



“Expleo Solutions Limited
Q3 FY2023 Earnings Conference Call”

February 15, 2023



MANAGEMENT:

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DIRECTOR**

**MR. BALAJI VISWANATHAN – MANAGING DIRECTOR &
CEO**

MR. DESIKAN NARAYANAN – CHIEF FINANCIAL OFFICER

MODERATOR:

MS. ASHA GUPTA – INVESTOR RELATIONS, E&Y LLP

Moderator: Ladies and gentlemen, good day and welcome to the Expleo Solutions Limited Q3 FY23 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta. Thank you and over to you!

Asha Gupta: Thank you Mike. Good afternoon to all participants in the call. Welcome to the Q3 FY23 Earnings Call of Expleo Solutions. The results, press release and investor presentation have been already mailed to you and they are also available on the company’s website. In case anyone does not have the copy of press release and presentation please do write to us and we will be happy to send you on the mail.

Representing the management today, we have Mr. Ralph Gillessen - Chairman & Non-Executive Director. Mr. Balaji Viswanathan, Managing Director and CEO and Mr. Desikan Narayanan – Chief Financial Officer. Mr. Balaji will start the call with a brief overview of the quarter gone by which will be then followed by Mr. Desikan who will be getting into detailed financials and after that we will open the floor for Q&A session.

As usual, I would like to remind you that anything that is mentioned in this call which gives any outlook for the future, or which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual reports which you can find it on our website.

Having said that I now hand over the call to Mr. Balaji. Over to you Balaji!

Balaji Viswanathan: Thanks Asha and thanks once again to everybody who has joined the call and the interest shown in Expleo Solutions. We have had a reasonably good quarter. Year-on-year we had a 28% growth, quarter-on-quarter even though it is marginal given the kind of macroeconomic conditions I think we still had a reasonably good quarter. Our investments on what we wanted to do in the digital transformation space is still showing good traction, we have added new customers, we have also added new engagements, different type of engagements and the contribution from US is actually tracking well this is what one of our challenges was in the past and apart from that we have also done some tweaking in terms of how we wanted to manage our costs, we have been able to reduce some of our subcontractors and contractual employees, even kind of volatility in the demand and that has actually helped us in improving our margin profile as well. So overall a good quarter and we are very positive in terms of where the market is headed and what kind of demands are coming in but given the macroeconomic conditions and the kind of uncertainties that are there, so we have been very cautious in terms of where we want to invest and how much we want to invest and how much we want to leverage. We will continue to be hawkish in terms of how we manage our costs for the next couple of quarters and be cautious on where we wanted to invest and we are focusing on the margin profiles and all the focus for

this quarter that is calendar year Q1 of 2023 or the Q4 of this financial year is going to be on the merger, which we are on the final leg hopefully it should happen in the next two to four weeks kind of a timeframe is what we are expecting this to get closed and all our focus is on making sure that, that gets completed as per the schedule. So that is briefly what the overview is. I will hand it over to Desikan to cover the numbers in a greater detail.

Desikan Narayanan: Thanks Balaji. Good afternoon to all. We will take you through the quarter-on-quarter and the nine months performance.

Quarter-on-quarter revenue for the quarter improved by 3% ending at Rs 135 Crores against Rs 131 Crores previous quarter. EBITDA percentage was around 23% and PAT is improved by 610 basis points compared to previous quarter similar 22%. Major contributor to increase is forex gains we had a Rs 9.5 Crores forex gain compared to last quarter we had Rs 1.9 Crores forex loss majorly this unrealized loss because of the revaluation of the assets is the one major reason. Of course, this is because of rupee sinking against Euro and pound and US dollars which are all major currency which we deal with. We have an improvement in DSO. DSO dropped to 74 days compared to 80 days in the previous quarter and our cash balance has increased from Rs 108 Crores to Rs 159 Crores.

Looking at the nine months comparison against the previous quarter the growth was around 35% in revenue. EBITDA grew by 66%, major contributor is increase in revenue and also, we are doing lot of cost management activities that we try to control cost which has led to this increase and also our earnings per share increased by 52% and with Rs 52.58.

On the update on merger proceedings actually, it is the last quarter when we expected this number by December but due to the reconstitution of NCLT benches and the court vacation the matter finally came for hearing in January for all three states. So the jurisdiction NCLT in all three places in Bengaluru, Chennai, and Mumbai have heard the matter and they have reserved the matters for orders so what it means is that they have had all the hearings and we do not expect to have another hearing. We are following up with NCLT registry for pronouncement of the orders so that we can obtain the certificate which we expect to complete in the coming weeks. So overall the current expectation is hopefully there is no backlog from the NCLT side, which will end around March 2023 with the current expectations. So, this is the update on NCLT and we can open up for questions and answers.

Moderator: We have the first question from the line of Pooja Ahuja from Monarch Network Capital. Please go ahead.

Pooja Ahuja: Hi Sir congrats for the quarter and thanks for the opportunity. Firstly, if you could specify the Revenue, PAT and EBITDA of the unlisted companies?

Desikan Narayanan: Revenue for the nine months ending for the other two companies is around Rs 273 Crores and PBT is from Rs 41 Crores.

- Pooja Ahuja:** Sure and could you specify the EBITDA number?
- Desikan Narayanan:** EBITDA is around Rs 47 Crores.
- Pooja Ahuja:** Sir secondly wanted to understand the digital revenue as a percentage of the overall revenue has been coming down so just wanted to have some sense on that if you could just elaborate on that, what is the trend, what is the deal pipeline that you are seeing here?
- Balaji Viswanathan :** Actually digital revenue as a percentage of the total revenue has come down only in this particular quarter, Pooja, because if I were to compare it with last year, the absolute numbers have been growing. So as a percentage, as shown I would not say it is going down as a percentage because the denominator is higher its like the percentage is lesser but we are still looking to have close to around 38% of our revenue in digital for the full financial year and we are well on track. Last quarter we had some customers who have ramped down and also lower number of working days for some of the geographies because of which it looks like actually it has gone down a little but it is not a significant drop from Rs 45 Crores it has went to Rs 44 Crores and we do not see that is slowing down in anyway, some seasonal ramp downs which normally happens in the Q4 of the calendar year that is the reason why we saw some impact.
- Pooja Ahuja:** Sure, understood and on the attrition side what was the attrition percentage this quarter and do you think that kind of normalised now, are you seeing any supply side challenges?
- Balaji Viswanathan:** We do see, I would not say it is normalised, for us to say it is normalised we need to see at least three to four months of continuous trend of decline. Of course, the last couple of months has been on the downward trend but still much higher compared to what we would like to see it at. It is still in the range of around 27-28% on the volume basis and our expectation is that we need to get it down to 20% odd, but we are still keeping a close watch on that. We still see challenges in attracting or getting the highly technical talent, so which is why we are investing on the learning and development phase and upskilling piece for our talent. To answer your question in short, attrition is showing slightly lower trend but it is too early to call that particular issue has been sorted or not.
- Pooja Ahuja:** Okay understood. I will join back the question queue. Thanks.
- Moderator:** Thank you. We have the next question from the line of Deval Shah from RBSA Investment Managers. Please go ahead.
- Deval Shah:** Sir my question is with regards to the loans and advances to the related party so what is the outstanding as on the quarter ending December 31, 2022.
- Desikan Narayanan:** As of December 31, 2022, we had a loan of almost around Rs 63 Crores.
- Deval Shah:** Follow on question on that only Sir, so I just wanted to understand your thought process because I understand our opex and capex mainly are in INR and if we do not have any midterm or near

term plan for overseas acquisitions so would not it be more sensible to have treasury in India and the earn the higher yields and be not exposed to forex risk and have a lower yield while having that treasury outside of India?

Desikan Narayanan: The way I look at it is on cash management is that currently if I look at my subsidiary companies I have some cash which is sitting in the bank which is not earning much so that if I part in the group cash pool, it gives interest rate of overnight interest plus 3% which is 6%. So I feel that keeping it in the bank, I can park it in cash pool. Also I have an agreement to get it back within three days time. So that is a very short loan which I can get it from them and also the risk factor is comparatively lesser for me to get it. That is the whole point we are making this kind of arrangement where the group gives a good interest rate for us and over the period if you look at last quarter to this quarter there you seen the interest income has increased. For the term deposit, we are trying to use the maximum cash what we have in India into the term deposit that also the higher interest rate which we currently have so that is we are utilizing both sides, both from the overseas subsidiary.

Deval Shah: My limited submission on this was that hope we are managing our cash and treasury in a way with opex line, capex, yield and looking at the near term or whatever acquisition we have in the pipeline, so we are managing keeping all these variables intact right?

Desikan Narayanan: Absolutely. The way we are looking at it is, anytime if we need to generate cash for our acquisition, we get back our money from group, whatever the balance is we can take it from India and use it for that purpose.

Deval Shah: The average yield would be on that treasury lying outside of India would be?

Desikan Narayanan: The overnight rate plus we have a 3.75% and overnight goes up and down, actually it is going up so that way we are earning better interest rates on that.

Balaji Viswanathan: It is in the range of 5% plus and what Desikan mentioned if you get the money into India then taking it out is not going to be easy. You need a significant amount of approvals and all our future investments whether it is in terms of acquisition and whatever we want to do it is better to try and keep it as much as possible except for our normal working capital requirements in the subsidiaries.

Deval Shah: My second question is more on the global outlook so probably since we already have a presence in Europe so just wanted to get sense on overall outlook on the demand side specifically in the sentiments?

Balaji Viswanathan: So if you ask me whether the demand has tapered down, I would not say it has tapered down but there is certainly a slowdown in terms of investments. The digital transformations are going on but the larger investments are being reviewed more minutely rather than people going on, the investment fees or changing over older platforms into new one it is not something which is not the same pace as what it used to be earlier but that does not mean that those projects are stopped

but we need to be a little more cautious in terms of how this is going to go, it depends on whether it is US or Europe, what kind of recession and if it is really going into a recession or if it goes into a recession what level of impact it is going to have? So that is the reason why we are also cautious and customers are also cautious in making investments. Ralph, you want to add anything more.

Ralph Gillessen: Even from a global perspective I think we certainly see across all the industries strong demand when it comes to digitization initiatives, digital transformation initiatives, that will even require highly technical skills and to make this from our side. And customers are little bit cautious even to make big commitments, but trying to even bring it into a sequence of even different steps so that they even keep their investment and run within some of the more engineering practices and capabilities around manufacturing, mechanical engineering and these are areas where the customers even see that they are really trying to combine all the efforts that we have taken and this is even then also very competitive for price and especially in our existing customer base are really choosing even carefully our own initiatives where we can continue to lead to customer success. But as it is very price competitive, we are very selective in this area.

Moderator: Thank you. We have the next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Thank you to give me this opportunity. My question is in this topline can you describe which topline has increased our margins either from existing customer or new customers?

Balaji Viswanathan: It is a combination of both always and always that is fresh logo revenue for a full year because obviously, we do not track the fresh logo revenues on a quarter-on-quarter basis because none of the contracts really start big when we are starting off. So you only look at what are the new customer revenue during the full year and normally our new customer revenue is in the range of around 10% to 12% and our existing customers revenues in the range of 25% to 28% so that has been in the last year or so earlier it used to be much lesser the new customer revenue used to be much lesser but we have been trending at that 10% to 12% new customer revenue over the last couple of years at least.

Ravi Naredi: Secondly this higher net profit margin, it will be maintainable in Q4?

Balaji Viswanathan: What we have done is we have rationalised our costs, we have reduced the number of contractors particularly some of the niche skills and others because we did not want to keep too much of bench awaiting opportunities. So, we will probably have to keep a close watch on that. So, if there is any big demand then obviously we will have to make that investment but as of now it looks like we will continue to be in the range which we had mentioned earlier, till the merger it will be closer to the 19% to 20% range and post the merger it will be closer to the 16% to 18% range.

Ravi Naredi: What about new hiring in Q4?

- Balaji Viswanathan:** Calendar year Q4 that is you are talking about?
- Ravi Naredi:** No, the calendar year Q4 has gone, and I am asking for FY2023 what is the planning up to March 2023?
- Balaji Viswanathan:** We have been hiring close to around 180 to 200 people on a month-on-month basis over the last 12 months and that is going to continue and net of attrition the addition will be in the range of around 40 to 50 people.
- Ravi Naredi:** Any utilisation of the funds line with us organic or inorganic because I am the shareholder since long Expleo Solutions never hold money with them they always distribute as dividend or whatever they have in mind but few years they are not doing so, so what is in mind of management that I would like to know?
- Balaji Viswanathan:** I think this is a question which we have heard consistently. The way we are looking at it is what is the best way to utilize the cash, what we were looking at was some kind of an investment that we could do to enhance our capability which will actually add value to the company and to the shareholders as well and if we are not able to make any of those before end of this financial year then we will look at redistributing part of it as part of dividend as well so it is not that the dividend is shutdown but we want to wait and see if there is any opportunity for us to better utilise the cash, if we are not able do it then in the next session which is the end of financial year, so we will take a call on how the cash would be distributed or utilised.
- Moderator:** Thank you. We have the next question from the line of Aman Shah from Jeetay Investments. Please go ahead.
- Aman Shah:** Thank you for taking my question. Question on our revenue for the unlisted entity is Rs 273 Crores, can you give the details of DSOs there in unlisted entity?
- Desikan Narayanan:** DSO if you look at for the unlisted entity it will be in the range of around 95 to 100 because there are some contracts which is more of engineering side of things which have a longer DSO so that will be around 90 to 95.
- Balaji Viswanathan:** Also, just wanted to the highlight in the unlisted company more than 50% of the revenues between both the Pune and Bengaluru entities is coming from the group and that is not at 90 or 100, it is only 90.
- Aman Shah:** So then once we get listed, will the business that is coming from group and as we see offshoring will increase, will this DSOs come down even in these unlisted entities and will get converged to our listed entities numbers of DSO?
- Balaji Viswanathan:** Yes so, our target there will be in the range of 65 or 70 and once the merger happens, then that is the same target that we will have for all the entities.

Aman Shah: Can you give me the headcount number for December and how much were we planning in September for ending the year? Like for March how much were we planning and where are we for March 2023?

Balaji Viswanathan: For the listed company, there was really not much of headcount increase in this quarter, that is quarter ended December. Currently the billable headcount is around 1,700 for the listed companies and we have close to 1,500 for the unlisted company and total headcount for the company is at around 3,850 in the round about. So, we are expecting that as a company we will be at close to around 4,000 excluding the contractors and including the contractors we will be at around 4,300.

Aman Shah: How do we see this to ramp up next year, FY2024, for the group consolidated entity?

Balaji Viswanathan: Our target is to cross the 5,000 employee numbers for next year.

Aman Shah: I am just seeing our net addition is 50 a month, so that you are saying is only for listed entity?

Balaji Viswanathan: As of now the net addition is around 18 to 20 in the listed company alone and overall, as all the three entities put together is around 50 to 60 and we also have plans in 2023 to start the graduate hiring which we reduced a little bit in 2022. So, including the trainees, we will probably be in around 5,200 by the end of the 2023-2024 financial year.

Aman Shah: What was the group share of revenue for nine months for both listed and unlisted entity?

Desikan Narayanan: Listed entity it is around 18% and for the unlisted entity overall if you look at it for both Pune and Bengaluru, actually in Pune around 85% of the revenue comes from the group company and engineering 15% to 20% comes from the group company.

Moderator: Thank you. We have the next question from the line of Rohit Balakrishnan from iThought PMS. Please go ahead.

Rohit Balakrishnan: So just wanted to understand so Balaji, I think you mentioned that large portion of the unlisted business is from the group and I remember in the call that happened almost a year back or so, we had a very strong outlook on increasing the overall off-shoring for the group itself. So can you share a bit around that how are we progressing there and even I think the parent also had a very strong year and also expecting to have a strong year next year, so if you can share a bit around how is that strategy shaping up for us and what can it lead to in terms of growth for the next two to three years if you can maybe spell that out also?

Balaji Viswanathan: Yes. So, Rohit we have not really changed any outlook on this. If you can recollect what we talked about around a year back when we made the announcement for the combined entity, the current listed and unlisted when the merger happens that overall revenue contribution from the group would be in the range of around 30% to 32% and in two years' time that is roughly March 2025, we expect that the group contribution of the revenue would be in the range of 40% to 45%

and the direct revenue contribution would be in the range of around 55% to 60% and that has not really changed much and overall if you look at the number for the listed company while Desikan mentioned it is at 18%. So that is also primarily because the direct market particularly the inorganic growth that we had last year, increased the direct market shares and that is why the group revenues are at 18% even though the total numbers have increased significantly I have seen almost a 35% to 40% growth from what it was in the previous year. So we continue to be upbeat and that is what the focus area is, so all of us are focused, both Rajesh Krishnamurthy at the group level and Ralph, everybody is pushing the best shoring for the offshoring of course not only for India but overall as a contribution and this year there is a renewed focus. Even though it will reduce the topline to some extent, the focus is on bottomline and to make sure that we try and achieve our offshoring or best shoring targets so there is not really too much of a difference in terms of the strategy.

Rohit Balakrishnan: We have been around Rs 94 to 95 Crores in the unlisted entity, so just wanted to understand how do you see this given what you mentioned how do you see this panning out let us say three, four quarters out or maybe a year or two out what you mentioned in terms of outlook, what we hear in terms of slowdown, etc., not withstanding that can we sort of see quarter-on-quarter growth of about 6% is that possible or you think that we may have to sort of be more realistic and see how the external environment is? Just wanted to understand on this part, the unlisted portion has sort of stuck around Rs 90 to 95 Crores over the last three quarters, I know unlisted entity had a fillip because of an acquisition but just wanted to understand this part of how are you thinking?

Balaji Viswanathan: When we look at the numbers for the last three to four quarters, we look at it overall as one India including unlisted entities and some part of the business has grown, some part of the business had some sluggishness but overall as a country we still expect that year-on-year our growth will be in the range of 15% to 20% even after the merger as well. So, after the merger obviously we are not going to look at whether it is unlisted, listed. We think that we will be able to grow at 15% or 20% range year-on-year and there is enough potential in the market to do that as well and including the best shoring if we are able to make sure that we are able to grab more business from the group it is going to only increase that particular contribution. So, we are really not tapering down any of our ambitions but in this quarter and next quarter we may have to be a little more cautious but an overall outlook for the next three years we are not tapering down any of our ambitions.

Rohit Balakrishnan: What would be the cash on the unlisted side Desikan?

Desikan Narayanan: Sorry, I didn't have that number, I have only the cash balance of Expleo Solutions. Maybe, I can find it and give it to you.

Rohit Balakrishnan: Sure. But our overall cash balance is about Rs 159 Crores on the listed side plus about Rs 63 Crores we had just given to our parent correct, is that right?

Desikan Narayanan: Correct.

- Rohit Balakrishnan:** While Balaji you did talk a bit our overall thought process about parking your cash there but also because of this merger maybe we have not been able to finalise the dividend policy as such, but would really appreciate if you can probably post the merger articulate how we are thinking as a group that would be really, really helpful for us as shareholders.
- Balaji Viswanathan:** Absolutely Rohit and that is certainly there on the cards. Like what I mentioned we will take it up during our next board meeting for sure. Of course, we cannot predict the outcome, but we will certainly take it up.
- Moderator:** Thank you. We have the next question from the line of VP Rajesh from Banyan Capital Advisors. Please go ahead.
- VP Rajesh:** Thanks for the opportunity guys so one question for Ralph if I recall correctly in the last concall you were expecting the group to grow at 20% in the current financial year or current calendar year I should say, given the comment you made about customer being cautious has that changed at all?
- Ralph Gillessen:** That has not changed probably, I think you have seen the recent publication that we released yesterday or day before about the performance of the group. We have concerns that we were able to grow organically by 23% last year, you can see that we had good growth during the year. What is even in indiscernible contribute with our growth strategy in 2023. So, the guidance that I've even given there for the Group is what has even confirmed in the press release that we have communicated and what we were able to achieve in 2022 and what actually as good growth through the year, but we expect now to continue even in 2023. And I think I believe and then give additional and even more opportunities from a global perspective, but actually even then, and that is the key part of the strategy in more work to our different centers that we have in order to get our hands in the heart of the strategy in addition to December that we are adding in the main in America region. But I can confirm the 20%+ growth will come for the Group.
- VP Rajesh:** So Balaji I am wondering your guidance from your revenue growth is from 15% to 20% and your share from group is supposed to be going up on a combined basis does not that seem a little conservative, are you seeing something that we are not looking at which is making you give this kind of guidance?
- Balaji Viswanathan:** We are, and I would not say conservative Rajesh because still last quarter if you heard me, I kept saying 20% plus, this year we have been saying 15% to 20% primarily. I am not saying that it is going down but what is the cautiousness we are seeing in the market at least for this quarter that is 2023 Jan to March quarter and the next quarter we are just being a little cautious but still our ambitions are in the 20% plus.
- VP Rajesh:** Okay understood and then Desikan on the cash that you are passing with the group, are you guys thinking of a limit to that or if you can just give some colour as to I understand what you are saying that it has been some M&A opportunity abroad it will be easier for you to execute if the

cash is sitting at the group level but as you guys are thinking about the policies if you can decide that there is upper limit to that and if there is one then if you can share that with us?

Desikan Narayanan: Generally, the way we look at it is we try to ensure that we have almost two-and-a-half times of the working capital to be kept in here. So anything above that we see that we will be using it for cash pool activity. So our strategy has been like that. So that is the the caps. It will be around two-and-a-half times of the operating expenses what we have we do not want to take it outside now we will take it to three times of operating expenses which goes on. Beyond that we will do this leverage but anything going this and that that will be surplus cash for us. Currently that is the cap we are looking at even though we have not given that much of loan, but maximum loan is something which we are looking at and also if you look at whatever the approval which we got from the shareholder I do not think we will even exceed it for now.

Moderator: Thank you. We have the next question from the line of Hiten Jain from Invesco. Please go ahead.

Hiten Jain: So in the current quarter and even in the previous quarter and what you are seeing on ground we are seeing some kind of cautiousness given macroeconomic challenges, I was just trying to understand that the offering of offshoring effectively it takes centre stage in difficult times where clients want to save cost optimization be kind of take centre stage so I was just wondering that why cannot this environment be used to our favour and actually increase offshoring to the clients and where we can actually benefit so what is the thought process on this Balaji?

Balaji Viswanathan: So the focus on offshoring has always been there. Obviously, it cannot be a short-term solution just because our requirement for cost optimization which we will start offshoring immediately because of that. It has to be a strategic decision because when they talk about offshoring it is not something which is a reversible strategy and everybody has their commitment as well. But as a strategy what the group has been progressing and what we have also been supporting is any new opportunity that we are running by default we look at what kind of offshoring can be done and where it can be done and for any existing opportunities it has to be a full project transition phase and the acceptance of the customers. Because it is not that they can just ramp down in the local countries and move there because they all have their commitments locally as well. So it cannot be a short term strategy it has to be something which has to be a long term plan and that is something which we are executing and that is something which is showing in the results as well in terms of absolute numbers, even though in the listed company the percentage does not show because we had a last year growth in the direct marketer. Ralph, do you want to add anything more.

Ralph Gillessen: We have seen from a group perspective that even the amount of delivery of the contribution is going up even quarter-by-quarter. On the other side we are even focusing a lot on the go-to-market where there typically has been more on the transformation part of our customer portfolio. They are not all on those part, we have adjusted and trying to achieve some costs, some short term cost reduction. As described by Balaji, we will certainly continue to do this including but not only from the cost, especially even from a competency skill, capability perspective, all the knowledge and expertise that we have in our delivery service offering that we had to do in other

places into our offering and where we even then see that we are increasing the contribution, especially from the field team India, the delivery expertise and competence in all this, and now the customer is experiencing both new engagement and even existing engagement, but it is definitely not our short-term strategy, we are also looking to our market consolidation and trying to approach the market purely based on the cost or cost reduction but we will see this as very short-term approach, not supporting even the mid and long-term strategy of the company.

Moderator: Thank you. We have the next question from the line of Sugandhi Sud from InCred Asset Management. Please go ahead.

Sugandhi Sud: Thank you for taking my question I am sorry I might have missed a little, I joined the call 10 minutes late, my understanding is that your unlisted business has done Rs 273 Crores of revenue for the first nine months is that correct?

Desikan Narayanan: Yes, for nine months unaudited is correct.

Sugandhi Sud: I just wanted to understand how is the direct business doing here because if 20% is what you are doing from the parent and if I kind of apply the similar run rate for the next quarter as well, it is not a very strong growth compared to the base year and given that you have a significant exposure to strong growth markets like even Aero is picking up now and Auto, so I wanted to understand and even some of the other companies that we track with exposure to the sector has done pretty well so how is the Ex-group business performing?

Balaji Viswanathan: I am assuming that what you are asking for because the 20% is only for the listed companies and not for the unlisted companies. Unlisted companies, the group's contribution is little over 50%, in the listed company the group's contribution went down from 20% to 18% primarily because the direct markets grew faster and also adding to that the small acquisition that we did because of which overall even though the percentage is lower, the overall number was certainly much higher. It is not that the aero business or the engineering business is not growing, it is growing but most of the growth is actually coming in from the larger group customers as well and we still thinking that 2023 is that one business which will grow faster like what we mentioned primarily the aero and defence and the space segment, we expect significant growth and if you are tracking we also participated in the aero show in India as well and there is significant upbeat momentum on this particular business, so Ralph do you want to add anything more.

Ralph Gillissen: Yes. In addition to Balaji, what we are assuming in 2022 and what we even approaching for 2023 is close range we will definitely achieve that goal for us, followed on what we are doing in automotive and arong embedded that have really been accelerated our growth and even then followed by several other industries including even the banking, financial services, insurance markets, etc., as a group that is the fastest growing segment in 2022 and for this year or for this fiscal or calendar year for us, from an exclusive perspective, again, especially the other segments, different segments where we are seeing very strong demand and we do see that we are very well positioned. I think even after the merger we feel that we will see some additional demand coming to India, especially for this segment.

Sugandhi Sud: Sure. And just to understand I am trying to reconcile again the guidance that you gave as a group and also the clear strategy of increasing offshoring to the India business compared to the guidance of growth that you have as a group. So, with both the drivers inching up in terms of our contribution to growth and the growth guidance being strong itself and if you were to reconcile the 20% growth guidance that you have, is that conservative vision for the next two quarters? I mean is that we will have to wait for one or two quarters before we can reconcile those two? Or is it like you are building that same picture for the entire year?

Balaji Viswanathan: What we meant is 20% growth is for the entire one India as an organisation. And if I look at where we were to where we are as a combined entity it is the merger and we will still be in the range of around 18% to 20% from last year even though the listed company has grown by close to 37% to 40% range in the last one year and I had mentioned even earlier as well so it is a win-win. The numbers were small when we were in the Rs 200 Crores and Rs 270 Crores and Rs 280 Crores revenue numbers. What we talked about as 40% this is not the thing when you are actually at Rs 500 Crores plus that is the reason why we kept talking about how we do in percentage terms it cannot be same but in real terms it would still be in the range of Rs 100 to Rs 120 Crores year-on-year so that is what I meant with the 20% range.

Ralph Gillessen: Balaji has given the guidance and that we have also given there, probably and even looking at the press release from yesterday, so they are able to do € 1.27 billion revenues in 2022, we are aiming to cross the mark at €1.5 billion mark in 2023 that we have been able to achieve in 2022, the percentage wise it could come slightly down, but we even take it into consideration as we see that we are shifting more work probably even that into our deliveries and that could then deliver a little bit of softer and the revenue contribution from the group which should protect them probably even to increase the profitability of the company. But with the absolutely figures € 250 million growth in 2022, you see good prospective, what we are even aiming for '23.

Moderator: Thank you. We have the next question from the line of Faisal Hawa from H G Hawa & Company. Please go ahead.

Faisal Hawa: A key rationale of any investors investing with Expleo Solutions India is the strong parent that is there it is almost like \$1.5 million revenue group now, do you feel that we at in the Indian subsidiary could also demonstrate a very large sales in four to five years simply just building up on the learning of their parents and be ambitious enough and getting a lot of business from the parents once the merger is through. So are we thinking the right way on that rationale or is it a bit of too much of extrapolation that is one? And secondly Sir on our previous concall you were on record saying that by 2025 calendar year we will be reaching 10,000 employees so is that still on or that will be deferred by a year or so?

Balaji Viswanathan: If you were track the ambitious plans, of course we are ambitious and that is what you would see in the numbers as well in the last three years. Now it has moved from Rs 280 Crores to Rs 500 plus Crores if you look at the calendar year of December and that ambitious plans have not tapered down and it is in line with what the group wants to achieve as well in terms of the growth plans overall as a company and as a combined entity, we are tracking it is a combined entity even

though we are not combined entity as yet. India will be Rs 100 million plus when we actually combine the numbers as of March 31, 2023, and the second question on the 10,000 numbers, we still have the ambition of getting to 10,000 number and once the combined entity starts selling some of these services in the direct markets and with the focus on the group business coming into India, we still have the ambition of getting to 10,000 by December 2025.

Faisal Hawa: How soon you feel that you could be having this \$5 million contract or one contract of more than \$10 million do you think that once the merger proceedings have gone through there could be more business flowing from the parent because finally there is shortage of manpower in Europe and eastern Europe countries?

Balaji Viswanathan: I am not sure the shortage of manpower because unemployment rates are once again going up, so I am not sure about the shortage of manpower. We have still gaps in India as well. I do not want to get down to that discussing about the manpower situation, but scale and size, India is the one which can actually deliver the scale and size. We still have some supply side challenges in India but hopefully 2023 should get the better of it. That is what our expectation is. As far as your question on \$10 million plus contract if you look at what we had shared in our investors deck as well, so the number of customers where we have more than \$1 million or the number of customers where we have more than \$5 million have significantly increased over the last three years and once the group's business comes in where we are not going to have customers of \$10 million and \$5 million or \$20 million because the larger contracts will be signed by the group and we will only be an execution partner there and that way if I look at group as a customer we are already having group as customer and overall across India the group alone is contributing to close to \$25 million or close to 30% of our revenues as well. So I do not think the larger contracts which the group will sign will certainly have a benefit for us in India as well. Ralph, do you want to add anything more?

Ralph Gillessen: Yes, probably and I think definitely looking at it on the employment or capacity restrictions in Europe and in India and especially with all the plans to scale and to accelerate, those are not coming from probably a more negative observation and understanding, that's something that we need to execute in India that we can scale and we can accelerate. But even by maintaining even though the Street is expecting the dividend in the European market. And I think the combination is giving us quite a good opportunity even then to do this, then we leverage both the competency that we have in our existing geographies and especially in India. In terms of the size of the customer, the Group portfolio where we have the large corporate where we are doing even not only \$10 million or \$20 million in revenue, I think there are customers in the portfolio ranging in 10x, 16x or 20x of the revenue on what you have mentioned or even larger that even though and probably even in the customer in this range is at \$100 million plus, \$200 million plus, I think it is even then more likely that when we accelerate and include even India, is it more into the service delivery that we even then see it as the share of revenues from this customer, leading them to the loans that we have mentioned.

Moderator: Thank you. We have the next question from the line of Jagdishwar Toppo from Japa Investment Adviser. Please go ahead.

Jagdishwar Toppo: Good afternoon, Sir. I was going through the press release of group statement where our group CEO had made few statements guiding for the 2023 number and he sounds very bullish and the statement is bullish he says €1.5 billion revenues, 20% growth and also that there will be addition of 7,800 workforce for the next few years, so from that point of view our CEO is sounding a bit cautious so there is a dichotomy there but you have explained quite a bit there so my specific question would be how much of that 7,800 will come in India? How much will be added in India if you can answer a very specific number? You would have done all the calculation bottom of approach so how much would be added India as a whole, all the three entities?

Balaji Viswanathan: I will probably try and answer the question in two parts. One is I am not trying to get to the 7,800 and how much of that 7,800 is going to come to us. Our objective is to try and look at both from our direct market how much people we will need and how much of the business from the group which we are going to get so with that in mind we had set a target of saying that we will probably be in the range of around 5,500 by end of calendar year 2023 and will get too close to 10,000 by calendar year 2025 end. So the end of 2023 number of 5,500 we may be closer to that but may not really fit that we will be in the range of around 5,000 to 5,200 of what we expect. However, we are still not scaling down our ambition of getting to 10,000 headcounts by 2025 and the 2025 headcount could be both organic and inorganic and we still hope that we should be able to get that 10,000 headcount by 2025. And if you were to look at the numbers that Rajesh has talked about in the group's result and how much of that would come to India. As of now if you look at all best shoring which the group does, more than 50% or close to 60% of all the best shoring what the group does in some cases it is even more than that it is actually coming to India. I do not want to put a number there but that is the kind of shares of best shoring that India is getting right now. So, Ralph we are closer to the statement so if you want to add anything more.

Ralph Gillessen: Let us just comment on some of the numbers that what we see and there is definitely even one of the objectives for 2023 is that you see that India is a country with the largest number of employees in the group. I think most you know this French committee with the largest country in terms of employees as such France and I think even then we have changed it so that India will even then be the country with highest number of employees in our portfolio and we will even see it going forward and it is all what we said before and even then we accelerated the EUR 1.5 million we invested, I think we know the group is listed here the EUR 1.3 million market guidance, but it is definitely what we want to achieve and where we even believe that we are on a good track, so you even know we wanting to communicate figures that we then later on will be achieved, but it's been since the guidance is that we are having good growth during the year, we have higher capacity for a net close of EUR 250 million last year that we are confident even to actually do this again in 2023. And that is, I think, as always, an increase in headcount, what we need, we even see due to some of the inflation, whether in some of the European countries even an increase in food prices. And overall, as a combination of all of this, we even see that's why we have even communicated in terms of EUR 5 billion and why we are confident to achieve.

Jagdishwar Toppo: Fair enough. My second question is very quick one your US business is now almost 14% of the total revenue and which is quite reassuring so what is the target you have for next few years? How much of US business would contribute to your overall revenue ball park number would be

quite helpful? And what did you do to break that shilling US was very tough for you it was a remarkable achievement so if you can elaborate a bit on that one?

Balaji Viswanathan: I think we talked about the US and what we wanted to do. So at this particular point of time we still continue to see focusing on US more from the listed entity perspective as an organisation as full and the strategy for US is going to be determined based on when the group is going to make more aggressive push in US which would probably be end of 2023 or early 2024 when the group could actually make a significant acquisition in that market which will drive the growth for all the entities put together including listed entity as well till then it is going to be more of what we could do with an additional \$5 million, \$10 million here or there and the US growth in 2022 also is primarily driven based on the smaller acquisition that we did and also hiring more sales people there. Now we have four dedicated sales people focusing on the particular market from the second half of last year so that is what is actually helping us in growing. But still at this particular point of time it is more focused based on what the listed company is doing that is what the push is not at the group levels and the group level push will come hopefully by end of 2023 or early 2024.

Moderator: Thank you. That was the last question. Over to you Sir for the closing comments.

Balaji Viswanathan: Thank you so much. I did not even realise that we were actually over short of time interesting questions I really appreciate the level of interest on what we are doing and how we are doing. Thank you so much for joining the call and hope you continue to show interest in the company and its process. Nothing more to add from my side. Thank you, take care.

Moderator: Thank you. On behalf of Expleo Solutions Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.