Dear Sirs,

Sub: Transcript of the Earnings Call inter-alia on the Audited Financial Results of the Company for the Fourth Quarter (Q4) and Financial Year ended 31 March 2023.

Pursuant to the provisions of Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, please find enclosed herewith the Transcript of the Earnings Call, held on Thursday, 18 May 2023, at 04:30 P.M. (IST), inter-alia on the Audited Financial Results of the Company for the Fourth Quarter (Q4) and Financial Year ended 31 March 2023.

This is for your kind information and record.

Thanking you,

Yours Faithfully,

For MPS Limited

Raman Sapra
Company Secretary and Compliance Officer

Encl: As Above
“MPS Limited
Q4 and FY ‘23 Earnings Conference Call”
May 18, 2023

MANAGEMENT:  MR. RAHUL ARORA - CHAIRMAN AND CEO  
MR. SUNIT MALHOTRA - CHIEF FINANCIAL OFFICER  
MR. SUKHWANT SINGH - CHIEF OPERATING OFFICER  
MR. ANTHONY ALVES - SENIOR VICE PRESIDENT & HEAD OF PRODUCT MANAGEMENT  
MR. RAJESH JUMANI - CHIEF REVENUE OFFICER
Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY ‘23 Earnings Conference Call of MPS Limited. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Arora, Chairman and CEO. Thank you, and over to you, sir.

Rahul Arora: Good morning from New York, and welcome to our Q4 and FY ’23 Earnings Call. Today on the call, I have with me:

- Sunit Malhotra, who is our CFO, and joining us from Noida.
- Sukhwant Singh who has recently been promoted to Chief Operating Officer of our India Operations, also joining us from Noida.
- Tony Alves, Senior Vice President and Head of Product Management, who joins us from Boston.
- Rajesh Jumani, popularly known as Jums, who is our Chief Revenue Officer of our eLearning practice and joining us from Princeton, New Jersey.

Sunit will kick things off in our opening segment today by discussing our financial performance. Then Sukhwant will update us on the new momentum we have developed in our Content business. Tony will then update us on how our Platform business is performing and entering an exciting phase. Jums will then discuss our robust performance in the eLearning business. And finally, I will summarize the outcomes of the Board meeting and describe what has enabled us to achieve an accelerated trajectory towards Vision 2027.

Let's get going. Over to you, Sunit.

Sunit Malhotra: Thanks, Rahul. On a quarterly basis, Q4 was better than expected and the solid results were an excellent way to wrap up an impressive FY ’23 after a soft start in Q1 FY ’23. FX-adjusted revenues were higher by as much as 15.7% in Q4 FY ’23 compared to the last financial year. PBT grew even faster at 41.5% in Q4 compared to the same period in FY ’22. MPS achieved a new milestone with FX-adjusted revenue at INR500 crores in FY ’23. We also surpassed our publicly stated goal of INR100 crores in PAT and ended up much ahead at INR109.19 crores in FY ’23. And while revenue grew 10.8% over the previous year, PBT grew 25% over the previous year.

Reflecting on the FY, here are my top three favorite themes.

1. All business segments and lines of business are performing.
2. We have returned to our roots as a high-margin business.
3. Our top 15 customers now contribute towards 60% of our revenue, a much lower customer concentration than when we started this journey in 2012.

I want to hand it over to Sukhwant now to discuss Content Solutions’ performance in FY ’23.
Sukhwant Singh:

Thank you, Sunit, and Rahul. So, the post-pandemic momentum in our Content Solutions business continued in Q4 and for the whole of FY ’23. Given the significant operating leverage in our Content Solutions business, as our revenues grew, our PBT grew by as much as 34% in FY ’23 and 47% in Q4. The scholarly line of business-led growth in Content Solutions business in Q4 and FY ’23.

Some early signs of success in this business segment with the Going Gestalt growth strategy include:

- Revised go-to-market strategy, which is basically a new market-based approach, which enabled unlocking growth synergies between scholarly content and platforms and educational content and e-learning.
- We did step up our efforts on cross-selling and upselling with a specific focus on STAR accounts, which led to a robust growth in all top 10 content solution customers and a double-digit growth in 3 out of our top 10 accounts.
- In terms of launching new capabilities, we launched a new peer review solution that is proving to be highly successful with a significant multiyear win in Q4 of FY ’23. This was with a prestigious new customer. We also significantly invested in new AI/ML-based image and research integrity solutions and saw noteworthy demand for these services as well.

I would like to now hand it over to Tony to discuss Platform Solutions’ performance in FY ’23. Over to you, Tony. Thank you.

Anthony Alves:

Thank you very much, Sukhwant. In Q4 of fiscal year 2023, the revenue in the Platforms business grew by 2.4% over the same period in fiscal year 2022. The performance in the second half of FY ’23 was our first signal of growth in this business segment in our third year of ownership of HighWire, and it has laid a strong foundation for fiscal year 2024 and for the years ahead.

I can confidently state that our Platform business has now transitioned into a healthy and growing phase for the following reasons.

- One is that our mission has now transitioned from support and delivery to product development. This includes new product launches, active product road maps and upgrades.
- Another reason is our new customer acquisition strategy that has involved product and service bundling, price warrior-ship is gaining traction and is helping us to develop a new customer base.
- And the feedback from the industry and the scholarly community is highly encouraging. HighWire and MPS offer the only serious independent choice since two of our larger competitors have been acquired by publishers.

I now want to hand it over to Rajesh to discuss the eLearning Solutions performance in FY ’23.
Rajesh Jumani:

Thank you so much, Tony. eLearning is now the second-largest business segment. Revenues were at INR127 crores in FY ’23, which is 25% of our total revenue. Profitability improved by more than double during the financial year ’23 and more than 50% in Q4. By Q4, all four entities were performing, including the Swiss entity, which has finally recovered from the decline during the pandemic.

The acquisition of EI Design confirmed the validity of a new acquisition playbook of acquiring growing assets at compelling valuations. In addition to substantial financial indicators, including significant margin improvements, operational indicators were also highly positive. We are now market-leading in-service delivery and quality in the eLearning practice, reflected in high CSAT scores across the portfolio. Growth operations in eLearning practice have matured and are setting the benchmark for other business segments.

The soft launch of Magineu, which is our Experience Center business, was highly successful. We completed a marquee project at India Energy Week earlier this year, and the Hon’ble Prime Minister also appreciated our work. The business did exceptionally well in its first year as an independent business unit and performed with richer margins than the eLearning business. My team and I are committed to scaling Magineu to a sizable business segment for marketing communications by FY ’25.

Back to you, Rahul.

Rahul Arora:

Thank you for the rich update, team. Our new growth strategy has started to deliver strong business results. A 5-pronged approach has powered the recent momentum, referred to internally as Going Gestalt, which includes the revised go-to-market strategy that Sukhwant mentioned, a stronger emphasis on cross-selling and upselling in STAR accounts, the addition of new customers across business segments, the launch of new capabilities and an unprecedented pace of integration of EI design into MPS.

Now to go over a couple of Board outcomes.

In the previous Board meeting in April, the Board approved raising of funds for the issuance of equity shares of the company or any other equity-linked securities of the company or other securities convertible into or exchangeable for equity share by way of qualified institutional placement (QIP), in one or more tranches for an aggregate amount up to INR 250 crores. Subsequently, this matter was also approved by the shareholders. This is an enabling approval for a period of 12 months. Today, we have a healthy deal pipeline and are in active discussions with multiple targets and have taken these approvals to keep momentum if large opportunities become available. Based on experience, we will not raise these funds unless we are extremely confident, they can be deployed within 2 quarters. This approach allows us to progress efficiently if and when large opportunities do present themselves.
I am pleased to share that based on the unprecedented earnings growth in FY ‘23 and an EPS of INR 63.87, the Board of Directors has recommended a final dividend of INR 20 per equity share of INR 10 each of the company. Given the upcoming acquisitions, our Board has taken a balanced view on return to shareholders. This approach allows us to go ahead and acquire healthy and growing assets, albeit at compelling valuations and significantly enhance shareholder value. It was also discussed at the Board that once this phase of acquisition is complete; we would return to previous high levels of distribution.

Additionally, this form of distribution need not be at the end of our financial year and could be sooner if the acquisitive phase is completed more shortly and surplus funds become available.

Let us now open the call to questions.

Moderator: We'll take our first question from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Rahul, really indeed a very good result, but I would like to advise something, do not take it as a criticism. You are doing good things, but we did a QIP in the past, maybe 8 to 10 years back, when our company’s share price didn't rise thereafter, you are again doing a QIP for INR 250 crores, but your decision led to a drop in the share price.

So please, request, you reduce the dividend, raise debt instead of QIP, because raise of equity is always a costly incidence. So please do not raise any equity now, please, which is my decision, which I am seeing since the company last 10 years, that's why I had given this decision to you -- advise to you. Thank you.

Moderator: Thank you. We'll take our next question from the line of Keshav Garg from Counter Cyclical PMS. Please go ahead.

Keshav Garg: Sir, I'm also on the same line as the previous speaker. Sir, we distributed INR 357 crores over the past 5 years. Thank you for that. Sir, but you would appreciate that 23% to 25% of that pay-out got leaked in the form of taxes to the government from the shareholders. So now we have again distributed INR 50 crores in dividend, and we are raising INR 250 crores from QIP. So instead, we can just cancel the dividend and raise INR 200 crores if need be. So what are your comments on this?

Rahul Arora: Sure. So the focus for all of us at MPS is our Vision 2027, tripling our revenue to take us from INR 500 crores to INR 1,500 crores by FY ’28. There’s an organic growth strategy that will help us unlock that and an inorganic strategy. We expect 60% of the scale-up to come from acquisitions and 40% of the scale-up to come from organic growth.

Concerning the QIP, as I shared in the opening remarks, this is an enabling approval for 12 months. It is for a raise of up to INR 250 crores, so it need not be INR 250 crores, for example. Additionally, as I mentioned, this is only if large opportunities present themselves, and we are confident that those large transactions can be completed in one or two quarters post-the raise. So that is the background on the QIP process.
There was also a comment on debt earlier. So, we've taken the view that we are open to debt, so we're not entirely averse to that. But overall, we only want to raise any debt within the annual cash flow from the operations or the annual profit after tax, which is INR 100 crores-INR 110 crores. So from our perspective, while that may sound like something other than exceptional to astute financial minds, we are risk averse to that. And the primary reason for that is that we've diligently worked to scale the business, and we don't want to do anything to risk and derail the company.

Concerning redistribution, as you've seen, we have historically executed a much higher distribution than what you've seen in FY '23 in terms of percentage of earnings or percentage of cash flow. So yes, given the upcoming acquisitions, we have made a more modest distribution this time because we plan to invest that towards the acquisitions. In terms of the shareholder base, we must respect that while we do have large institutional investors, we also have individual investors who potentially would prefer Dividend over Buyback. We're trying to create a balance that ensures capital is redistributed efficiently. Given the high ROCE available in the business today, which is in the early-30s, we continue to invest. There are lots of opportunities to reinvest the capital. And finally, how we distribute dividends versus buybacks, which we take a balanced view on at the Board level whenever we allocate the capital.

Keshav Garg:
Sure, sir. Also, last call, this matter was raised about ChatGPT and AI. So the apprehension is that since our basic competitive advantage comes from our low-cost operations in India, etc. but going forward, this might neutralize the edge that we have in terms of ChatGPT or other AI instruments, so they can flatten the field.

I mean instead of 10 people hired in U.S., if we have 15 people in India, so currently, 15 people in India are more cost-effective versus 10 people in U.S, but maybe ChatGPT will cause a change the dynamics to 1 person in India versus 1 person in the U.S. So can you just explain to your layman shareholders how our business will be impacted despite developments in AI?

Rahul Arora:
Yes, sure. Good question. So, we see this as a positive. We operate in a highly fragmented market, a ~$ 300 billion market growing at 15%. The most significant player is only ~$ 300 million in Revenues. So, this market is ripe for consolidation. And whenever there are shocks to the market, that consolidation gets accelerated, and MPS has and will continue to play the role of a consolidator.

Regarding cost arbitrage, we must understand that our customers need partners like MPS that are intelligent and scaled to execute using new technologies. Much of the know-how and innovation usually sit on the supplier's side when producing their work. For example, we are running many pilots and programs in collaboration with our customers, where we are executing these frameworks. These frameworks are challenging to implement independently for customers.
They need partners like us, and the cost arbitrage continues to be important because what we are seeing is what these frameworks are providing is a start to the work, not a complete production of the work because there still needs to be a subject matter review or some formal review before the content or the learning module is released.

We are embracing AI/ML in various parts of our business. And we know in the content side it helps us with speed, efficiency, and continued margin improvement in the Content business. On the Platform side, it has enabled us to create exciting new products because many of our competitors are less adaptable than MPS. So, we are growing much faster than them. And then, on the eLearning side, we have again integrated with many third-party solutions to improve speed and efficiency. So, we see it as a huge positive.

So, we have to view this in the context of our space and our industry, which is, on the customer side, they need support to understand what all of this is and execute it. On the competitive side, given that the market is highly fragmented, only a few handfuls of scaled players like MPS exist. As a scaled player, it gives us an opportunity to consolidate the marketplace. So from a competitive situation, this is a huge positive.

There is much investment that is taking place within MPS. We have established a unit called MPS Labs based out of Bangalore to pursue this actively. So, there's a substantial investment in product development and R&D at MPS to execute on AI/ML. So, we see this as a huge positive and, as we advance, a differentiator for MPS.

**Moderator:** We'll take the next question from the line of Dipesh Mehta from Emkay Global. Please go ahead.

**Dipesh Mehta:** A couple of questions. I just want to get a sense of the significant improvement in our margin profile over the last few quarters. So how one should look at segment-wise margin, because Content and Platform are now already over 40 percent margins, eLearning is already around 25 percent margins. So from margin versus acceleration in growth by making investment, what would be the thought process of the management, whether we have reached some margin level where we aspire to, and now the incremental focus would be on accelerating revenue growth?

Or do you still think we can manage both in terms of revenue growth with margin? Second question is on the Platforms side, we indicated about new product launches, and we have an active product roadmap. So, if you can provide some sense about where we are making investments and what is the product road map? eLearning, we highlighted good traction in marketing communications. So, if you provide some more detail on that.

**Rahul Arora:** Sure. I’ll take the first question and defer to Tony on product and Jums on the marketing communication business and Experience Center business, Magineu. To kick it off, on margins, as we've shared before, our business has tremendous operating leverage through a combination of two things. One, we are a tech-enabled business. So, anything we produce is enabled by tech; wherever we can automate, we automate; where we can't, we have system-based
deliveries. We have some automation, and then a manual check comes in pre-delivery. And the second piece, of course, a large percentage of our workforce is present in Tier 2 cities, which gives us a cost arbitrage.

So, from a margin perspective, our margins will continue to grow as revenues expand. Unfortunately, unlike previous calls where I used to give specific guidance, I will not be able to do that because as we have announced a QIP based on SEBI regulations, we're unable to share that tight forward-looking guidance like I used to share. But on a high level, we expect margins to expand as revenue grows because of the tremendous operating leverage available in the business.

Now regarding the Platform business, I'd like to set Tony up to discuss the product launches we're planning in FY '24. But before that, I also wanted to provide some context on what's changed. What is the perception of HighWire in the marketplace? How has MPS ownership changed things? So Tony, can you give us that color and then talk about product launches? Over to you, Tony.

Anthony Alves:

Thank you, Rahul. So, to address the topic of the perception of HighWire in the marketplace, HighWire has been exceptionally visible in the marketplace. And there's been really an increase in outreach through our marketing efforts through client visits and attendance at industry conferences. And it's been exciting. As I travel around and I visit with clients and I attend these conferences, I'm continuously complimented on HighWire's resurgence. And I get feedback on how happy people are that there are more options, especially around content hosting. This renewed and refreshed perception of HighWire has made our current clients very happy that they have stuck with us. It's made our past customers think about returning. It has put HighWire back on the RFI and RFP lists when publishers are looking to change their vendors. So, the perception has been really positive.

And the change in perception is, it's really possible because of the MPS acquisition. MPS has unlocked a suppressed potential by investing in the technical staff, allowing us to resume a lot of the stalled projects and platform implementations. MPS has provided real marketing muscle, getting the word out about HighWire.

MPS has had strong platform products in the past, and we've been able to combine those with the HighWire platform offerings. And this means that HighWire has a well-established and really strong end-to-end selection of solutions that are addressing the entire scholarly and academic publishing process. So, it's a really positive, and exciting story.

And a result of all of that we've been able to move forward with product launches or to move forward with our road maps, which will allow some really exciting product launches coming up. I'm really excited about the upcoming release of the web version of our e-commerce and subscription management system called THINK WEB. THINK WEB is the web platform version of THINK, it provides new revenue opportunities through the upgrading of existing customers as well as an opportunity to expand our customer base.
We're also really excited about the launch of our analytics product, Insight Vizor, which provides useful business analytics to publishers. It helps them find new sales opportunities and optimize opportunities with existing clients. And alongside Insight Vizor, we're enhancing our Impact Vizor analytics product with trend data. This will provide predictive analytics to customers who want to upgrade to this premium service.

And then this fall, at the Frankfurt Book Fair, where we're going to be launching an MVP of a new modernized workflow platform. There has been very little innovation in publishing workflow systems over the past 2 decades. And in fact, our competitors still use 20-year-old monolithic systems to manage their mission-critical processes. So, we've seen an overwhelming call in the marketplace for more flexible, modular micro service-based platforms. And our new platform will help consolidate workflow, reduce time to publication using a single source publishing model. And this will vastly simplify workflows and it will allow for really easy integration of AI and machine learning tools and services.

And finally, we're upgrading and consolidating our technology stack for our content hosting systems, and this will help improve margins because it will allow us to operate far more efficiently and onboard more clients more quickly.

**Rahul Arora:**

Thanks, Tony. Thank you for that rich update. All the best in FY '24 and looking forward to that platform business which is now entering an exciting growth phase. Jums, over to you. Can you talk about what an Experience Center business is? What is Magineu, and why could it become our fourth business segment, Marketing Communications?

**Rajesh Jumani:**

Sure, Rahul. Thank you so much for the opportunity. To just put it in layman's language, the Experience Center business, Magineu as a new business line, focuses on creating physical and digital immersive experiences. What it means is we take physical spaces, and we convert them into very high-end technology-enabled digital spaces. So, imagine yourself walking into a museum and the museum has lots of technology like you saw in movies like Star Trek or in Star Wars and places like these. So, these are typically created for large corporates who want to create what they call brand museum. As some visitors walk into a large company headquarters, instead of taking them through the regular PowerPoint or somebody talking about the business, they're taken around an entire brand museum on the past, present and future of the group.

Similarly, lots of B2B organizations are creating what they call executive briefing centers or strategic briefing centers. So, when they invite customers to come into their offices to showcase futuristic products, instead of putting them into a room and taking them through PowerPoint, they're again walked around into a museum kind of an environment where they are shown what the company is going to do in the future and how it benefits the customers. This is becoming a very new trend, not just globally but also in India currently. We've done some very exciting projects for large corporates and the market is looking extremely bullish for us.
A few differentiations over here from a regular business, this business allows us, obviously because the values of the deals are large, you are selling directly to the CXOs, the Chairman, the CEO, and also your main point of contact becomes the Chief Marketing Officer and Chief of Corporate Communications, which is all marketing oriented. And obviously, we all know marketing budgets are much higher than in typical training budgets.

So, these are typically high-value projects. They have a lot of annuity business linked to it because once you create an Experience Center, there are lots of updates that happens to the Experience Center year-on-year. There are lots of maintenance activities and lots of support activities that happen over there.

This is a new niche for us. There are not many players in the market who are right now organized into creating turnkey projects for customers. We, for example, do everything from space design to creating all the visitor choreography to the content, the interiors, software, hardware, support, all the AV that goes in. Very, very few players do this, so there's a clear niche for us that we can create in this marketplace. Thank you, Rahul.

Rahul Arora: Thanks, Jums. Thank you for the update. Again, very excited about the future of Magineu and a new business segment getting created by MPS. Thank you for the update. Back to the questions.

Moderator: We'll take the next question from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Congratulations to the team on a wonderful year. Just want to understand your thought in terms of what kind of growth you expect across the segments. I mean bulk of the growth right now is led by this traction, which we have now found in the eLearning space. But on a steady-state basis, what should be the objective that we should be chasing here on an organic basis? And any more input you would like to share on the Content and platform side? Content side, what could be the base for this business a couple of years from now? And also a similar thing, if you could share on the Platform business.

Rahul Arora: Thanks for your question, Rahul. So, the North Star continues to be Vision 2027, to reach INR 1,500 crores in revenue at similar margins by FY '28. As I stated earlier, 60% of this growth will come from acquisitions and 40% from organic growth. As I shared earlier, I would love, and I'm able to give you tighter guidance, but unfortunately, I'm told the regulations are very restrictive once you enter or once you announce a QIP process, so my hands are tied; I mean, unable to share tighter guidance than that.

We got a nice update from Tony on how the Platform business has finally entered a growth phase. We got an excellent explanation from Jums on Marketing Communications, and the eLearning business is generally doing very well. So, I'll add to that and talk a little bit about the Content business because that continues to be a large part of our business, and what we've seen is organic growth in this business over the last couple of years, which we continue to be very bullish about that this growth will continue and margins will continue to expand.
And what's changed in this business is that many of our customers are now transitioning into subscription businesses. What that has done is when you're a subscription business, your differentiator and your draw for a customer is your content. So, there’s a renewed focus on time-to-market. Customers are looking to target unprecedented turnaround times on time-to-market, which means players like MPS which has much smart technology to enable us to do better. So MPS, of course, has MPS Labs, HQ out of Bangalore, which is constantly innovating, has been around for a bit, have seen a significant scale-up in reinvestments in AI/ML over the last couple of years. So that is becoming a strong differentiator for us in the Content business.

We are also seeing a new wave of outsourcing in the Content business. We are moving upstream. Customers are looking for support on many upstream activities they previously did not consider. On the scholarly side of our business, for example, MPS is now starting to get involved in the manuscript submission and peer review phase. On the education side of our business, accessibility is a big trend.

In addition, our proven track record, especially during disruptions, as I stated before, the Chennai floods, COVID, and post-COVID, has given our customers much confidence in our ability to execute in not-always-perfect conditions. So even when the operating environment is suboptimal, MPS has delivered on time and with excellent quality. Again, the input to that is, of course, the seamless tech, IP, and our low-cost model, which allows us to ramp up quickly. That has given us much momentum because, as I said, customers are transitioning to a subscription business. They need partners they can depend on; our proven track record enables that.

On the education side of our business, we've also seen a change in customer profiles. So earlier, we were restricted to educational publishers. Today, we work with educational institutions, Ed-Tech companies, and learning companies; the scope of the market in the education space has expanded, giving us an excellent lift in the Content business. On the education side, we are also seeing a new wave of outsourcing, which is focused on digital. We've been able to unlock the IP and the synergies between our Content business and our eLearning business and have this new offering called Digital Learning for Education. So that's been another tailwind that we've got going.

To summarize, one of the missing things, if you look at our history from 2012 to 2020, is that we were only growing inorganically. And what's changed for MPS is that we finally have organic growth. Content is growing, eLearning is growing, Platform is growing. Organically, we are also looking to develop a fourth business segment.

And then, inorganic growth has a multiplier effect. You're growing as a business, good double-digit growth organically, and then on top of that, you add more inorganic growth that then supercharges things, and there are synergies between whatever we will acquire between the current business and the new business. And our updated acquisition playbook is that we are looking only at growing assets with inherent financial strength. So, they are also growing. So overall, very, very optimistic and feel super confident about this goal that is taken for FY '28;
INR 1,500 crores for MPS at a similar margin is not an aspiration; it's not a dream but a conservative goal.

**Rahul Jain:** Right. And one bit more, if you could, say, on the Content side, where you said this movement to subscription is something which is driving the momentum, so I'm sure this is happening for quite some time now. So where do you see we are in that cycle? Do you think bulk of it is behind us or you see this as a tailwind at least for the next few years? Or could be more short-term than that?

**Rahul Arora:** Good question, Rahul. So yes, there's been much talk about this for a while. But in terms of action and execution, it's been limited. So, for example, not all the big 4 in education have transitioned to subscription businesses. They do have subscription products, but they're not subscription businesses. We've seen more of that on the scholarly side of our business. So, there's more ahead, less behind.

Also, from a business model perspective, as our customers become subscription-based businesses on the content side, the exciting part of that is that it also allows us to become subscription-based businesses on the content side where we are entering, for example, content-as-a-service agreements with some of our customers.

And again, we have only one example in our Content business where a customer has transitioned to this model. So, there's a lot more ahead. And, of course, we all know that with a subscription-based business, you have higher recurring revenue, which helps you to improve your margins, and gives you much predictability in terms of future revenue, which allows you to invest and grow the business. So yes, Rahul, there's more ahead and less behind right now in this transition in the Content business.

**Rahul Jain:** Sorry, just I would like to add one more question to the same point, which is, I know you are tied up on the outlook, but just to understand the basic math. If you see this INR 500 crores revenue purely on an organic basis going to INR 900 crores, this will mean 12%-13% kind of a CAGR. For this year, FY '24, I'm sure, eLearning would be driving it on a relative basis, given the run rate that we have.

But beyond FY '24, do you think this would become slightly more balanced with all three-space contributing, give or take, to that number? Or do you think eLearning, given the potential opportunity, would continue to clock much higher pace and will drive the overall growth momentum for the business organically?

**Rahul Arora:** Yes. To recap what our CFO said in his opening remarks, the most positive indicator is that all lines of business are now growing. So earlier, we had this choppiness where one segment grew; the other declined, and one was flat. As I said, the significant change is that we finally have organic growth for each of our business segments and the lines of business within those segments. So that's a considerable change. I won't question your math, Rahul; it's straightforward. The goal is to get growth from INR 500 crores to INR 1,500 crores, with 60% coming from inorganic and 40% coming from organic.
Again, as I said, unable to give you tighter guidance. For the first time in many years, we are in a position to provide that tighter guidance, but unfortunately, the regulations don't allow us to. So hopefully, later in the year, we can provide tighter guidance and information. All I can say right now is that we are optimistic about the future. We've set a conservative goal of Revenue of INR 1,500 crores in FY28.

We have a strong track record. Firstly, we give little guidance. And when we offer guidance, we tend to be conservative, as you saw in our PAT guidance for FY '23, which we beat. So that's all the intelligence I can provide at this stage, Rahul.

Rahul Jain: Right. Congratulations to the entire team for getting the growth back and also to the finance team to get back the margins we used to do earlier. And best wishes for your strong aspirational outlook, we wish you achieve it ahead of the schedule.

Rahul Arora: Thanks, Rahul.

Moderator: We'll take the next question from the line of Vivek Gautam from GS Investments. Please go ahead.

Vivek Gautam: Sir, congratulations for a good set of numbers. And I am a recent investee in your company. So, don't mind, there would be many more like me because the company seems to be in consolidation for a very long time and not much was happening, but what changed in the recent quarters that the visibility in the business has improved and is it sustainable?

Rahul Arora: Yes. Thank you for your question. And again, thank you for entering; maybe your luck is rubbing off on us. So do stick around. So, from my perspective, like I was talking about earlier, what has changed is that we finally have organic growth. We've always been good at acquiring distressed companies, spending five years to turn them around, and then going into the next one. What was missing for us was organic growth. And it's been a change in strategy. So, a couple of years ago, the pandemic gave all of us, including the MPS management team, much time to pause, reflect, and think about how we unlock growth in this business. So, 2021, we internally introduced this growth strategy that we call Going Gestalt, which, at this point, we've only executed at a very small scale.

The first element of the strategy is that instead of trying to sell a platform, content project, or eLearning project, we are approaching the market through a market-based approach. So, we have a revised go-to-market strategy. So, we are attacking key markets today: the scholarly and research community, the education community, and the corporate learning marketplace. And what we do in this situation is, position ourselves as an innovator, and the people representing us represent firm-wide capabilities rather than individual products and services. This has led to us unlocking synergies across all the IPs and acquisitions we've created over the years. So, a very, very strong leg of our growth strategy.

The second piece of this has also been a stronger emphasis on strategic customers. So, we today have over 700 customers. It is unparalleled for an INR 500 crore B2B company in the learning and tech space. And what we've done so far is we picked the top 10 from each
business segment. So, we picked the top 10 customers from Content, the top 10 for Platforms, top 10 from eLearning, and we've focused on how we grow these 10 customers. And as a result, we started to see the return. Of course, in the next phase, the goal will be to take these 30 STAR accounts and make them 100 as we scale. Now that we're confident that this strategy works.

The third element has been our aggressive pursuit of new customers. So again, this includes customers in new markets and customers in existing markets. And each of the segments has a different strategy of how to unlock this type of customer base. So, for example, as Tony was describing, on the scholarly side, it's a price warriorschip and product bundling approach. On the eLearning side, it's more about positioning ourselves as an immersive technology partner, as Juns described. And on the education side, we're looking beyond publishing into educational institutions, colleges, learning companies, and Ed-Tech companies, and a stronger emphasis on digital learning.

Also, one of the things that we've been doing over the last few years has been a constant reinvestment in new capabilities. We had three product launches the previous year. So, we launched a peer review solution that Sukhwant was talking about. We launched Magineu. We launched Magplus Now. Going ahead, we are launching three products, as Tony described already. So, there's much focus on investments in new capabilities, both from a product perspective and an efficiency perspective. We were embracing AI/ML to produce our work through MPS Labs.

And finally, the updated acquisition playbook. We executed that on a very small scale with EI Design. So, EI Design was a relatively small company. It was our first bite of a healthy company. And we've seen the effects. We've seen margin expansion. We've seen revenue growth. We've seen customer diversity. So, it allowed us to be more active in APAC, India, Middle East.

So yes, what's giving us the confidence is that we created a strategy coming out of the pandemic called Going Gestalt; if you think about it, it's straightforward; there's nothing very complex there. And it's been about excellent execution. We've executed on a very small scale over the last couple of years. And now, as we go towards FY '28, we feel confident as a management team that the strategy works. The focus is now on how we supercharge this strategy. How do we throw more gasoline on this momentum? So that's the context of what's giving us so much confidence.

Vivek Gautam: Very good reply, sir, and very detailed one, increases the confidence in the company. And sir, one more thing we wanted to know about this QIP plan, do you have an acquisition in mind? And last time it took a long time, it seems. And then what is the business visibility in Q1 FY '24? How is it happening? And by when this QIP plan or this acquisition might materialize, sir?

Rahul Arora: Yes. So, like I said at the top of the call, we have got enabling approval for 12 months. We are looking at multiple targets right now. We have numerous conversations going on. The
potential raise is up to INR 250 crores. And we learned from our experiences, right? As a business and management team, we've gone through many experiences over this journey since 2012, when we bought MPS from Macmillan. We are committed to executing a raise like this only if we can deploy the capital in a quarter, a maximum of two quarters. We will only execute this raise if we have a firm conviction.

So again, enabling approval for 12 months, up to INR 250 crores, we cannot give you an exact amount of the fundraise. We cannot give you the timing. Just the regulations are very restrictive. So, I humbly request you to be patient; 12 months is not an extended period. Once things happen, we will be the first to make an official announcement when possible.

Vivek Gautam: And congratulations here that EI Design, the last acquisition, was EPS-accretive from day 1 and let's hope more such acquisition will happen and help us in the long term. Keep up the good work, sir.

Rahul Arora: Thank you.

Moderator: We'll take the next question from the line of Gunit Singh from CCIPL. Please go ahead.

Gunit Singh: So as a layman, I just want to understand the kind of product offerings that we have. So our verticals of Content and eLearning, which Content basically is providing Content Solutions and creating content for our customers. So, I mean, what kind of content would we be offering to educational institutes like Stanford or other universities, when they are the ones who drive content in the first place?

So, I mean, what kind of products do we offer in the content space to them? And, what does that eLearning offering entail? And how is it different from creating content for our partners? So, I mean, as a layman, I just want to understand the business a bit more.

Rahul Arora: Sure. So, we don't have much time left, so I'll quickly answer the complete question. So, to start with, who is our customer? Our customers are the scholarly and research community, the education community, and the corporate learning space. So that's our customers.

In terms of our segments, we have three segments. We have Content, Platforms, and eLearning.

On the Content side, we are the most comprehensive player in terms of capabilities. So, we offer everything from content creation to delivery across all media. So, within this, we provide content authoring and development, learning design, where Content must be sourced, rights and permission solutions, media asset development, and creative studio services. Digital workflows power all our Content Solutions. When a customer has been slow in their digital journey, we also enable a digital transformation. Content Solutions today is most of our business, and our value proposition here is that we allow speed and efficiency for our customers and help them create products that are differentiated in their marketplace.
On the Platform side, we're the only provider with a complete range of configurable solutions. We offer these solutions as Platform-as-a-Service across the entire content life cycle. We were the first to market, a leader in the space; we are the innovator. And we have products in submission, peer review, and workflow. We have products in the hosting and identity management space. We have products in insights and analytics. And finally, we also have Software-as-a-Service products and customer service and order management. Here, our positioning is slightly different from the Content. We are positioned as innovators and thought leaders. And again, this business has now entered a growth trajectory.

On the eLearning side, we work with organizations to deliver high-impact learning and performance support solutions, ensuring they deliver a high ROI for the learner and the organization. So, within this, we offer learning and development, advisory, and consulting. We do custom e-learning, and we do more experiential and immersive things like simulation and games. We also help with training delivery and operate in new technologies like AR, VR, and XR. And again, we do have learning technology platforms that we license and host to our customers. The value proposition is that we offer more experiential and transformative types of e-learning rather than plain dry e-learning.

So that's a summary of who we are as an organization, and as I said, our customers are from the research, education, and corporate industry.

Gunit Singh: All right. That was helpful. I just have one remark, I mean, with ChatGPT coming in, with a simple query, people can create whatever kind of content they want. For example, even coding game on ChatGPT has been done in recent months. So, I mean, this might have an adverse impact on the content-creating business. I heard your conversation about ChatGPT not affecting the company in an adverse way. But what would be your thinking on this?

Rahul Arora: Yes. As I said earlier, we are seeing this as a positive. Some companies are not investing. We see a positive impact because this is a market consolidation process. Customers want to work with fewer intelligent and scaled players, such as MPS and our customers; the way they're structured internally, they need more horsepower to execute some of these new-age technologies.

They need partners to help them understand what this means for them and reconstruct the value chain and solutions. So yes, how we do business will change, and what you see behind all the numbers that you see in our results, the work that goes behind that, the operations behind that will be transformed. We still feel that there's much value that we can add in terms of helping our customers unlock this change and the importance of this change.

But also remember that we are in the learning space. So, a customer cannot have a situation where they have a learning program that they have content that they don't have rights to, they need permission to use the content, or that it does not meet the objective of the learning program. So, we see AI/ML being an enabler of faster time-to-market. We see it as making us more efficient. And we also see it as helping us consolidate a very fragmented market. As a market leader, we see it as a huge positive for us to make the same happen for us.
Moderator: We'll take the next question from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Just a couple of bookkeeping questions, more on the margin improvement in this quarter. So, some of this improvement also came because of an absolute drop in certain costs. So, can you explain, especially on the other expenses side, is what the business run rate now? Or there was something missing in this quarter, which should recoup in Q1? Similarly, what would be the wage hike and overall employee expenses growth one should envisage for '24?

Rahul Arora: Yes. Again, keeping the clock in mind, I'll answer the question on behalf of our CFO. So, two things, on the core employee benefit expenses, there has been a reduction primarily due to offshoring. So, we've seen a significant drive from our customers and internally towards moving to India and Tier 2 cities in India. We've also seen productivity and service delivery improvement as we embrace technology. So, this is not a one-off. It is a trend that will continue to improve. So, it's primarily due to offshoring and more automation in the workflows.

Concerning other expenses, we've rationalized infrastructure costs by introducing a hybrid work policy across overseas and expensive locations. So, for example, in the U.K., U.S., Switzerland, and Mumbai, we've gone to a different setup. So again, this rationalization is complete; the hybrid environment will continue. So, this is the run rate you can expect on the other expenses side.

Moderator: We'll take the next question from the line of Aditya Shivana from Niveshaay. Please go ahead.

Aditya Niveshaay: Congratulations on a good set of numbers. I have a question that, what would be the segment growth in the upcoming future?

Rahul Arora: Yes. Thank you for your question. As I shared earlier, because we've announced the QIP, we cannot share tight guidance. We can confirm that we have growth in all three segments, all lines of business are growing, and we are very optimistic about the future. Unfortunately, even though we have the data and can share the information, we're unable to because of the regulatory framework.

Aditya Niveshaay: Okay. Sir, I have one more question that what would be the order book in the eLearning business?

Rahul Arora: Yes. So yes, the eLearning business for us continues to grow. Again, that's a forward-looking question, so we can't share specific data, but we've unlocked a new trajectory in eLearning, and we expect to sustain and grow that trajectory.

Moderator: We'll take the next question from the line of Rohit from ithought PMS. Please go ahead.

Rohit: Congratulations, Rahul, on great numbers and performance by the team. So, Rahul, my question is on the Content Solutions business. So, over the last probably 4, 5 years or probably even more, while we've been taking market share away and consolidating, but there was always that the higher volume being compensated by fall in prices. And as a result, that
business was largely stagnant. Now you talked a bit about some changes that are happening. But structurally, what is really leading to growth in this segment specifically? And do you think this will continue? Or this is more like a cyclical kind of revival after so many years of flat growth?

Rahul Arora: Yes. What's changed is that many of our customers are transitioning into subscription-based businesses. So historically, if I were a textbook publisher, I would produce x number of textbooks; I would look at my marginal cost and marginal revenue for that additional product, and product investment and product development would be super tight because I was in this Catch-22 situation, should I produce more product and increase revenue or not produce more product and improve margins?

What changed, of course, is because they moved to a subscription-based model; what differentiates them in the marketplace is more product and more compelling product. And as a result, it's created this exciting pressure on the supply chain to produce faster. And because of this, not everyone has been able to step up from a tech and operational efficiency standpoint to deliver on the customer aspiration. As a result, scaled players like MPS are acquiring more market share. The tail is getting wiped out. So that's one perspective.

The second perspective is that as our customers have to produce faster; they have to start looking at things beyond what they're outsourcing. So currently, many customers are outsourcing a specific part of the value chain, and they've realized they have squeezed everything out of this chain in terms of time-to-market. If they're producing something in 3 months, we're now producing it in 3 days. But there is another part of the value chain where innovation has yet to happen because that's always stayed internal.

On the research side, once an article is submitted, it takes 180 days to accept it. But it only takes three days to publish the article once it's accepted. So now our customers are saying, you guys have helped us innovate one part of the value chain, come along on the journey with us to help us drive the more important part of the value chain.

We are now more differentiated in what we do and therefore gaining market share. But also, this new wave of outsourcing has opened to us because our customers are saying we need help disrupting a different part of the value chain. So, it's a combination of increased market share and increased market pie.

Rohit: Got it. Understood. A large part of the issue in this over the last many years was again, that the economics of your customers was challenged because of the nature of that industry and how things have changed. Do you think that will again come back and sort of be an impediment for continuous growth? Or do you think that structural change will sort of give more wings to you and this tailwind will continue?

Rahul Arora: Yes. Customers continue to look for new avenues of growth. And since unlocking that growth comes with new product development, outsourcing in our market is the most efficient form of product development. Our customers have not been able to unlock that internally, and we do
not expect them to be able to unlock that because they're not as well-staffed as they used to be, for example, a decade ago. Because there's so much pressure on product development and fast product development, it's giving us a more significant opportunity. And because we are scaling with tech, we tend to be more cost-effective. And wherever manual effort is required, we're going to Tier 2 cities. So, they want to produce faster, cheaper, and better, and we enable that purpose.

Rushikesh Kale: You mentioned last time that you would go with the debt and equity financing only if the acquisition size is of revenue more than $30 million. So does the QIP indicate that there are such opportunities coming?

Rahul Arora: Yes. So, I confirm that we will only unlock the QIP approval if we are confident that we can deploy the capital in 1 or a maximum of 2 quarters. That's data point number one for you. Data point 2 for you is that we are not 100% risk averse to debt, but we are conservative with debt and will not finance debt above our cash flow from operations or our annual PAT. As I said earlier, the regulatory framework restricts us, I've given you data points. Please deduce.

Arjun Goel: Rahul Ji, I wanted to understand something, you've touched upon this earlier. When you talk about your Vision 2028 for INR 1,500 crores of revenues, based on what you're seeing in terms of the ground realities, can you achieve that without diluting equity? Like it may not be
12 months from now, but 18 months from now or 24 months from now, will we see a situation where a QIP maybe coming in? So, I just wanted your thoughts on that.

Rahul Arora: Yes, excellent question. I completely understand your intent. If I were in your position, I would have to be asking the same question. Having said that, again, regulatory framework, we must keep giving you this scripted response, which as we've taken approval of raising up to INR 250 crores, however, the exact amount of the fund raises, and the dilution will only be known at the time when we launch the QIP. We powered ourselves with an enabling approval for a period of 12 months. Today, we have a healthy deal pipeline and are in active discussion with multiple targets.

Arjun Goel: Strategically I'm so sorry to interrupt you.

Rahul Arora: I hope I can answer the question later in the year.

Arjun Goel: Okay. I don't know if you can answer this also, but I know when you look to acquire newer companies, you look at various factors. But as investors, we would be looking at whether they will be EPS-accretive or not, right? So, I hope that when you look at perspectives that, that is a very important consideration that you give to companies. So that's number one. And secondly, I would ask you to be astute that to use the QIP as a resource of last resort, any others before that, dilution last.

Rahul Arora: Noted. Thank you for your recommendation. And again, on the acquisition opportunities, I can share more information because we have shared this previously. We are looking at businesses that have growth momentum. They should have inherent financial strength. So yes, its EPS-accretive, but also not just EPS-accretive for 1 year. We want them to continue to grow independently, and of course, we'll unlock synergies, but there should be a baseline level of growth.

In terms of the types of companies that we're pursuing, we're looking at e-learning companies that enhance our core capability or improve our geographic diversity. We continue to be limited by geography. There are lots of markets that we have not unlocked yet. We're also looking at education opportunities where we can work with educational institutions, universities, colleges, etc. in a more direct way. We're also looking at opportunities that Jums talked about, the Marketing Communications vertical, and a jump start we've gotten from the launch of Magineu. But if we do get an opportunity to scale that quickly, that's another area we're looking at. We're also looking at opportunities that allow us to move, like I was describing earlier, more upstream in the value chain, where we can unlock value for our customers. And finally, we're also looking at platform opportunities. So those are the 5 types of domains we're looking at in terms of acquisitions.

Moderator: We'll take the last question from the line of Mahesh Rian Investor. Please go ahead.

Mahesh Ria: Rahul, can you clarify that if a big acquisition comes up, you will fund it with debt to the extent of 1 year of cash flow and the remaining from equity dilution?
Rahul Arora: I can’t confirm that. What I can tell you is that we have available to us an enabling approval that allows us to raise up to INR 250 crores. So, we don’t have to raise INR 250 crores, but up to INR 250 crores. And as a management team, we are okay with raising debt, if needed, up to INR 100- crores, basically the annual cash flow from operations.

Mahesh Ria: But you will consider debt first and then equity?

Rahul Arora: I cannot comment on that because of the regulatory framework.

Moderator: Ladies and gentlemen, we have reached the end of the question-and-answer session. And I’d now like to hand the conference back over to Mr. Rahul Arora for closing comments. Over to you, sir.

Rahul Arora: Yes. Thank you, everyone, for your excellent questions and insights. Please do note that we take all your feedback and your outside-in view very, very seriously. Your feedback has enabled us to be smarter in our approach especially over the last 2- 3 years, and we look forward to you pushing us and challenging us like this. We have a humble management team and are always open to excellent feedback from the community. So please keep it coming. And from our perspective, we stay very committed to our Vision 2027, which is to get to INR 1,500 crores by FY ’28 at similar margins.

So, thank you for all your support, and I look forward to continued support as we head towards our vision. Thank you so much.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of MPS Limited, that concludes this conference. Thank you for joining with us. You may now disconnect your lines.

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