



## MPS Limited

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<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5th Floor, Plot no. C/1, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051, India <b>Symbol: MPSTLTD</b> <b>ISIN: INE943D01017</b>	<b>BSE Limited</b> Department of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001, India <b>Scrip Code: 532440</b> <b>ISIN: INE943D01017</b>
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Dear Sirs,

**Sub: Transcript of the Earnings Conference Call inter-alia on the Audited Financial Results of the Company for the Fourth Quarter (Q4) and Financial Year ended 31 March 2024.**

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 Conference Call, held on Wednesday, 22 May 2024, at 05:00 P.M.(IST), inter-alia on the Audited Financial Results of the Company for the Fourth Quarter (Q4) and Financial Year ended 31 March 2024.

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

[www.mpslimited.com](http://www.mpslimited.com)



“MPS Limited  
Q4 FY’24 Earnings Conference Call”  
May 22, 2024



**MANAGEMENT:** **MR. RAHUL ARORA – CHAIRMAN AND CEO**  
**MR. SUNIT MALHOTRA – CHIEF FINANCIAL OFFICER**  
**MR. SUKHWANT SINGH – CHIEF OPERATING OFFICER**  
**MS. KELLY LAKE – CHIEF STRATEGY OFFICER**  
**MR. TONY ALVES – SENIOR VICE PRESIDENT,**  
**PRODUCT MANAGEMENT**

**Moderator:**

Ladies and gentlemen, good day and welcome to Q4 FY’24 Earnings 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, Mr. Arora.

**Rahul Arora:**

Thank you, Renju.

Good morning from New York, and a warm welcome to our Q4 and FY'24 Earnings Call. Today on the call, I have with me:

- Sunit Malhotra, CFO of MPS Limited, who joins from Noida, India
- Sukhwant Singh, Chief Operating Officer (India), of our Scholarly practice, joins us from Noida, India
- Tony Alves, SVP and Head of Product Management at HighWire, which is our platform business, joins us from the Great Boston Area.
- Kelly Lake, Chief Strategy/Innovation Officer at EI, joins us from the Great Boston Area.

Today, Sunit will kick things off in our opening segment by discussing our financial performance. Then Sukhwant will update us on our content solutions business developments. Kelly will then update everyone on the developments in our eLearning business. Tony will then follow up on the progress made in our Platform business. Finally, I will provide an update on our progress on AI/ML, acquisitions, capital allocation, and summarize the outcomes of the board meetings.

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

**Sunit Malhotra:**

Thanks, Rahul.

On a quarterly basis, Q4 FY'24 showed solid revenue growth. We recorded revenue of INR150 crores on an FX-adjusted basis in Q4 FY'24, which represented 17.5% Y-o-Y growth. While there was an EBITDA decline in this last quarter, that is expected to change quickly. On a full-year basis, MPS achieved a new milestone with FX-adjusted revenue of INR 546 crores in FY'24. We broadly maintained our margins despite acquiring a loss-making business in AJE.

Looking back at FY'24, I would like to highlight three key strategic achievements.

1. Our top 15 customers now contribute to less than 60% of our revenue, a much lower concentration than when we started this journey in 2012.
2. All business segments and lines of business are developing growth momentum as we head into FY'25.
3. Positive development in operating cash flow allowed our board to recommend a generous distribution even in a year when we completed two acquisitions through internal accruals.

I want to hand it over now to Sukhwant to discuss the development in our CS business.

**Sukhwant Singh:**

Thank you, Sunit.

Revenue in our Content Solutions business grew by ~7.5% in FY'24 compared to the last year. Given the business operating leverage, margins expanded on a standalone basis to 40% and were only lower on a consolidated basis due to the acquisition of AJE.

The Scholarly lines of the Content Solutions business continue to lead the charge towards revenue growth and margin expansion. Volumes and revenues from our STAR customer base grew because our service delivery has been among the best in the supply chain as it has consolidated. In the Scholarly marketplace, we have launched new capabilities linked to the Journal Editorial Office that are placed in a more strategic position in the value chain, which has not only resulted in a new business from net new customers but also improved the stickiness and quality of our revenue with existing customers. Together with the HighWire suite of products and the newly acquired capabilities at AJE, this new JEO service compounds our capabilities and positions us as the only 'techno-service' provider with a global market presence at the front end of the Scholarly publishing value chain.

Overall, the Content Solution momentum was held back only by a temporary blip in the Education side of our Content Solution business, which is expected to correct in FY'25. I remain bullish about our Content Solution over the next three years, particularly in FY'25, where we expect a level-up.

I want to hand it over now to Kelly to discuss the eLearning solutions performance in FY'24. Over to you, Kelly.

**Kelly Lake:**

Thank you, Sukhwant.

eLearning continued as the second-largest business segment. FX-adjusted Revenues grew by ~6% in FY'24. And while we're behind our expectations in the scale-up of this business in FY'24, I am confident about the profitable growth in FY'25. This business has four operating entities: India, Germany, Switzerland, and Australia. All international subsidiaries succeeded in Q4 and FY'24, scaling revenues at healthy margins. Our Indian entity had bumpy periods because of the deferment of a large project that I described in the last call. That impacted us in Q4, FY'24. And we leave the bumpy period behind us as we enter into FY'25 with a strong Q1.

What gives me confidence about expanding our Corporate Learning business is a combination of newly developed internal momentum and the general pickup in the marketplace. Concerning the internal momentum, the subsidiaries in the eLearning business outside of India have gathered even further momentum in Calendar Year 2024. Our order book has expanded in the Indian entity, and the pipeline looks far more robust.

Concerning the marketplace, we're seeing a lot more activity, and EI is getting much more attention. Our qualified leads and opportunities have picked up, for example. And all the investments in the business seem to have had a compounding impact. Another example, just yesterday, a leading industry association called the eLearning industry recognized EI as the #1 global company in the market for leveraging our solutions to drive and maximize training ROI for our customers.

I would now like to hand it over to Tony to discuss the platform solutions' performance in FY'24.

**Tony Alves:**

Thank you very much, Kelly.

For the first time since the acquisition of HighWire in 2020, the platform business did not decline. Revenues grew modestly in FY'24. Margins continued to improve due to a healthier customer profile, smarter cloud spending, and improved operational activity. On an FY basis, profits grew by as much as 30% in our platform business on a consolidated basis, including AJE, And the profitability position was even better on a standalone basis without AJE.

Execution of product roadmaps was on schedule for the entire platform suite in FY'24. The marketplace has received new features and functionalities, and there will be several monetization opportunities soon through the implementation projects and migration programs. We launched two new SaaS products, DigiCore Pro and THINK Web, in FY'24. We expect short-term revenue growth in H1 FY'25 via customer migrations from older platforms and more remarkable growth from new customers from H2 FY'25 onward. Please note that based on new information, I've advanced this growth timeline in the platform business by several months. I can confidently state that our platform business is now performing well in its newly achieved phase of healthy growth for the following reasons.

1. We're actively investing in Product Development. This includes new Product Launches, Active Product Roadmaps, and Resolution of Technical Debt.
2. Our customer acquisition strategy that involves Product/Service bundling and Price Warriorship is gaining traction and helping us develop a new customer base and expand our share of wallet with existing customers.
3. The feedback from the industry and 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'd now like to hand this over to Rahul to conclude this opening section.

**Rahul Arora:**

Thanks, Tony.

I'll begin by discussing the progress of the two acquisitions.

We completed the acquisition of Liberate Learning in September of last year. The acquisition shaped our entry into Australia and New Zealand. Our second acquisition of a growing business was a refreshing change in how we operate. We had an opportunity to learn much about what it takes to operate and drive a corporate learning business, which largely differs from the other business interests. An alternate approach to investing (majority instead of 100% acquisition) also meant changing how we unlock value. The how concern Liberate is more about helping connect the dots for them across the different eLearning capabilities MPS has and supporting the management team from the corporate office on things such as shared services, including Finance and Legal.

After a robust 2023, Liberate had a roaring start to 2024 and is expected to close its FY, (which ends on June 30<sup>th</sup>), with a 25% growth in order book. To echo Kelly's comments earlier, the market opportunity in Corporate Learning is expanding and we are uniquely positioned to acquire market share during this compelling point in time.

In contrast, the acquisition of AJE, (which was done in February 2024), has our leadership team more directly steering the business with proactive support from the AJE teams. We have already eliminated ~\$12 million in annual operating expenses for AJE. AJE allows us to make a meaningful AI play, expand our reach into China, and most importantly, step up our strategic partnership with Springer Nature. The benefits significantly outweigh the near-term costs associated with temporary margin contraction from a strategic lens. And we're also expecting solid financial indicators, including a high ROCE. So AJE is an excellent segway into our progress on AI/ML.

The advances in AI/ML have had a proportionate impact on the entire ecosystem, affecting our customers, competitors, the industry at large, as well as the macroeconomic environment. To spearhead this transformative opportunity, we launched a new initiative called MPS Labs in 2022, a pioneering initiative headquartered out of Bengaluru under our CTO. MPS Labs is our R&D division that powers innovation for the company and is also the incubator of new products, some of which were described by Tony in his remarks. MPS Labs is working on scaling and executing leading-edge tech. Key features include modular architecture, API-based integration, a micro-services approach, and leveraging AI/ML on the cloud to design and develop innovative solutions. This 200+ team, including developers, ML engineers, and data scientists, has made substantive progress in FY'24. The scope of projects that have gone live included content profiling, automated and guided editing, content structuring, automated generation of supplementary content, including – abstracts, summaries, and assessments, image forensics, an ML-powered accessibility solution, and AI-powered translation services. The acquisition of AJE has further elevated our progress on AI, capacity, as well as our market positioning. All these initiatives are now resulting in new revenue for MPS.

On capital allocation, our priority is always to redistribute surplus funds to the shareholders of MPS, provided there is no eminent use for those funds over the next 6 to 12 months. This approach allows us to stay focused, disciplined, and responsible. I am pleased to share that based on the unprecedented earnings and operating cash flows in FY'25, the Board of Directors has recommended a final dividend of INR 45 per Equity Share of INR 10 each of the Company. This final distribution takes the total distribution in FY24 to INR 75 per equity share of INR 10 each of the Company. Our Board has taken a balanced view on return to shareholders. Overall, our newfound openness to debt allows us to keep up with consistent distributions, go ahead and acquire healthy and growing assets at compelling valuations, and significantly enhance shareholder value.

Looking back at FY'24, we experienced a mix of successes as well as challenges, and the scorecard does not reveal the excellent momentum we've achieved at the end of the year. This was our first year where we completed two acquisitions, yet our recommendation of the final dividend equates to a total distribution in the FY that is a notch higher than the PAT that we achieved during the FY. Given our momentum and the yet-to-be-unlocked value from the two acquisitions we completed in FY'24, we are optimistic about FY'25. There is so much growth potential, and we are comfortable forecasting at least a 25% year-on-year growth in earnings in FY'25.

Let's now open the call to questions.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question comes from the line of Karan, an Individual Investor. Please go ahead.

**Karan:** We have a new strategy like we are planning to make acquisitions every year. How do you make sure, like the companies which you are acquiring, they do not lose the clients and the employees? There is a cultural shift when a company gets acquired by a parent company. How we are solving these challenges?

**Rahul Arora:** I don't think we have changed the strategy to do two acquisitions every year. We did two acquisitions in FY'24. Having said that, we do have a modified acquisition playbook, as you rightly pointed out. And the change in approach is we are looking at larger bites. The revenue of AJE is north of \$20 million. We are also looking at companies that come with some inherent strength, even if they are not super high on margins upfront.

Our goal is that we should have a solid line of visibility so that we can get them to the MPS level very quickly, rather than later. And in terms of your question, how do we make sure that these acquisitions do not implode? The biggest change has been that we are looking at a different type of assets now. So, historically, we've been an acquirer of distressed assets. We are now looking at healthy assets that have momentum already before we acquire them.

Additionally, we operate in key markets, scholarly, education, and corporate. So, we tend to acquire businesses that we already know. Also, during the diligence process, we tend to not only do financial, tax, and legal diligence but also HR diligence from a perspective of cultural and values alignment. We have walked away from some very attractive opportunities in FY'24, simply because the last piece of it, the values alignment, was not there. You can never get it perfect. We've had a decent track record, and a large reason for that has been how disciplined we've been in our approach.

The parameters that we look at are, the company should have momentum in terms of growth and profitability. It should be a premium asset. It should be number one or number two in its space, even if it's in a niche space, it should be operating as a premium company. The third piece of it is customers and revenues should be sticky. The fourth is limited churn in the employee base. And the fifth, which is the most important element is cultural and value alignment with MPS. You can't have a foolproof approach, but the way we attack it is to make sure that we are super disciplined on our framework, and responsible in making sure that we don't deviate from any other parameters that I described.

**Karan:** We are giving guidance on tripling our top line by '27 and in your earlier presentations, you mentioned there is a scope for margin expansion as well. What do you think can you give some guidance about the margin expansion also by '27 or '28, like you are giving in terms of the top line?

**Rahul Arora:** Yes. So, this year FY'25, we are projecting a 25% year-on-year growth in earnings. And that brings us back on track toward Vision 2027, which is an FY'28 goal. On margins, the only part of our business that currently is underperforming is the eLearning business. Our goal is to get that business in the short term to a 25% margin and more on a two-year term to a 30% margin.

In FY'25, we are expecting a pretty big catch-up on the eLearning margins. So, broadly you can expect with that change, given that it's a smaller proportion of the business now, you can expect a 2% to 3% improvement in margins at a consolidated level. There will be some margin appreciation depending on how quickly the content and the platform business scales.

Overall, from a margin profile perspective on a consolidated level, we should look at 2% to 3% and focus on the CAGR on the revenue.

**Moderator:** The next question comes from the line of Mr. Mahesh, an Individual Investor. Please go ahead.

**Mahesh:** My question is on the impact of AI on the ecosystem. What is the impact of development in the AI ecosystem on your customers in each of the verticals that you operate? To what extent it is disrupting their business models? And what is the impact of all this on your order book?

**Rahul Arora:** I will divide this into short-term and medium-term. I think in terms of customer profile, we have three types of customers in terms of how they are thinking about AI. We have cautiously optimistic customers. We have customers who say we don't want to be the first. And then we have a third category of customers, which is the smallest category, which is saying, we're going to ignore this whole thing.

Short term, we are seeing a positive opportunity in terms of revenue growth. I think a large part of our customer base is trying to enable AI in their workflows. They need strong partners to do that for them. So, areas where we have seen that is translation, for example, which has been a good area of new revenue for us. AI-powered workflows are becoming very common. Similarly, on accessibility, how you're making content more accessible. We are generating some of the alternative text seamlessly through machine learning, as well as generating some supplementary content through existing products.

We've seen significant opportunities on the revenue side in the short term and we expect that to continue into FY'25. This will be accretive to both the content business as well as the eLearning business in the short term.

Medium term, we anticipate that once these AI workflows are enabled, then we will probably see a final consolidation of the supply chain. This is more of an opinion.

And the reason for that is, when you're in some of these AI workflows, a large part of the value is unlocked through iterations and time. And for a customer to, for example, if you're building a proprietary LLM for them, they obviously can't build that LLM out with four or five suppliers. Ideally, they want to build that with one. Worst case, they want to build that with two suppliers to make sure that they have some diversity.

More long term, what we're going to see is a consolidation of the supply chain where customers that today work with 5-6 vendors on the content side and 10-12 vendors on the eLearning side, will be forced to work with 1-2 vendors. The time will tell how that will affect MPS. We're going to try our best to make sure that we are one of those who work with our core customer base.



We're going to see a change in how customers engage with the vendors because there will be mutual co-dependence. We are confident based on the approach and as well as the strategies that we've seen so far from our customers that they want to co-develop this and not do it in isolation because a lot of the capabilities sit on the vendor side. Skilled players like MPS should see it as an opportunity and probably see that with our core customer base.

We may lose some revenue in the long term with transactional customers because they all will want to go deeper with their core vendors. In the short term, everyone is piloting a bunch of things for good revenue growth. Customers will need partners to implement these projects. In the medium term, two to three years, there will be a final consolidation of the supply chain.

Our total TAM is ~\$300 billion and the largest company in our space is \$300 million. This supply chain is ripe for consolidation and if AI can do that, we are all for it as MPS. So, we're looking at it as a positive. Yes, how we do business, will change. Who our customers are, might change. We may not be servicing 750+ customers in three years from now. But overall, we're optimistic and we're making a lot of investments to make sure that when those customers do take that call, MPS is successful.

MPS is on the shortlist as well and in the next two or three years, they're piloting things with us. We are doing our best to make sure that we are ahead of our competition in whatever we're doing.

**Maresh:**

You mentioned LLM capabilities. So I would like to know if MPS investing enough to be at the forefront of providing LLM architecture to your clients or customers.

**Rahul Arora:**

We were at a certain level which was impressively ahead of the market. As MPS Labs, we, have developed our own and have fed about 300,000 unique documents to our model. After AJE, it's gone to a whole new level because they also have two models. One has been fed by over a million manuscripts. Another, which is the backend of Curie, has been fed 250,000+ documents. So, we've gone from a place where we were doing very well and we thought we were ahead of the marketplace, but with AJE now, we're at a whole new level.

And that's where we're seeing a lot of opportunity in the near term for AJE because a large part of AJE is B2C today, which is working with authors directly. We're seeing a tremendous opportunity for AJE and the B2B side to service MPS' core customer base and we have strong relationships with them. We've done some excellent demos. There's talk about pilots and projects as well.

**Moderator:**

The next question comes from the line of Vikas Mistri from Moonshot Ventures. Please go ahead.

**Vikas Mistri:**

The first is on AI part. There are very large language models run by companies like Perplexity.AI. They are injecting and going through so many manuscripts. What gives you confidence that you will be in a pole position and these people will not fine-tune their models on this large market that you enumerated of 300 billion? And will these large language models not disrupt your state?

**Rahul Arora:**

Some of the ones that you described are more mass market. We are developing very specific and niche to our industry.

Within MPS we are the oldest provider on the publishing side over 50 years. e. So, that was from MPS Macmillan. We are the oldest provider on the e-learning side through Tata Interactive. And we are the oldest provider on the platform side through HighWire Press. So the amount of expertise as well as legacy data that we possess is unparalleled. Our use case is of the three markets that we operate in is scholarly, education, and corporate learning. We're not trying to compete with the mass models that are being developed. Our models are more focused on each of these markets. At a customer level, we're also building them because, in our industry, there's a massive concern around data and IP. In order to protect that concern, we have to configure things that at a customer level.

**Vikas Mistri:**

What white spaces do you still see now on those three verticals we operate and where we're trying to get more acquisitions? We have a full book of products. Now the only thing is that we have to scale up. And you are contradicting that. You are saying that we still can go for more acquisitions or whether they will be bolt-on acquisitions or whether they will be in the same area just to ramp up the scale?

**Rahul Arora:**

More than most, yes. I would not say from a capability standpoint we possess everything.. There are still opportunities for capability expansion that allow us to move up/down the value chain. So we're looking at those types of opportunities.

We're looking at opportunities that expand our geographic reach as well. For example, in FY'24, we expanded into Australia, New Zealand, as well as in China. There are still regions like, the Middle East as well as Latin America that we're not currently very strong in. Also, certain parts of Europe where we're not very strong. So there's a geographic play that we're looking at as well. We are also looking to actively accelerate the education space. Today in the education space, a bulk of our revenue comes from K-12 as well as through publishing and our goal is to scale that into higher ed and specifically within higher ed within adult learning and educational institutes. So there's still much juice left for us to acquire in terms of capability expansion, geographic expansion, as well as adjacent market expansion. So we're looking at all three vectors.

**Moderator:**

The next question comes from the line of Darshil Jhaveri with Crown Capital. Please go ahead.

**Darshil Jhaveri:**

I just wanted to understand that in terms of our growth projection that we are seeing maybe for next year, so we are planning around a 25% earnings growth. So our revenue would be growing a bit less than 20%, and we would also be having a margin expansion. So what kind of revenue guidance do we see for next year, sir?

**Rahul Arora:**

I feel slightly uncomfortable giving revenue guidance. We are projecting a 25% year-on-year growth in earnings. In the short term, probably our revenue growth will be higher than our profitability growth simply because we acquired a loss-making AJE.

A bunch of that has already been culled in terms of expenses, Every quarter we'll see margin improvement in AJE. So as a result, in the short term, we will be out of sync and revenue growth will be higher than profit growth. But overall guidance for the year is 25% growth in earnings.

**Darshil Jhaveri:** EBITDA, we are seeing that we will have a 200-300 basis points improvement. That is something that we are confident in, sir.

**Rahul Arora:** Largely PAT and EBITDA, they all tend to flow in the same proportion. At PAT, that's kind of the bottom line and it culls all the noise. So I like to look at PAT, but otherwise, they all flow at a similar rate

**Moderator:** Thank you. The next question comes from the line of Krushi Parekh from the Pentacle Family Office. Please go ahead.

**Krushii Parekh:** What are the challenges that we are facing, especially in the North American and maybe even in the European markets these days?

**Rahul Arora:** We are not anticipating any challenges, we have not seen anything in FY'24 as big challenges. If that changes in the second half of the calendar year, then we'll have to wait and watch. But no noise as of now.

The only challenge that we faced, was in FY'24, which was we had this massive order for building an experience center, which would have meant that our e-learning business would have grown at around 15%. Additionally, profit growth would have been slightly higher for that business. Of course, that didn't happen. So, therefore, it was a disappointing quarter and year for the e-learning business. But again, as Kelly pointed out, FY'25 looks super strong and we're very excited about the e-learning business making a comeback. So Yes, we are not seeing any challenges.

Maybe I'll just bring Kelly in to talk a little bit about how the market is developing in North America as well as Europe since she's spearheading that effort for us on the corporate side. So maybe she can give some commentary on how she's seeing both those markets for corporate learning in the next year or so.

**Kelly Lake:** Thank you, Rahul. So we are actually in a very pinnacle part of the market right now with a very positive upswing for possibilities within North America and Europe. We are focusing on our global footprint expansion. We're seeing growth rates being produced for North America substantially this year, as well as the European countries due to organizations looking for strategic partners such as ourselves to help them drive performance improvements across the board.

Those opportunities are tying learning initiatives back to the business and ensuring that the company is doing good from a productivity and profitability perspective. We're seeing growth substantially in those core areas over the last year, and we will continue to see that move forward as the economic situations improve.

Also, they're looking to introduce new verticals and we're able to provide strategic solutions because we are a strategic partner providing a unique set of solutions that our competitors are not. So the market is opening greatly for us, and we will see substantial growth within those core areas. Thank you.

**Rahul Arora:**

Just to supplement what Kelly said, we understand where you might be coming from in terms of looking at the global IT/ITES market, and maybe that's why you're asking that question. So two things there. One, we're not exactly IT/ITES. That's a different space. And second, happy to humbly say that we're not that big. So there's a small base effect. Last year, we did INR 540-INR550 crores, in revenue. We are not there yet in terms of size and scale to have the kind of headwinds some of the larger companies are facing, probably.

**Krushik Parekh:**

When we are looking at the market, the expansion of our business, is it more to do with us consolidating the market and capturing the existing market or even the overall market is growing?

**Rahul Arora:**

We operate in three markets; scholarly, education, and corporate learning. The scholarly market grows by 6% every year. It doesn't grow higher or lower. Even during the recession, it grows. So in that market, it's more share of wallet expansion. And we're doing that through being an end-to-end provider in the value chain.

And then on the education and corporate side, the market itself is expanding and we're also trying to capture market share. Scholarly is probably the only exception to that rule. But for education and corporate, it's both. Its market share expansion as well as the market expansion at over 10%.

I'd like to bring Tony in for a minute because he can talk a little bit about what's so different and compelling about MPS as a company that even in a scholarly market that's not growing with more than 5%-6%, we are growing at 15%-16%. So what is different about us is that we're able to capture more market share in this market. So Tony, if you could just help everyone understand that even in a slow growth market, we seem to be outperforming everybody else. Why is that?

**Tony Alves:**

Sure thing. Thanks, Rahul. Well, MPS and HighWire, we're the only independent organization that offers the full end-to-end solution for scholarly publishers. And with the acquisition of AJE, we have solutions for manuscript preparation. We have, of course, workflow management tools, content hosting, and business analytics.

MPS provides robust modern software that is also complemented by what is a very highly skilled staff that understands the domain and the unique way in which scholarly content needs to be managed, edited, and presented.

Our major competitors in this space, as has been mentioned, are owned by large commercial publishers. That means MPS is a true publisher-independent provider. So that's a really important differentiator. Many of the large and small society publishers, as well as university presses and other commercial publishers, want platforms and services from an independent source, not from their competition.

Also, at MPS, we're not weighed down by legacy systems that are built on 25-year-old technology. We are actively building and delivering new systems. Those are based on modern modular architecture. They utilize AI, natural language processing, and microservices, and that means that these solutions are easy to enhance and upgrade. So within the scholarly marketplace, we have an advantage and a lot of opportunity to grow our business in a slow-growing sector.

**Rahul Arora:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.

**Rahul Jain:** Firstly, it's just around two months we are into this transaction, in terms of your experience versus the time of the transaction that you noticed, any positive or negative surprise?

Secondly, on the organic business, it would be great if you could explain what's your view from a one to three-year perspective especially on the e-learning side, where probably organically, the scalability has not happened while the industry continues to offer tremendous opportunity. Do we need to expand our offerings in that space? Thank you.

**Rahul Arora:** With the acquisition of AJE, from an outcome perspective, there are no surprises. During the diligence phase, we had already figured out that this was going to be a beast from a cost management standpoint. And we've done it, the team has successfully delivered on unlocking that piece.

A lot of detailing and a lot more work than we expected on the cost management part, but we have eliminated, \$12 million in annual operating expenses. So, a lot of those improvements that will not show up in FY'24, start to show up from Q1 of FY25. There's more forward effect that we have not seen yet. AJE was loss-making in Q4 FY'24. So no change in outcomes.

It was a lot more work than we expected, but it's all behind us now. We did expect strong B2B integration on the scholarly side. So we started to see some of that. We are already pitching AJE services as well as the Curie platform to scholarly publishers. So that was an obvious integration.

We're seeing that revenue synergy starts to unlock as some of our customers start to get super interested in AJE and Curie. The positive piece that we did not anticipate was more on the education side. Historically, we and AJE have thought of ourselves as a company that is focused on the scholarly market, but we've seen in the last couple of weeks through road shows and demos, there's a lot of interest in Curie on the education side of our business.

We're also seeing that it has elevated how people think of us in the marketplace. We've been talking about MPS Labs and AI now since 2022, but after the acquisition of AJE, the perception has gone to a whole new level. And finally, something that we probably should have figured out during diligence again a positive, was how we can use these tools in our own internal efficiency goals.

So that's something that we are now starting to look at in terms of integrating with Curie and other AJE offerings in our content solutions workflow. In the medium term, this helps improve margins even more on the content side. So three big positives not a negative, but it was a lot of work than we anticipated.

Most of it is done now. Very happy that we went ahead and took this call. I think it was a larger bite than what we typically do in terms of an acquisition, definitely a good decision. On the organic side, on the content side, our scholarly business has just seen phenomenal growth.

Again, to what Tony was saying, it's a slow-growth market, but even in that market, we're growing in double digits. We're creating the same momentum in the education side of our business. So I don't think it was a capability issue. It has been more of an internal go-to-market strategy issue. So we've corrected the GTM on education now and we're already starting to see solid results from that. The education business should be strong within the content segment in FY25.

With respect to eLearning, the market is growing. All the international subsidiaries, TOPSIM, MPS Europa, and Liberate, all are growing in double digits. They're all doing well. We won a large order back in the India entity September 2023 and the focus was on winning that order and then executing that order. The team may have taken their foot off the pedal a little bit because it was in the bag and the focus was on that.

And once that project did not transpire, it set us back by six months. And since January we've gone back and hit the market hard as Kelly described. Our pipeline and order book have improved. All the lead indicators going into FY25 around revenue in eLearning are looking super strong.

Now it's more about delivering on the project that we have won and converting the opportunities that are in the pipeline. So yes on the organic side, change in GTM strategy for education and tightening up things a little bit on the corporate learning side, we have made these two subtle changes. And I think growing pains in any business, when you're trying to grow at a 25% CAGR between organic and inorganic every once in a while, you'll have a spill.

Overall on a 3-year timeline, we're trending the way we need to. We would have been happier if we didn't have this small bump in the last six months, but yes it's more important that if you do something wrong once, you pick up very quickly and I think the team has done an excellent job of recovering very quickly.

**Rahul Jain:** Appreciate it. Thanks a lot.

**Moderator:** Thank you. The next question comes from the line of Naveen Bothra, an individual investor. Please go ahead.

**Naveen Bothra:** Congratulations on a stable set of numbers and excellent distribution of around 5% of our overall market cap and completely giving back the earnings to the shareholders. My questions regarding AJE have been already replied to by you. I would like to restrict the Magineu and the eLearning vertical. In the last quarter, we said that the experience center project which we won from a PSU company has been deferred. So if you can throw some more light on that project and the overall maginue studio vertical this augmented reality, virtual reality, if you can throw more light and the roadmap journey ahead, it will be quite helpful, sir.

**Rahul Arora:**

Yes. Thank you for that excellent question. Overall on the stalled project, unfortunately, I have nothing new to report. Hopefully that changes at some point. Having said that, we've already replaced that project with an opportunity in FY25. So we're not concerned about that. If that project comes, great. It'll be like Diwali later in the year.

But even without that project, we're feeling very confident because we've replaced that with a different opportunity. So that's how I was trying to explain to Rahul Jain in the previous question that the team has done an excellent job of recovering. So we've replaced that with a different opportunity.

And overall we have won a series of projects on the virtual reality and the AR side with our core customer base in the last 3 to 6 months, as well as we've acquired a couple of new logos because of our capabilities in immersive learning. So again, FY25 on the e-Learning side is looking like a strong year for us after a modest FY'24 both in terms of the financial indicators for revenue and profit growth, but also most strategic indicators.

We are in the running for a couple of awards in this space. So, hopefully, we'll find out in August. We already filled in the application, but in August we'll find out if we won those awards as well and these awards if you win them, it gives you strong recognition in the marketplace. So Yes, we're up in the running for a few also fingers crossed on that.

**Naveen Bothra:**

So when we talk about this vertical under e-Learning space, how do you see this magueu vertical spanning out in the next 2 to 3 years? Will it become an independent vertical out of the e-Learning space or it will be housed under the eLearning space? So, giving the numbers when it will be possible because it's a very interesting vertical. We see it as a very scalable and differentiated thing for the MPS.

**Rahul Arora:**

Agree with you. In terms of the business opportunity, I have zero objection to what you're saying. The scale-up opportunity that we see in this space is massive. Having said that, the reason we at this point don't want to unlock this team from the rest of the business is simply because of the operational efficiency and the margin improvement we see by keeping these two businesses whole. Because what tends to happen is this experience center and magueu vertical, it tends to be very choppy in terms of the order inflow.

So you'll have one quarter where you get this massive project and you have to execute it and then your team will be sitting empty for the next 6 to 9 months. So we see more value in keeping them whole for operational reasons. One is like I explained to you is more on capacity management. The second piece, of course, is when we introduce this talent into some of the traditional eLearning side it helps us distinguish ourselves from the competition because this team then comes in with a far more creative approach to the solution that we're proposing, and that brings us a notch higher.

So, from a business and financial standpoint, yes at a high level as we scale up, magueu will only become a larger proportion of the eLearning business segment, but from an operational efficiency standpoint, there's a lot of value in keeping them together as a team.

- Moderator:** The next question comes from the line of Keshav Garg with Counter-cyclical PMS. Please go ahead.
- Keshav Garg:** Sir, I'm trying to understand that in our consolidated balance sheet, there is a tremendous increase in intangible assets under development from less than INR 31 crores to over INR 93 crores. So if you could help us understand that what is the total increase in intangible assets is around INR 63 crores year-on-year. So why are we instead of debiting it from the P&L capitalizing these expenses and what are these pertaining to?
- Rahul Aroa:** These are related to the acquisition of AJE.
- Keshav Garg:** But then if we see then the goodwill has increased from INR 123 crores to almost INR 270 crores which is an increase of INR 120 crores which is what we paid to acquire both the acquisitions that we did last year. So then how come when it is already covered in goodwill how come it is again being accounted for under intangible assets?
- Rahul Arora:** Yes, I'll let Sunit come in and answer the question, but as per my understanding it has all got to do with the acquisition, Yes, Sunit, you can come in and describe what's happened.
- Sunit Malhotra:** Yes, thanks, Rahul. So this is for both acquisitions. This is for AJE as well as Liberate. Based on purchase price allocation certain amounts can be identified and which can be allocated to the tangible assets and intangible assets, which are diverted there. And it is only the balance amount that goes to goodwill and not the entire amount that goes to the goodwill.
- So in this case, the goodwill that has increased is basically because of Liberate and AJE. Liberate is ~INR 43 crores and in the case of AJE it is close to ~INR 100 crores and when we look at the other intangibles that has also increased. So in the case of this increase is ~INR 62.5 crores which are basically ~INR 40 crores because of Liberate and the balance is coming from AJE.
- Rahul Arora:** Yes, Mr. Garg the answer to your question lies in your purchase price for what you're looking at AJE is probably lower than what you're calculating. So I think that's the variance that you're getting, but it's got to do with the acquisition. So maybe you're working on an incorrect purchase price, I think the effective purchase price is higher than what you're probably looking at.
- Keshav Garg:** Thanks, Rahul.
- Moderator:** Thank you. The next question comes from the line of Gunit Singh with CCIPL. Please go ahead. Mr. Singh.
- Gunit Singh:** Hi, sir. So you've mentioned that we would be expecting about 25% growth impact this year. So are there any downside risks or contingencies on that because last year we had given guidance, but one of our contracts for eLearning was deferred from last year to this year. So, I mean, are there any contingencies or downward risks that we're looking at for achieving the 25% growth? Also, please update about the deferred project, would that be completed this year?



**Rahul Arora:**

Thank you for your question. So I don't have an update unfortunately on the deferred project. It still stands deferred. As I pointed out in a previous question, that project has been replaced by the team with a different project. So we're feeling quite comfortable.

Yes, I think overall, we usually share this guidance after Q2. There was a lot of encouragement to share this guidance sooner and so we have. Of course, we feel very comfortable at this point that this is strong guidance. Having said that, I won't be silly in saying that it's a 100% success kind of situation, but we feel quite comfortable that this is a comfortable guidance that we provided.

At this point, we don't see any significant downside to what we've shared. We have some headroom in this guidance and accordingly, we've given the guidance that we're comfortable with.

**Gunit Singh:**

All right. So with respect to the acquisitions, We made this Liberate acquisition, but the e-learning revenues have just marginally increased. So, I mean, what is the reason for that? And in terms of the AJE acquisition that we made, the EBITDA margins were in the low tens, but you mentioned that it was loss-making. So can you share some light on that and by when will we start consolidating that in the balance sheet and the profit-loss statement, AJE revenues?

**Rahul Arora:**

Yes, I think on the e-learning side, as I was pointing out in the previous question, if we had executed the order that we had in hand, we would have grown north of 15% at FY'24 and even higher in the revenue and profit terms because it was a high margin project. So that was a setback that we've had. It's in the rear-view mirror and we're now focusing on FY'25 on the eLearning side.

On AJE, in FY'24 we have consolidated one month of financials, which is March. It was a loss-making month. We've eliminated a significant portion of what we needed to eliminate to make the business reasonably profitable. So we expect to report that in Q1. Every quarter through the end of the year, the margin profile of AJE will only improve. AJE is getting consolidated in our content business as well as our platform business because there's a content piece, which is the language editing and author solutions piece. And then there's software as well as services around the software. So from an operations perspective, integration has run very efficiently and we've already started to integrate operations.

**Moderator:**

Thank you. Mr. Singh, please rejoin the queue for more questions. The next question comes from the line of Navid Virani with Bastion Research. Please go ahead.

**Navid Virani:**

Yes, so thank you for the opportunity. My first question pertains to the e-learning segment. So if I look at the headcount number that is sequentially going down, we were at close to 500 odd employees last year, same quarter versus around 320 employees right now. So can you help us understand what is driving this change? Are we on to some strategic shift on the manpower side here?

**Rahul Arora:**

Excellent observation. Our mindset around how to operate the eLearning business has significantly changed since the acquisition of Liberate. They do an excellent job of managing their workforce. So they significantly outsource or use contractors because they've learned over the years that because the inflow of work is so different in this space. And generally in e-learning, there are so many gig workers that are mature and so many vendors that are available for us to work with that are super specialists.

It's better to have an operating model where you have a permanent workforce, but also have a very rich contractor and vendor pool. So as we saw revenue erosion in MPS Interactive, which is branded as EI Design, we've taken the opportunity to adjust our operating model, which means in-house, we're going to have fewer people and we're going to be contracting more and outsourcing more, which also will result in significant margin expansion.

So it's a change in the operating model that we have learned through the acquisition of Liberate. We've embraced that with every acquisition, you learn new things, and seeing them do this so successfully for the last decade. And interestingly, in Switzerland, as well as in Germany, we are already doing this. It was just the India entity that we were using a traditional approach where you were trying to do everything in-house. And now we're taking a more balanced approach where we are trying to use super specialists outside and only keeping the workforce that is required for recurring revenue inside.

**Navid Virani:**

Okay, thank you. The second one is on the historical activities of MPS. So if I look at the long-term history of the company, I can see that we have acquired companies at extremely lucrative valuations and they have been proven to be great acquisitions for us. So firstly, I wanted to understand what differentiating factor is helping us get acquisitions at such good valuations in a world that is dominated by venture capitalists, etc. Just want to get your sense of how are we able to do this.

**Rahul Arora:**

The one-word answer is discipline. There are many more opportunities that we've walked away from in the last 12 years. So we've done 10 transactions in the last 12 years, we've probably walked away from 100. So you're only seeing the outcomes. To answer your question, we have a framework, we've modified it a little bit two years ago to make it even tighter. And I think the simple answer to that is we're just very disciplined.

**Moderator:**

Thank you. Mr. Virani, please rejoin the queue for more questions. The next question comes from the line of Janish Shah, an Investment Professional. Please go ahead.

**Janish Shah:**

In the last business update call for AJE, you mentioned that there's also one more acquisition which is lined up in FY'25, which should be around six to eight months away. You can just give some roadmap to the acquisition as to how these are going to come up in the current year. And given that you have already distributed handsome profits to the shareholders and you're confident of funding these acquisitions in the future, could you just give some color or maybe a bit more detailed understanding of the roadmap ahead on these funds?

**Rahul Arora:**

Thank you. Yes, you're right. When we were announcing the AJE acquisition, we had described that there's another one that's north of \$20 million in Revenue that we're working on. So that's still active. It's not something that has gotten died or anything. It's just that the timing of that is going to be closer to the end of this calendar year. That is a result of a mutual understanding of the other party wanting to take some time with it as well because they have certain things that they're sorting out.

We've done two acquisitions, Liberate as well as AJE. Even though Liberate, me and my team are playing advisory and support roles, it is still work. Similarly, with AJE, my management team and I are actively steering that ship. So there is no kind of shift in the likelihood of us doing an acquisition that's financial for FY'25. It's just that we think that's going to happen more towards the close of this calendar year.

Of course, we have that one opportunity that I described and we also have others in the pipeline. But I think we've taken these bites in FY'24, we'd like to have things settle down a little bit before taking the next bite. So that we make sure that we unlock the full value of the two acquisitions that we've done in FY'24. In terms of capital allocation, the business generates solid operating cash flow every month, by the time its time to pay for the next acquisition, we would have generated a decent amount of cash during the period.

When we were pursuing AJE we met with a couple of banks and went pretty far along in terms of figuring out what is the quantity and terms of debt we could raise comfortably. And we were pleasantly surprised that there were many players outside apart from just two, that we engaged with that wanted to be part of our journey. So it's a combination of the fact that an acquisition is more than likely to happen in the later part of the calendar year as well as the openness to taking on some debt in the next one and having tested waters on that.

So this time we would not be going in blind on debt. We already tested the waters on AJE. It's just that we ended up paying less than what we imagined on AJE. So we backed off on the debt component, but for the next one, we're going to be more open to it.

**Janish Shah:**

Okay, and just an additional question, I think you mentioned somewhere that you already reconfigured the matrix for the acquisitions a couple of years back. Given that in the last two years, again, things have been changing or have changed quite dramatically in your space. Do you think it needs a further recalibration or like with every acquisition or with every deal that comes to you, what's your experience in terms of offering or maybe a value in this kind of a deal is becoming more and more tougher, like I'm saying, more stringent, or if you can give some qualitative aspects here?

**Rahul Arora:**

Yes, Our valuation approach remains the same as well as our ability to forecast in terms of what could be the potential upside or downside post-acquisition. So when we create that DCF model, we're getting tighter on the model itself - the assumptions are getting tighter and therefore the framework is doing better.

So the framework has not changed, it's just the assumptions going into the framework are improving with every acquisition. And the piece that we don't often talk about but is probably more important is we're getting tight on integration. We figured out very quickly in diligence, what we need to do to make the acquisition successful.

So our post-acquisition integration strategy and process starts in the diligence itself. We don't wait for it to start once we own the company. So the part that's gotten the most efficient is less about capital allocation but more about how we integrate and how we unlock value post-acquisition.

**Moderator:** Thank you. Mr. Shah, please rejoin the queue for more questions. The next question comes from the line of Arjun Balakrishna, an individual investor. Please go ahead.

**Arjun Balakrishna:** Hi Rahul, thanks for the opportunity. So the first question I have is on AJE. So you have been saying that you would like to always going forward, you would like to acquire profitable businesses. But then AJE is not a profitable business right now. You're turning it around. Are we going back on the model a bit for AJE?

**Rahul Arora:** Thank you for the excellent observation. We had an open discussion with the seller, that they could fix the business for us and sell it to us at a higher price or we could take it on, the way it is, and pay a lower price. And we went for the latter. And we had a clear line of sight in terms of what needs to be done. We could have insisted that the seller does this for us. There was a very visible path in terms of process, strategy, and execution. So, the reason we chose to do it rather than for them to do it was one, because we did the financial comparison and the second option was a better option financially. And the second piece of this was, at the end of the day, the seller is Springer Nature, who is our largest customer. So, we did earn brownie points through the process, which we're already trying to cash in as we try to grow our partnership with them on the content and platform side. So yes, that additional level of detail I just provided will help you reconcile that it's not a change in approach. It has more to do with looking at it most strategically and financially, stepping back, and saying, let's take on the short-term pain because the benefits outweigh the costs.

**Arjun Balakrishna:** Understood. And the guidance of 25% on the bottom line, can you split it out, because you're going to gain some on the AJE improvement throughout the year? So X of AJE, what's your guidance? Or how do you predict the bottom line improving X of AJE?

**Rahul Arora:** Yes, I'd like to stay away from that if that's okay. I would appreciate your patience. And the reason for that is, I got encouraged into a corner where we're giving this forecast in May instead of in October. So, we just want to stick to the comprehensive and consolidated forecast.

**Moderator:** Thank you. Mr. Balakrishna, please rejoin the queue for more questions. The next question comes from the line of Anil Kataria, an individual investor. Please go ahead.

**Anil Kataria:** MPS has been very liberal from the investor's point of view because it's a fantastic dividend outflow. One thing is to improve the liquidity in the counter, can MPS consider in the near future, the stock split? So that will improve liquidity as well as the value creation for the stocks first.

**Rahul Arora:**

Thank you for the suggestion. I'll take that back to the board and we'll talk about it.

**Moderator:**

Thank you. The next question comes from the line of Saket Saurabh, an individual investor. Please go ahead.

**Saket Saurabh:**

I have two questions for you, Rahul. So one is we are currently at around INR 550 crores of annual revenue and there is a high reliance on inorganic play to, say for revenue growth. So is there a critical mass or, say, critical revenue beyond which you would say that it's the organic growth that will lead the, say, the overall company's growth? So is it like at INR 1,000 crores or at INR 1,500 crores, we can say that now, as a technology plus service company, we are well-placed to drive the company forward because right now maybe inorganic is helping us plug those capability gaps or maybe help that critical mass, which helps in, say, delivering our project.

**Rahul Arora:**

I think in FY'24, we missed a beat for two reasons. One was the whole thing that we discussed in the previous question around e-learning and the second piece was on the education side. On the content side in education, we didn't have the momentum that we'd hoped for. That changes in FY'25. Both the education business as well as the corporate learning business are poised to grow. The scholarly business is already carrying forward that momentum for a couple of years now.

Yes, so from my perspective, I'd potentially like to wait to see how FY'25 plays out with all lines of business performing the way they're supposed to. And maybe this is a question to talk about at the same time next year when we've had the opportunity to look back. But at this point, I think the data set is too limited for us to take any judgment. I'd like to wait another year to answer that kind of question.

**Saket Saurabh:**

I appreciate your response, Rahul. Now, the second question is, out of INR 550 crores, how much would we say annuity or subscription kind of thing when there is greater visibility, and how much would we say one time or maybe like projects like the one that got delayed? So is there a mix or is it like across these three segments that we call out content, platform, or e-learning? Is there a thumbnail that maybe segment one is more annuity-based, has greater visibility, and, say, e-learning is more a one-time project-based kind of offering? So is there a mix that we as investors can look up to so that it gives us some visibility that, okay, the 60% revenue is what likely gets repeated and 40% is where it requires repeated sales effort or these are one-time in nature.

**Rahul Arora:**

I'll give you the big highlight and then break it down. So, the part of our business that has a higher proportion of project-based revenue is the e-learning business. Roughly, in FY'25, that's going to significantly drop as we integrate AJE. So, e-learning will probably be less than 10% of our revenue in FY'25 and 90% of our revenue will be between content and platforms. It's got more to do with the big acquisition that we've done of AJE and, therefore, you'll see a different proportion of recurring revenue. So that's at the high level. If I had to rank them, the platform would have the highest recurring revenue, upwards of 95%. Content would also have a higher recurring revenue simply because even though it's services and not subscriptions, it's old relationships. So again, it would be above 90%.

So, platform would be about 95%, content would be about 90%, and even within e-learning, it would be around the 85% mark. But overall, the proportion of e-learning is reducing in FY'25 and so that changes as well.

**Moderator:** Thank you. Mr. Saurabh, please rejoin the queue for more questions. The next question comes from the line of Karan, an individual investor. Please go ahead.

**Karan:** Rahul, you said in the previous calls that we have one more acquisition planned I think later this year. So are you comfortable in sharing the size or maybe what kind of like the size of the acquisition that we are looking to acquire and is there any need for that? For that or we will do it through internal accruals only?

**Rahul Arora:** It's too far out that maybe let's talk in a couple of quarters about that opportunity. I have what you're asking but would like to wait for a couple of quarters before I answer the question.

**Karan:** Okay, thanks.

**Moderator:** Thank you. The next question comes from the line of Mahesh, an individual investor. Please go ahead.

**Mahesh:** Rahul, my question is on your FY'25 PAT guidance. Is it conservative because FY'24 PAT is at a deferred order of INR 40 crores? if FY'24 has a normal year for your experience in the business are you under guiding in terms of PAT?

**Rahul Arora:** Thank you for your observation. If I have to give the guidance in May instead of October I'm going to get more conservative and that's what it is.

**Mahesh:** Okay, so there may be an upside to your guidance?

**Rahul Arora:** So again, it's a balance. I think the community wanted us to give guidance sooner, and we're giving it sooner but of course when you give guidance earlier then it's not as tight. There is a level of conservatism in our guidance for sure. And I have to be at this point because there's so much happening in the world that you want ideally in this environment to give conservative guidance.

**Mahesh:** Okay, that's fine. My second question is a specific question on Curie. Correct me if I'm wrong Curie is based on GPT. So how updated or outdated is Curie and what are the plans to upgrade Curie both from a tech and a features perspective?

**Rahul Arora:** Curie is working out its own proprietary model. So in terms of updating, there's a full engineering team that is working on this. So it's not linked. It's been built organically.

**Moderator:** Thank you. Mr. Mahesh, please rejoin the queue for more questions. The next question comes from the line of Arjun Balakrishna, an individual investor. Please go ahead.

**Arjun Balakrishna:** Do we have any divesting strategy? We talk about acquisitions but in the long run, would we be considering something like that? And how is Q1 looking? I'll put both in one question.

- Rahul Arora:** So I feel very uncomfortable giving quarterly guidance. I've been encouraged by everybody to give FY'25 guidance so doing it for the first time. On divestment, I think we've done 10 acquisitions. On average, all of them have been successful. I think we're too small as a company right now to be thinking about divestment. And at this point, everything is so tightly integrated and it's difficult to think about that. I don't think we have the scale to even consider that at this point. Five years down maybe? I don't know. So that's a very long-term question.
- Moderator:** Thank you. The next question comes from the line of Vikas Mistri from Moonshot Ventures. Please go ahead.
- Vikas Mistri:** On the AJE side we have done rationalization to cost to the tune of roughly \$12 million. Is it right?
- Rahul Arora:** Correct.
- Vikas Mistri:** Okay, the annual revenue is INR 200 crores. Out of that, you tend to say that you rationalized \$12 million. The overall reduction in the total cost on that base, can you ascertain that also?
- Rahul Arora:** Yes, I feel uncomfortable talking about annual revenues because this is a new market we've entered into. There is a lot of competition that we don't know. So in terms of annual operating expenses, we've been able to pull \$12 million.
- Vikas Mistri:** That looks like over INR 200 Last time when we talked, you said that the total revenue from this AJE is roughly INR 240 crores. And you said you are now saying that around INR 80 crores
- Rahul Arora:** It was a loss-making company that we are fixing.
- Vikas Mistri:** No, at the EBITDA level, you said that it is a single-digit margin over the early teams it is.
- Rahul Arora:** AJE is quite a loss-making company In March 2024, we have consolidated losses into the total income segment.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Rahul Arora for closing comments.
- Rahul Arora:** Thank you for your active participation. Always appreciated. We always learn more. We appreciate all your thoughtful questions. Your unique outside-in perspective helps us to learn and improve. We got many suggestions today, for example. I want to thank you for all your continued support and respect. Our journey together has been remarkable, and we have a tremendous opportunity to make it even better. I look forward to your continued support, feedback, and partnership mindset. Thank you so much.
- Moderator:** Thank you. On behalf of MPS Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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