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

Dear Sirs,

Sub: Transcript of the Earnings Conference Call inter-alia on the Un-audited Financial Results of the Company for the Third Quarter (Q3) and Nine Months ended 31 December 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) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Conference Call, held on Thursday, 23 January 2025, at 05:00 P.M. (IST), inter-alia on the Un-audited Financial Results of the Company for the Third Quarter (Q3) and Nine months ended 31 December 2024.

This is for your information and record.

Yours Faithfully,
For **MPS Limited**

Raman Sapra
Digitally signed by Raman Sapra
Date: 2025.01.30 18:57:54 +05'30'

Raman Sapra
Company Secretary and Compliance Officer

Encl: As Above

"MPS Limited Q3 and Nine Months FY25 Earnings Conference Call"

January 23, 2025

MANAGEMENT: **MR. RAHUL ARORA - CHAIRMAN AND CEO**
MS. PRARTHANA AGARWAL - CHIEF FINANCIAL OFFICER
MR. DAVID GOODMAN - MANAGING DIRECTOR, MPS NORTH AMERICA
MS. ARCHANA JAYARAJ - CHIEF OPERATING OFFICER, MPS INTERACTIVE AND MPS EUROPA
MR. V NARENDRA KUMAR – CHIEF TECHNOLOGY OFFICER
MR. TONY ALVES – SENIOR VICE PRESIDENT, PRODUCT MANAGEMENT

Moderator: Ladies and Gentlemen, good day, and welcome to the Q3 FY25 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 the "*" then "0" on your touch-tone phone. Please note, 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: Thanks, Steeve. Good evening from Singapore and a warm welcome to our Q3 FY25 Earnings Call.

Today on the call, I have with me Prarthana Agarwal - CFO, MPS Limited; David Goodman – Managing Director, MPS North America; Archana Jayaraj - Chief Operating Officer, MPS Interactive and MPS Europa; Naren Kumar - CTO, MPS Limited; Tony Alves - Senior Vice President and Head of Product Management, HighWire.

Prarthana joins us from our corporate office in Noida; David from Austin, Texas; Archana from Dallas, Texas, Naren from Bengaluru, and Tony from the Greater Boston Area. This global representation underscores our commitment to serving our diverse stakeholders across the world.

Prarthana will kick things off in our opening segment today by discussing our financial performance. Then David will update us on Content Solutions Developments with an emphasis on the Education Business. Archana will discuss the Rapid Transformation in our eLearning Business. And next, Naren and Tony will then follow up on the impressive progress made at MPS Labs and our platform business. Finally, I will provide an update on the outcome of our Board Meeting held earlier today before opening the call to questions.

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

Prarthana Agarwal: Thanks, Rahul. Q3 FY25 delivered a strong start to the second half of the FY. We recorded revenues of INR 185.52 crores on an FX-adjusted basis representing 38.19% year-on-year growth. EBITDA margins improved to 32.38% in Q3 FY25, and overall EBITDA grew by 35.17% in Q3 FY25 compared to the same period last year.

Reflecting on the quarter, I would like to highlight three strategic achievements:

1. Our top 15 customers now contribute to 58% of our revenue, a much lower customer concentration than when we started this journey in 2012.
2. In line with our strategic interest, the geographical diversity of the business is also improving. For example, North America is now 45% of our Revenue, while the Rest of the World (majorly APAC), is now 30% of our revenue.
3. Revenue quality is improving, with platforms responsible for ~28.56 of the consolidated Revenue.

I want to hand it over to David to discuss the developments in our Content Solutions business.

David Goodman: Thank you, Prarthana.

Revenue in the content solutions business grew by 38.7% in Q3 FY25 compared to the same period last year. That growth was driven by the acquisition of AJE, continued expansion of the journals business, and strong upward momentum in the global education business. I joined a little over a year ago to lead the US operations of MPS, and two main factors have contributed to the revival of the education business: operational efficiency, and strategic business development. We took purposeful intent to our diverse teams across the US, Dehradun, Chennai, and Noida offices in alignment to create a global education practice. This led to numerous cost efficiencies as the US team took better advantage of the opportunities we have offshore. Additionally, some strategic cost reductions were needed to bring the investment of the US down to a sustainable level to match the actual requirements of the business.

From a business development standpoint, the team built above its foundational structure, and best practices were set as table stakes. We sponsored premier education events, implemented stronger marketing and branding, took a more strategic and governed approach with STAR accounts, and modernized our GTM strategy and approach. All these efforts led to substantial growth in our pipeline and an improved win-loss ratio. We also just signed a 3-year minimum volume agreement with a key client which will serve as the model for other accounts. To sustain this momentum, we must continue to perform the maximum amount of work possible offshore to maintain our margin targets and allow for investment in strategic initiatives. Growth will come from STAR accounts. We will also continue our efforts to build the pipeline with new opportunities through more rigor in executing our marketing strategy. I would like to now hand it over to Archana to discuss the impressive progress made in our eLearning business.

Archana Jayaraj: Thanks, David.

I am pleased to report a meaningful improvement in the margin profile of the eLearning business. EBITDA margins in the eLearning business scaled to 32.63% in the quarter. In the India entity, MPS Interactive Systems Limited, revenues were ahead of our internal estimates, and the EBITDA margin crossed 28% in the quarter. And while the business is still not back to previous levels, it is reassuring to note that we are ahead of our turnaround schedule and have achieved our profitability goals. The main drivers of margin expansion in eLearning include strategic right-sizing efforts, optimizing resource allocation, and gravitating towards a more flexible delivery model using outsourcing and gig workers.

Operational efficiency improvements, such as enhancing billable utilization, addressing project overruns, and improving yield rates with customers have contributed to cost optimization and margin growth.

A key focus has also been reducing the overall cost per resource while increasing revenue per resource through smarter people allocation/deployment and productivity enhancements to ensure cost efficiency without compromising quality. Additionally, we are actively exploring avenues to further enhance margins by increasing the order book and expanding our revenue base. These efforts will not only allow us to better leverage resources but also scale operations effectively. Through continued operational improvements, scalability of our flexible workforce model, AI-enabled workflows, and sustained revenue growth, these margins in the eLearning business are here to stay. Looking ahead, our focus will continue on customer satisfaction (CSAT) and diversifying our customer base, ensuring resilience and long-term value creation.

I would like to now hand it over to Naren to discuss all things related to MPS Labs.

V Narendra Kumar: Thanks, Archana.

To level set, MPS Labs is a state-of-the-art tech innovation lab having an experienced expert practice group with deep exposure to the research and learning domain and new-age technologies revolutionizing the education industry. With a 250+ member team, MPS Labs focuses on research and development efforts, studying market requirements, challenges, and trends designing, developing, and introducing innovative solutions that introduce efficacy in the end-to-end content lifecycle. This strategic approach combines leveraging AI/ML/NLP-driven solutions and cloud-based SaaS solutions with the development of proprietary tools, workflow automation, intelligent analytics, and streamlined editorial processes. MPS labs have been working on various AI/ML use cases across workflows and recently implemented AI/ML-based automation for processes like Content structuring, Content editing (using AJE's Curie), accessibility, image processing, and ChatBots. Our most recent achievement has come in partnership with HighWire, the Platform's division of MPS. Together, we have developed and rolled out the next-generation end-to-end publishing workflow solution that consolidates both the pre-acceptance and post-acceptance into one single workflow reducing inefficiencies and increasing the speed of delivery.

I would now like to hand it over to Tony to discuss the developments in the Platforms Business branded as HighWire.

Tony Alves: Thank you, Naren.

As a result of the acquisition of AJE, the platform business grew by 88.9% in revenue in Q3 FY25 compared to the same period last year. Additionally, HighWire's visibility in the market has improved through thought leadership activities, participation in industry groups, and organizing workshops and webinars. This has led to an increase in RFIs, RFPs, and client renewals. Notably, as Naren mentioned, HighWire has launched DigiCore Pro (DCP), a next-generation publishing platform based on single-source publishing principles. This methodology centers on scholarly content, reducing inefficiencies, and accelerating research delivery. DCP's modular architecture and APIs support microservice integrations from MPS Labs and third-party partners. Current clients are transitioning to DCP, and over a dozen prospective clients are testing the platform. We expect to have clients using the full end-to-end submission to publication workflow in 2025.

I would now like to hand it back over to Rahul to conclude this opening section.

Rahul Arora: Thank you, Tony, and thank you for the rich update, team.

Scaling and diligently executing our well-thought-through and tested gestalt growth strategy continues to deliver strong business results. Our five-pronged approach has powered the recent momentum, which includes a revised Go-To-Market (GTM) strategy, a stronger emphasis on cross-selling and upselling in star accounts, the addition of new customers across business segments, the launch of new capabilities such as DigiCore Pro, and an unprecedented pace of integration of AJE into MPS.

Now to go over to Board outcomes. I am pleased to share that based on the robust earnings growth in the first nine months of FY25, the Board of Directors has declared an Interim Dividend of INR 33 per equity share of INR 10, each of the company. On capital allocation, our priority is always to redistribute surplus funds to the shareholders of MPS, provided there is no eminent use of those funds over the next 6 to 12 months. This approach allows us to stay focused, disciplined, and responsible. We believe that even after the distribution, MPS will have adequate funds for upcoming acquisitions. Our acquisition approach is now focused on acquiring healthy and growing assets, albeit at compelling valuations and significantly enhancing shareholder value.

Let's now open the call to questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Arun Maruti from Shubh Lal Research. Please go ahead.

Arun Maruti: In the eLearning vertical, QoQ revenue is almost constant, but despite that, we have encountered very exceptional growth in the margins. I would like to know the rationale behind this exceptional performance and is it sustainable going ahead.

Rahul Arora: I will take a quick stab at it and then request Archana to come in and describe what has happened here. The eLearning business, specifically the India entity, which is the largest part of the eLearning business has been going through a transformation after the acquisition of Liberate. After we majorly acquired Liberate last year, we understood that there is a potential to scale margins in an eLearning business through a flexible operating model and we've brought that model to the other entities within eLearning. And that's largely been the result of the margin expansion. I will let Archana expand on that.

Archana Jayaraj: As explained earlier, the margin expansion in eLearning was the outcome of a few initiatives that we took, like gravitating towards a more flexible delivery model, where we use more outsourcing and gig workers. We also had strategic right-sizing efforts, and we optimized resource allocation overall. There was a key focus in terms of reducing the cost per resource while increasing revenue per resource through smarter people allocation and deployment into projects, and these enhancements led to cost efficiency without compromising on quality.

Arun Maruti: There was a good amount of churning in this eLearning segment on the employee side. Am I correct?

Archana Jayaraj: Could you please elaborate on the churn question?

Arun Maruti: As you mentioned you did the right sizing and the right allocation. As the employee count is more or less the same as the last quarter and this quarter, whether there was a good amount of churning and a good amount of recruitment or am I going somewhere wrong?

Archana Jayaraj: The focus has been in terms of allocating people to projects depending on the cost per resource. This has led to an optimization because we have reassigned people to projects depending on the yield rates of these projects. Our focus has been on increasing the billable utilization of the resources that we have, increasing the outsourcing efforts and addressing project overruns, keeping it to a minimum, and improving the yield rates with customers. All of these put together have created a compounding effect in terms of enhancing margin.

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

Rahul Jain: How we see the cost optimization deal as one of the trends driving the momentum in the content side and there was a mention of a three-year volume locking something like that. I could not get the nature of it. Any comment on that, how the pricing that impacts that you've committed deals, and how in general the cost optimization trend can possibly drive the growth momentum, any color on that would be interesting?

Rahul Arora: Whenever we do these, long-term deals, these are not just brute arrangements. Typically, there's a clear path of where the efficiency will come from. We have proposed the utilization of proprietary technology and optimization of workflows in the three-year arrangement. The customer does get year-on-year cost improvements because of efficiencies we deliver, and we have linked it to a spend increase. Our revenues will grow, and our margins will only improve as the revenue goes up. It is a value trade where we are improving the throughput of the system. And as we do that, we are passing on some of the efficiencies to the customer and we're also gaining because we're pushing more through that system. That's on the specific three-year deal.

In terms of cost optimization, as David pointed out, there's been two levers here. One is of course just reducing the overhead cost in the US, in general. The second has been looking at new areas of offshoring where we traditionally have not offshored which led to margin expansion as the revenue has grown.

Rahul Jain: How things are shaping up from the AJE integration side? Is it trending on the revenue side? The way we were planning and also on the profitability? If you could share a number or at least a directional process?

Rahul Arora: The focus for AJE has been around improving margins quarter-on-quarter, which we have improved. We are now trending in the late 20s in terms of EBITDA margin. The margins will continue to improve. In terms of growth, the revenue has been stable. The part of the business that has started to grow has been more on the B2B side and the business is settling down.

Rahul Jain: Is Revenue run rate in that INR 225 odd crore similar to what at the time of integration or it's downsized or grown from that point?

Rahul Arora: It's fairly similar. I don't want to reveal too many specifics because this is a new market. We are one of the big four and we are very actively tracked as we are a listed entity. So, still learning the ropes when it comes to this market.

Rahul Jain: Any update on the managed training side of the business, how things are shaping up there? What we see generally in that market is that it's slightly opening up on the consumption of training side. So, any progress on those front could be of interest?

Rahul Arora: The eLearning business continues to grow. We have not gotten too many new orders around managed training. It's like what we reported last quarter.

Moderator: Thank you. The next question is from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

Gunit Singh: I would like to understand is there some scope of further improvement in margins and what are the expected steady-state operating margins that we are targeting and by when can we achieve, that is my first question. And my second question, you generally give certain guidance about future outcomes. So, would you like to provide some guidance in terms of what kind of growth we can expect in FY26 and how much of that would be organic and what kind of inorganic opportunities we are targeting?

Rahul Arora: On the margin front, we are happy with where we are right now. We could see additional appreciation because from a market perspective, the lens on the eLearning has been ~25% margin. We've crossed the 30% hurdle that we've been trying to cross now for 2 or 3 years for the first time. Our goal was to specifically focus on eLearning margins because that traditionally has been lower margin business. Now that business has crossed 30%, our first goal is to make sure we keep repeating this level of margin and profitability. And of course, given the operating leverage in the business, as revenue grows, margins will continue to grow. At this point, we will look at revenue growth to drive margin expansion and that's the thinking. Have we maximized the operating leverage? No, as revenue grows, margins do expand, so that will continue to happen. In terms of guidance, we took a call last quarter that we have a very good North Star in Vision 2027, which is INR 1,500 crores in revenue at similar margins by FY28. We feel comfortable as a management team that the North Star is something that we would like to move toward. We no longer wish to provide any quarterly or short-term guidance, because we feel it's more a distraction from that North Star. I shared that in the last quarter as well. So, we will, going forward, abstain from any short-term guidance, because we feel it is a distraction and does not add any value to the business. In terms of acquisitions, we are essentially looking more at education plays, given that the last few plays have been across corporate and research, and our last acquisition in the education world was back in 2015. So, education is the focus. Within education, we're looking at some adjacent markets, where we are getting closer to the end consumer as well as looking at platform plays. We are not looking to do more of the same in education. We are looking to diversify both in terms of capabilities as well as geography.

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

Mahesh: What is the update on the 15 new logos that you won in Q2, FY25?

Rahul Arora: The 15 logos we had was in the first half of FY25, not Q2, but that was a good observation. I let Archana, who leads that business, explain, how those 15 logos are progressing.

Archana Jayaraj: We have completed some of the projects and are in the process of delivering other pilot projects with the new logos and I am happy to report that the feedback so far has been encouraging. We are optimistic about the long-term potential of these new accounts.

Mahesh: What are your thoughts on acquiring firms with AI capabilities in eLearning specifically?

Rahul Arora: Operational efficiency. We do have some AI-based revenue streams. There aren't too many skilled players that we have been able to evaluate of what you described. What you've seen so far are opportunities that are ~ USD 5 million in revenue. And as a result, we have not so far looked at those subscale opportunities. Having said that, if something does come away that's more scaled, we will look at those kinds of opportunities.

Mahesh: You mentioned using AI as a revenue stream. Can you describe the kind of progress you have made on that?

Rahul Arora: As I pointed out in a previous discussion, we historically were doing more small consulting i.e. less than USD 50,000 per project. We were doing POCs for virtual reality. In the last couple of quarters, specifically in the education business, we've been able to win some large contracts within translation. In AI-powered translation, we've won contracts over USD 3 million. Similarly, on the accessibility side, we've won contracts over USD 1.5 million that are AI-enabled projects. Additionally, we've done some software development upwards of USD 250,000. The AI work stream as a revenue stream is becoming a reality for MPS. So, I would say overall it's still sub USD five million.

Moderator: Thank you. The next question is from the line of Karan Kapooria, an individual investor. Please go ahead.

Karan Kapooria: About the next acquisition planning, do you think there will be a requirement for any debt, or will our internal cash, be enough?

Rahul Arora: As I was sharing, the next set of acquisition plays are expected to be in the education space. We can't provide any forward guidance on what those are. What I can share is, that if we do have to take debt, we're comfortable taking INR 150 crores. But at this point, we don't have such a requirement.

Karan Kapooria: So, in the last con call, Tony mentioned about the risk of security of copyrights and data privacy of our customers, while we embrace AI/ML. So, how do we see that kind of risk coming? And can you elaborate to get more insights into that?

V Narendra Kumar: Yes, there are client concerns in this area as well. We take a lot of precautions on this; we are ISMS certified. In terms of data privacy, we ensure that all adequate safeguards and protocols are followed while we implement and develop AI-based solutions within our platforms and workflows. For example, we try to ensure that we don't use any customer's content in the AI models without their permission, and all our AI-based models are privately hosted and only exposed to us. So, we don't expose anything outside on the Internet.

Moderator: Thank you. The next question is on the line of Pratik Kulkarni from Kamayakya Wealth Management. Please go ahead.

Pratik Kulkarni: Last year we were saying that the market is quite fragmented and currently consolidation phase is going on, where MPS is also playing a role of the consolidator. I just wanted to know the outlook on the market and how is it currently.

Rahul Arora: All the three core markets that we operate in, i.e. Research, Education, and Corporate, are quite fragmented. There is consolidation, going across all three markets in different ways. Within research, we have customers entering the supply chain side, we have competitors buying each other out. On the education side, multiple private equity exits are happening. On the corporate side as well, exits are happening. The market keeps consolidating and is growing. Overall education is growing at ~13%-14%. Corporate is growing at ~11%-12%. Research is growing at ~8%. It's the same commentary from last time in terms of the market and how it's progressing.

Pratik Kulkarni: If the market is quite fragmented, how are we able to maintain such good margins and do we have some pricing power regarding that?

Rahul Arora: Our value proposition in terms of corporate strategy is around operational excellence. We drive operational excellence through smarter workflows. We tend to throw technology at the problem rather than throwing people at the problem. MPS Labs and Naren's team are constantly looking to automate tasks and reduce the number of touch points in any workflow. Thirdly, our teams tend to be present more in tier two and tier three cities, not just in India but across the globe, it also allows us an additional competitive advantage. Typically, we tend to do things in a process and technology-driven way in a world where most people are throwing people at the problem.

That's what's different about MPS i.e. our level of operational excellence. If you look at the organization, while the employee costs have gone up over the last 13-14 years, when ADI acquired MPS back in 2012, we had 3,500 employees and our revenue was ~ INR 120 crores. Today, our revenue is 6-7 times of that, and we have ~3,000 employees. This shows the level of efficiency that we're unlocking to the various methods.

Moderator: Thank you. The next question is from the line of Krushi Parekh from BugleRock. Please go ahead.

Krushi Parekh: We have been talking about the growth available in the industry and we just also mentioned about the corporate sector and all growing at about 10%-12% and when we look at our eLearning segment, for the last 10 quarters, it has stagnated at about INR 34-35 Crores. So, is it like the revenue has undergone certain structural changes within, over this period? And is the cost optimization period over for us now? And can we look for revenue growth here onwards, what is cost optimization?

Rahul Arora: We have led turnaround businesses over the last 10-12 years, one of the things our management team has learned is that you can either chase margin expansion or growth especially when you're doing a turnaround. If you chase both, you tend not to achieve either. One of the big tasks that we've had of the corporate eLearning team is to get over 30% margin because that's the average margin of the total company. Now we've achieved that. The goal will be to repeat in Q4 and take off from FY26 in terms of organic growth. We needed to be fit first before we could run faster. Archana, feel free to add more on the organic growth side.

Archana Jayaraj: The focus was primarily on improving the health of the business and strengthening our fundamentals from an operational efficiency standpoint. Having said that, we will continue to focus on new logo acquisition and enhancing business with the existing accounts that we have. Now that we have achieved stability from an Ops standpoint, the logical next step will be growth and expansion.

Krushi Parekh: So, FY26 onwards, we are likely to focus on the growth and we are done with our cost optimization phases is what if I can summarize that?

Rahul Arora: Yes, Correct.

Krushi Parekh: We have a target of INR 1500 crores by FY27, the ambition. What I recollect about 60% of that will be organic growth and 40% will be inorganic so in this can we also get a split between the organic and inorganic growth as well?

Rahul Arora: We are in a highly competitive market, and we are one of the few listed players. Our competitors are tracking us and sharing some of that information is counterproductive. That's one of the reasons why we have not shared many of the cuts that have been sought in the call today because it's a competitive market and our focus is on executing growth plans.

Krushi Parekh: We are now also working with the gig workers, the expenditure of that will not be part of your employee expenditure, right, or is it housed under some other expenses?

Rahul Arora: It's under outsourcing. Prarthana, you could support me in describing which line item is outsourcing in the financial statement?

Prarthana Agarwal: If you look at the financial statement, it comes under other expenses. It's a subcategory of the other expenses.

Moderator: Thank you. The next question is on the line of Navid Virani from Bastion Research. Please go ahead.

Navid Virani: Now that the rest of the world part has become a major chunk of the business, can you share a more nuanced view about what is the kind of work that we are doing there? What is the kind of customer profile? Which are the regions? I understand it's APAC, but which are the regions under APAC that are driving growth? If you can share a more nuanced view of the rest of the world's business, it would be helpful.

Rahul Arora: We're very bullish on APAC. I personally, relocated to Singapore earlier this month to lead the APAC growth because that's how serious we are about the play. Previously I was based out of the US. For us, the biggest markets within APAC today are China and Australia. India is also an important market for us, but currently, it's small for us. Within China, our focus today is mostly on working with researchers in helping them, get published and recognized by the Western world which includes not just improvement of language, but improvement in terms of how they submit the papers to an organization for it to get published. It also includes some technology that we license to this customer base. We also work with funding bodies and universities as they're looking to advance research in the region. Within Australia, the play is more around eLearning both for corporates as well as for educational institutes. And that business is rapidly growing. Within India, our play is mostly around digital learning and has more to do with the marketing side. We are also actively looking to scale the researcher business within India through our Curie platform, which we are rebranding as Rubriq. South Korea and Japan are two markets that we want to enter. We know our competitors have enjoyed a very good market share for the past decade, and we want to challenge that market share going forward.

Navid Virani: I want to understand more on platforms. As per my understanding, the platform is a very strong business, both from a recurring nature of revenue point of view, as well as a strong profitability point of view. So, what I want you to share is the growth plan for the platform going forward you can give some more information there?

Rahul Arora: There are 3 types of plays that we have within the platform business. The first play is what Naren and Tony described at the top of the call, which is the launch of the next generation of a workflow solution that essentially unifies a broken workflow and improves the throughput of that system and that's called DigiCorePro (DCP). As Tony was describing, we have customers who want to migrate, and we have a dozen customers who are currently playing around in a sandbox environment of their platform. DCP is one big play. Our competitors are north of USD 50 million in revenue in this type of product alone. Our revenue is much lower. This is one play that we're very bullish about. And we're now in active discussions with many customers on how we can transition them in. The second big play for us is advancing the Curie platform. The way Curie came to us was an AI writing assistant. We are now pushing the boundaries of Curie to not just be a writing assistant but be a companion to a researcher who is attempting to get published in a reputed journal. This companion tool will improve the language and the probability of the researcher getting published but also recommend to the researcher where they should submit their articles so that they can get published and help them manage that journey from submission to acceptance. Those are kind of the two plays that we're looking at from the scholarly side. The third play is more on the education side, where we are trying to reconfigure a lot of the technology that we have through HighWire and other acquisitions, for the education marketplace. That initiative is still under the works and is going to be launched later this year and I don't want to undercut that go-to-market plan. We'll share that update with you, but essentially, we're looking at an opportunity to expand the market by entering a new category and taking some of the existing capabilities and opening them into adjacent markets.

Moderator: Thank you. The next question is from the line of Rav Nareddy from Nareedy Investments. Please go ahead.

Rav Nareddy: Which countries you find now, one for business, is our, rest of the world percentage rise 27% versus 8% last year.

Rahul Arora: Yes, it's mostly China and Australia.

Rav Nareddy: Second, are headcounts interchangeable? Means, content to platform; to eLearning, and vice-versa?

Rahul Arora: There's some fungibility between content and eLearning and within platform solutions and MPS Labs, but it's not like-to-like. It's not that straightforward.

Moderator: Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rahi: In our platform solution division, there has been a degrowth in the PBIT quarter-on-quarter from INR 20.3 crores to INR 17.9 crores. Is this a blip or is this a trend and going forward what is the expectation from this division?

Rahul Arora: That's entirely on the account of AJE and that will continue to improve. The standalone margins have improved. The erosion is entirely because of AJE and that will improve quarter-on-quarter.

Madhur Rahi: Last year there are more cost efficiencies on the AJE side, so have all of them been realized in the third quarter or is there still more to go?

Rahul Arora: Still more to go. We haven't realized all of it yet.

Madhur Rahi: Any light you want to shed on the inorganic acquisition scenario? Have the valuations come down or are they going up and what kind of opportunities are you evaluating? Any light on that?

Rahul Arora: FY2025 has been a record year in terms of the number of deals we've looked at. Valuations can go up or down. We're very disciplined and that discipline is here to stay. We will stay strong and continue to be highly disciplined in our approach and we're casting a wide net to make sure that we continue to be consistent in our acquisitive execution. As I said, record-breaking year in terms of the number of deals evaluated. We still haven't concluded one yet.

Moderator: Thank you. The next question is from the line of Janish Shah from JS Equity Invest. Please go ahead.

Janish Shah: I wanted to understand the acquisition side, I think last time you mentioned that there was a roadmap that was given about how the acquisitions would be funded. So, for first couple of acquisitions, it was more through the internal accruals and the debt leveraging. And then thereafter, you always wanted to go for an equity for last option. Given the way the AJE is shaping up, how is the roadmap you're looking at for the future acquisitions, for funding those, how do you see the funding? Is there a change in the plan you see? Whether it is like either going or slipping more into an equity dilution or maybe through funding through internal accruals, how do you see the situation? That is first. Second, on the operations, you've already acquired a few of the logos, and our focus is more on the growth. But if you can just paint the external environment, how does it look like? Since you're not going to guide for short term growth numbers, if you can give some flavor as to how do you see the operating environment, given the external environment has been, that can give a little bit of an understanding on how the company is going to navigate for the next one year or so? Thanks.

Rahul Arora: Given the type of balance sheet that we have, MPS is a high-margin and high-cash-flow business. From our perspective, the funding is not going to be an issue for us, at least the way things are situated today. For us, it's more important to figure out what acquisition target we trigger. The size and scale of acquisitions are increasing every year. AJE was, while it was not a big buy in terms of the purchase price by the end of it, from a revenue standpoint, a sizable bite. The purchase price was more a negotiation thing. But the bites are getting meatier. The focus on our end is more to make sure that we get it right, by not overpaying. That's the first fundamental. And the second fundamental is you're buying something that you can then grow. And it's not something that declines or stays flat. Most of our focus on the acquisition side is getting that piece right. We also looking to see if we can extend the owners who currently are running some of these organizations forward like you've seen with Rod at Liberate. That model has worked well for us. So, funding for us, the way we look at it, accruals first, debt second, if and only if there's no other option available, we get to equity. So, that remains there, those are the principles.

There are three markets. There's research, there's education, there's corporate. Research is this steady state market that doesn't grow rapidly but also doesn't decline in recession. In this market, our opportunity is of four types. The first type is to work with the funding body and the researcher to help them get published. The second type is to consolidate the supply chain for an institution that's either a publisher or is involved in publishing in some form. The third is being a software provider. But the fourth, which is the most interesting play, is being a managed services provider that combines all these three activities. So, we tend to have, within research, three types of competitors. We are the only player in the market that has all three capabilities that I described. So, we are opening a fourth play which is the consolidation of the value chain on behalf of the customer. The second market for us is education. Here our play is slightly different where we are looking to get closer to the end consumer, the end learner, in a B2B way. So, we don't want to deviate from B2B, but we're trying to get as close as we can to the end learner, and as a result, we are moving forward in the education value chain. What that is doing for us is, it's giving us access to larger opportunities and, it's also giving us access to a market that's growing faster compared to the education market that we were operating in previously. Within corporate, our focus is now moving towards signing global agreements given that we are one of the few players in the market that is not just in the Americas, Europe, and UK, but also in China, Australia, and APAC. That's generally not the case with most suppliers in corporate. So, we're trying to get to the more global type of arrangements with our customers, which some of it includes managed training, some of it just includes global eLearning arrangements. So, overall, three different markets, and different types of plays, and that's how our management teams are also structured, where we have dedicated teams focusing on some of these players.

Janish Shah: On the overall, the longer-term guidance, which you're looking at, for INR 1,500 crore by FY28, I think the last time you indicated that the progress has been ahead of the schedule, how do you want to evaluate that? Is it still the case? Or do you think it's too early to make any changes on those timelines for the goal?

Rahul Arora: Yes, we made the error of sharing guidance at the beginning of the year. Having said that, we are hitting the guidance. FY25 is going to be the halfway mark. We hit halfway at the end of this year. We confirmed the guidance that we already shared. In terms of what happens after FY25, like I said, it's three years So, it's not like we're not talking for 10 years, we're talking three years and for me what's important is for my team and I to get it right in those three years. Now whether it takes 1, 2, or 3 is unimportant. What should happen is that we get it right by the end of the third year.

Moderator: Thank you. The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani: I just wanted to know in terms of margin so far, is it going to be at similar levels on yearly basis or is it going to change a lot?

Rahul Arora: We're happy with this level of margin. I explained in an earlier question that there is tremendous operating leverage in the business. If there's organic growth, margins will expand. What we tend to see is that for every 10% of organic growth, you see a margin expansion. We feel comfortable that these margins are repeatable. Specifically with eLearning now going north of 30%. So, if the business continues to operate the way it's supposed to operate, we feel very comfortable at these levels of margins.

Moderator: Thank you. We will take the last question. It's from the line of Pankhul Sood from Satya Wealth. Please go ahead.

Pankhul Sood: I just had one observation that if I see the results for the quarter ended in 9 months, our revenue has outpaced EBITDA growth. So, when do we see operating leverage come in? If you could just give a view on that?

Rahul Arora: When we acquired AJE, it was supposed to be a larger bite in terms of purchase price. At the end of the transaction, we proposed an idea that instead of the seller turning around the business and then giving it to us, we would save them the trouble because they were planning an IPO. We offered that, whatever plans you have in terms of turning this around, we will take that pain on but reduce the purchase price. And I think as good partners, we came to a good solution. Q1 for us was soft, as you'll see, and a large part of that was AJE. In the platform business, the margins were affected by the AJE business. So, if you look at like-to-like, there is margin expansion. We've onboarded AJE in this financial year, which hit us in Q1, and this will continue to improve. We are still not at the full potential of the AJE margin, which is operating currently in the late 20s.

Pankhul Sood: What could be our cash balance after this dividend payout?

Prarthana Agarwal: The existing cash balance is around INR 124 crores. After the dividend payout, the same would be around 68.

Rahul Arora: And just to clarify the cash balance that Prarthana talked about was as of December 31, 2024. Every month we get ~INR 15 crores of free cash flow.

Prarthana Agarwal: Yes, this was the position that was as of December 31, 2024.

Pankhul Sood: And when going forward, do we see like the dividend payments only or do we also consider the buybacks on our part?

Rahul Arora: The Board discussed this and decided to return in the form of dividend payments. There are discussions around all opportunities, but we don't see much value in doing anything complicated.

Moderator: Thank you.

Ladies and Gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to Mr. Rahul Arora for closing comments.

Rahul Arora: Thank you for your active participation in our earnings call. We appreciate all your thoughtful questions. Your unique outside-in perspective helps us learn and improve. I want to thank all our stakeholders for their continued support in this remarkable journey. We have a tremendous opportunity ahead of us and we look forward to your continued support, feedback, and partnership mindset as we all march towards Vision 2027. Thank you so much.

Moderator: On behalf of MPS Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
