



EXPLEO SOLUTIONS LTD

PREMIUM MULTIBAGGER

BSE: 533121

NSE: EXPLEOSOL.NS

CMP: 1340.00

BUY BELOW: 1500.00

OCTOBER 2023



ABOUT COMPANY

Expleo is a global engineering, technology and consulting service provider serving industries Banking, Finance, Insurance, Aerospace, Healthcare, Space, Automation, IoT.

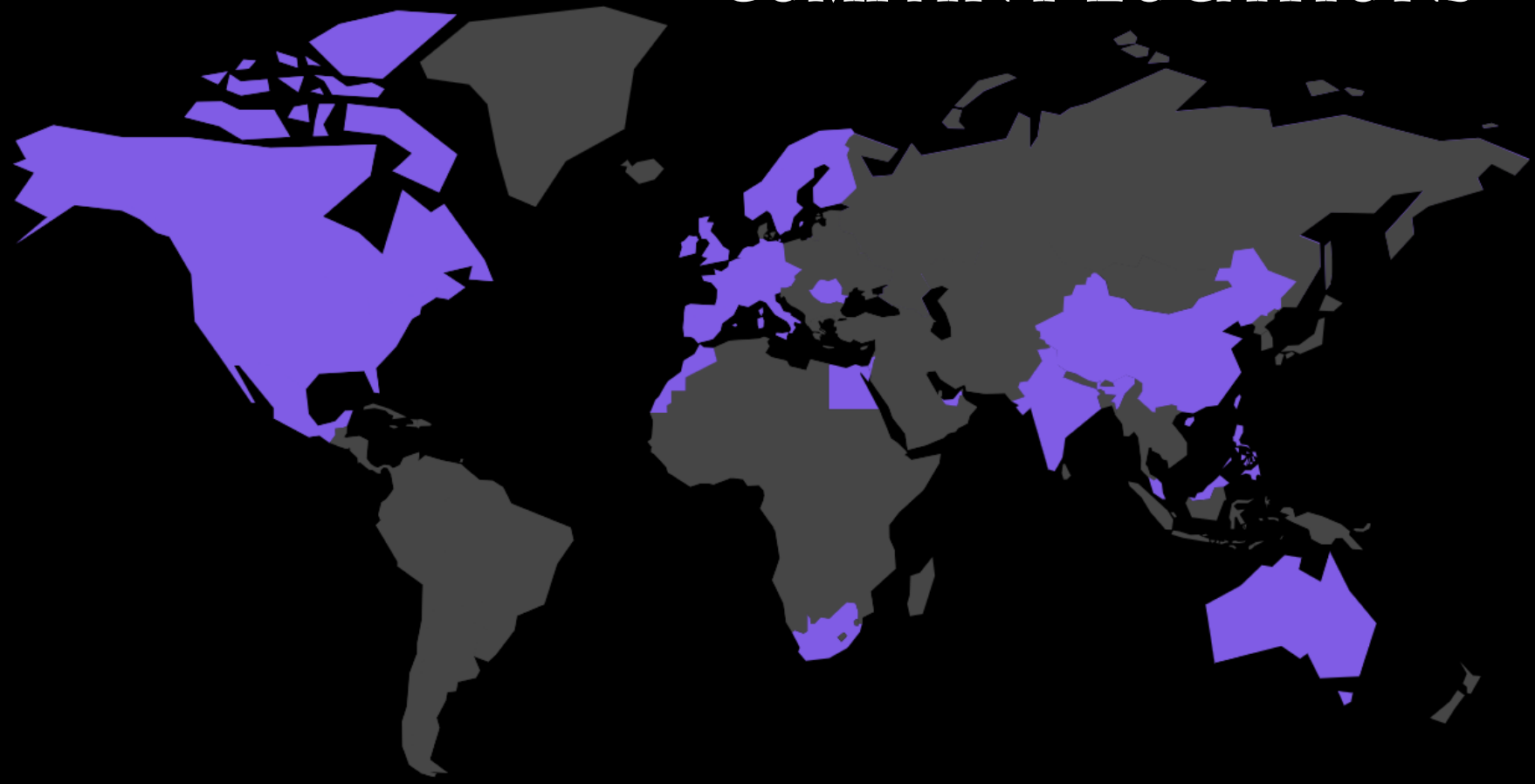
The company helps clients in Product Engineering, Digital Transformation, Quality & Testing, Support & Maintenance. Expleo is located all around the world with core development offices in Chennai & Bangalore.

Ralph Gillessen is the Chairman of the company and provides global leadership to sales team, quality management & client delivery.

Being a core player in the Banking & Finance segment, Expleo is playing forward in the Crypto world too unlocking the Web3, Blockchain & Decentralized Finance (DeFi).



COMPANY LOCATIONS



POSITIVES

01

Expleo is under Expansion spree with takeover of **Lucid** Technologies USA specialist in Data Governance, Augmented Analytics targeting 30% Growth in upcoming years.

02

Company is gaining traction from the **Cyber & Automation Solutions** with core DevSecOps services which has become core pillar of IT businesses in recent years.

03

Expleo is developing **Super App Model** which will provides customers with wide array of tools within a single ecosystem. This model will be catering financial & non-financial clients with surge in API based revenue capabilities.

04

Company is aiming to create **5000** more jobs in India by 2025 which also remarked with 30% improvement in staff attrition rate through cultivating Employee Central work environment & Training programmes.

05

Expleo is expecting **30% CAGR Growth** in upcoming years till 2030 due to rising demand in Digital Technologies in Automotive, Banking, Financial Services, Blockchain, Space, Healthcare & Life Sciences.

06

Company got new client Spirit AeroSystems, USA in the digital engineering services arena & also unveiled worlds first **Anti-Smishing** solution for banks with Permanent TSB bank.

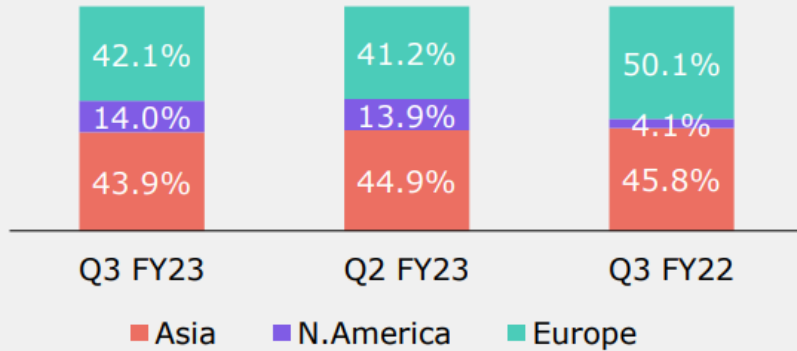
POSITIVES

Value Investing parameters are good at:

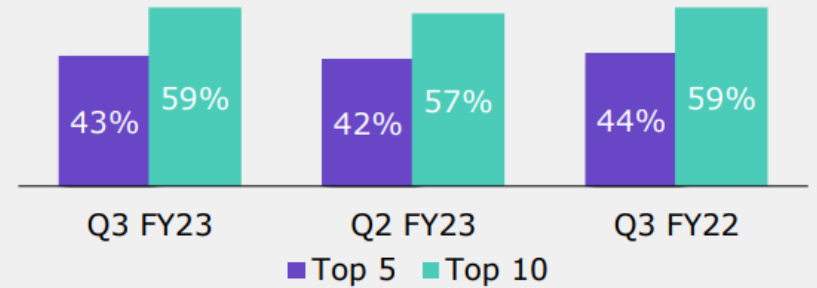
- Low PE Ratio & Book Value Ratio
- Almost Zero Debt Company
- ROCE at 39% and ROE at 29%
- High Promoter Holdings of 71% with Increase 15%
- Intrinsic Value at Rs. 8000 with 80% Discount
- 5 Year CAGR Sales growing at 30% Rate
- Reserves Increasing at 40% Rate



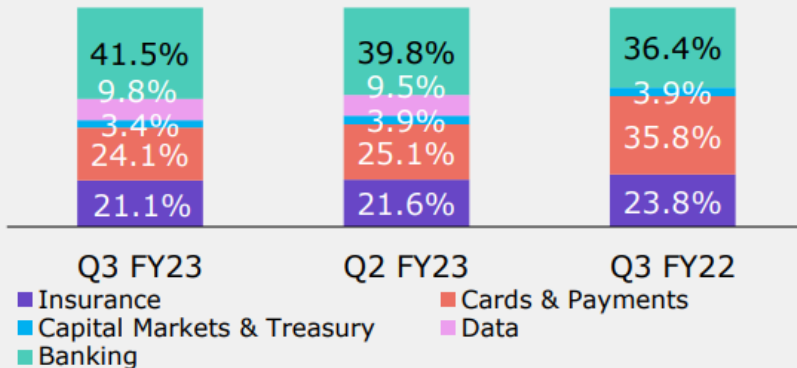
Revenue by Region



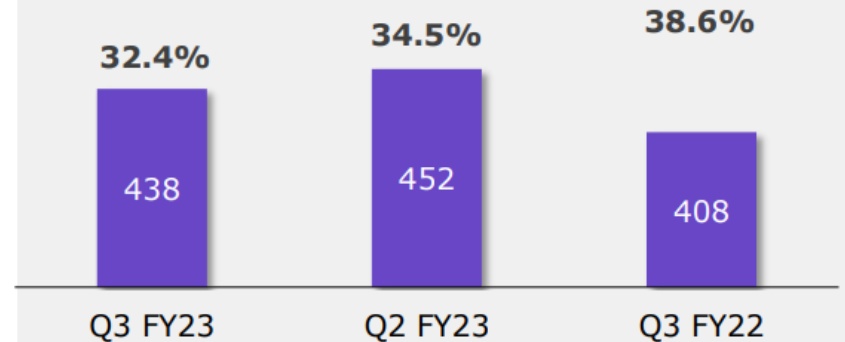
Top Clients Contribution



Revenue by Practice



Digital Revenue (INR Mn) & % Share



NEGATIVES

- Talent Acquisition is a challenge given the Latest Technologies company is working with. The moderate pay provided by Expleo also exposes to the Threat of Talents taken away by Biggies in the industry.
- The rationale to embrace an Agile Business Environment involving trend changes, policy changes, technology changes on day-to-day is a continual challenge for the company.
- The Profit & Loss statement of the company shows Other Income contributing 20% of the Profits which is not directly related to the operations.
- Heightened geopolitical tensions, evolving customer expectations and sustainability targets are other challenges faced by the company. Any Global Slowdowns resulting from War tensions will affect the Corporate Spending & Directly affect the Top-line & Bottom-line of the company.

Profit & Loss

Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	TTM
Sales +	121	161	194	214	264	260	271	283	270	301	743	903	827
Expenses +	109	131	155	177	210	219	231	230	217	231	618	703	652
Operating Profit	13	30	40	37	54	41	40	53	53	70	124	200	175
OPM %	11%	19%	20%	17%	20%	16%	15%	19%	20%	23%	17%	22%	21%
Other Income +	10	2	10	2	6	1	13	6	8	5	6	16	21
Interest	0	1	2	2	0	0	0	0	1	1	1	2	3
Depreciation	4	5	6	5	4	5	6	6	6	6	19	28	26
Profit before tax	18	26	42	32	56	37	48	54	54	68	110	186	167
Tax %	38%	27%	29%	32%	34%	36%	33%	32%	26%	26%	39%	28%	
Net Profit +	11	19	30	22	37	24	32	36	40	50	68	134	122
EPS in Rs	11.32	19.20	29.26	20.53	34.68	22.29	29.86	33.79	38.92	49.20	66.01	130.59	112.52
Dividend Payout %	44%	31%	31%	117%	69%	108%	80%	0%	0%	0%	0%	6%	

WARREN BUFFETT CHECKLIST

FACTOR	OUTCOME
ECONOMIC MOAT	MODERATE
GROWTH	GOOD
VALUATION	GOOD
DEBT	GOOD
INTEGRITY	MODERATE



SUMMARY

RISK : MODERATE

RETURNS: MODERATE

MULTIBAGGER

The company is having Multibagger Properties and could give 300-500% returns in 5 Years & 1000% plus in 10 year time line if the growth is persisted.

BUYING STRATEGY

Buy 70% at Current Price Level and 30% remaining on 30% Correction Levels
[Conservative Investors can do 50% now, remaining at 50% corrections or below]

HOLDING PERIOD

5 Years

[We are into LONG TERM INVESTING and Investor should not expect quick up movements in price. Incremental Investing is advised & Any corrections should be considered as Opportunity to add more – Remember our focus should be the 500% Future returns – so any price correction investments will zoom the returns]

DISCLAIMER

Futurecaps is the website registered as a Research Analyst with SEBI (INH200006956) offering investment advisory services to clients as well as prospects. The Research Analyst (not a corporate body) for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to the recommendations or views expressed in this report. Other disclosures by Research Analyst with reference to the subject company(s) covered in this report-:

Whether Research Analyst does have any financial interest in the subject company: (NO)

Whether Research Analyst relatives have financial interest in the subject company: (NO)

Research Analyst or his/her relative's does have any material conflict of interest in the subject company: (NO)

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

Research Analyst has served as officer, director or employee of the subject company: (NO)

This report is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. This report is created from Public Source of Information available through Internet from Company website & Other websites & the Research Analyst does not guarantee the Validation of Content in this report. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information for the Subscribers of Futurecaps. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and we do not warrant its accuracy or completeness. Futurecaps Research Analyst or representatives do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report.

Compliance Warning: Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Logos & Pictures are copyright of respective company owners.

KEY GUIDELINES

LONG TERM INVESTING

Long Term Investing is the Purpose of Stock Market. In short-term stock prices will move up & down but in long term up only aligning with the company performance. DO NOT GET PANIC IF PRICE CORRECTS 30-50% AS WE EXPECT 300-500% RETURNS!

IT IS PASSIVE

Long Term Investing is Passive. You only need to spend couple of hours per month to read reports, perform 1-2 buy-sell activities.

NO DAILY PRICE MOVEMENT WATCHING

No daily price movement watching required as we are not Day Traders.

BEAR MARKET IS A BLESSING

We should keep 30% Reserve Fund to Opportunities any Bear Market price crashes. A growth company bought at cheaper prices will maximize the returns in future.

Example: We bought Caplin at Rs. 400 in 2019, later in 2020 the price crashed to Rs. 200 - while the Price with Growth & Valuations were attractive – we added more. Later back in 2022 the price reached Rs. 1000 levels giving 500% Returns on the bottom investment & 250% on the initial levels. So bear market investments give zoomed returns!

LEARN MORE futurecaps.com/mastermind

SUPER COMBO OFFER

50% OFF ON RS. 40000 Plan Rs. 20000 Only – Offer ends today

Bajaj Finance 50X Returns

Cera 40X Returns

Tata Elxsi 12X Returns

Olectra 5X Returns

2 Year Multibagger Plan (24 Reports)

2 Year Hidden Gem Plan (24 Reports)

Master Mind Training

Plus 4 Past Reports Immediately

[SUBSCRIBE](#)