength (No.s)	1,882	1,117	1,062	962	1,012	919	1,076	907	905	782
No of Equity Shares ('000)	10,252	10,252	10,252	10,713	10,710	10,680	10,639	10,545	10,268	10,124
Earnings Per Share (Diluted) (Rs.) #	52.6	49.2	38.5	33.8	29.9	22.3	34.6	20.6	28.7	19.0
Book Value per Share (Rs.)	248.9	196.9	148.5	129.6	120.1	119.0	102.3	96.4	105.4	87.1
Dividend - Rs. per share (Interim and Final)	-	-	-	-	24.0	24.0	24.0	24.0	9.0	6.0

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