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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 MPS Limited for the First Quarter (Q1) ended 30 June 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 Friday, 09 August 2024, at 04:00 P.M. (IST), inter-alia on the Un-Audited Financial Results of the Company for the First Quarter (Q1) ended 30 June 2024.

This is for your kind information and record.

Thanking you,

Yours Faithfully,
For **MPS Limited**

RAMAN SAPRA

Digitally signed by RAMAN SAPRA
DN: c=IN, o=PERSONAL, title=9408, pseudonym=43dbd303263049bf818a076f6d838560, 2.5.4.20=18cf30a1544184712dd62ca166b9893ae39be03b72c0f4a44c907cf6e8f25d25, postalCode=201014, st=Uttar Pradesh, serialNumber=15cbe9dded45c032a01894d72a7cb7af4313fb2366016cd2de145cfc530838fc, cn=RAMAN SAPRA

Raman Sapra
Company Secretary and Compliance Officer

Encl: As Above

“MPS Limited Q1 FY25 Earnings Conference Call”

August 09, 2024

MANAGEMENT: MR. RAHUL ARORA – CHAIRMAN AND CEO
MR. SUNIT MALHOTRA – CHIEF FINANCIAL OFFICER
MS. PRARTHANA AGARWAL – DEPUTY CFO
MR. ANTONY ALVES – SENIOR VICE PRESIDENT, PRODUCT MANAGEMENT

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '25 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 any assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

Rahul Arora: Thanks, Shubhangi.

Good evening, from Gurugram, and a warm welcome to our Q1 FY '25 Earnings Call. Today, on the call, I have with me:

- Sunit Malhotra – CFO of MPS Limited
- Antony Alves – SVP and Head of Product Management at HighWire, powered by MPS,
- Prarthana Agarwal – CFO of MPS Interactive Systems and Deputy CFO at MPS Limited.

Prarthana and Sunit join us from our corporate office in Noida and Tony joins us from the Greater Boston Area.

Sunit will kick things off in our opening segment by discussing our Financial Performance. Then Prarthana will update us on our content and eLearning Solutions Business developments. Tony will then follow up on the progress made in our Platform business. Finally, I will provide an update on the progress of AJE and Liberate and my individual perspective on Q1 FY '25.

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

Sunit Malhotra: Thanks, Rahul. On a quarterly basis, Q1 FY '25 shows robust revenue growth. We recorded revenue of ~INR 180 crores on an FX-adjusted basis, which represented 36.3% Y-o-Y growth. While there was a PBT decline in this last quarter, that is expected to change quickly.

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

1. Our top 10 customers now contribute to less than 45% of our revenue, a much lower customer concentration than when we started this journey in 2012.
2. Quality of revenue is also improving with platforms responsible for 30% of consolidated revenue.
3. The theme of improvement in the quality of revenue can also be observed through improvement on DSO to 55 days.

I want to hand it over now to Prarthana to discuss the developments in our CS and eLearning business.

Prarthana Agarwal: Thanks, Sunit. Revenue in the Content Solutions business grew by ~32% in Q1 FY '25 compared to last year. Margins were suppressed to 28.66% largely due to the acquisition of AJE, which was transitioned to MPS as a loss-making asset and that is no longer the case.

In addition to the acquisition of AJE, the Journals component of the CS business continued to lead the charge toward revenue growth. 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.

Additionally, we expanded and grew a recently established Revenue stream catering to the Journal Editorial Office. The new offerings placed us in a more strategic position in the value chain and have resulted in new business from net new customers and improved the stickiness and quality of our revenue with existing customers.

After the acquisition of AJE, eLearning dipped to the third spot in terms of scale of Revenue and Profits across our three business segments. FX-adjusted revenues grew by 6% in Q1 FY '25, and while we were slower than our expectations in the scale-up of this business, I am confident about the final prospects in FY '25. This business has four operating entities in India, Germany, Switzerland, and Australia.

Liberate Learning in Australia is currently leading the charge in scaling revenues at healthy margins. Overall margins in the eLearning business were suppressed in Q1 as we navigated the shift in our operating model that now embraces gig workers.

Our order book and pipeline in eLearning are robust and growing. I am confident that starting from Q2, where we expect a major step-up in margins, our margins will only improve each quarter as we progress through FY '25.

I would like to now hand it over to Tony to discuss Platform Solutions' performance.

Antony Alves: Thanks, Prarthana. Including the acquisition of AJE, the platform's business grew by ~80% in revenue Q1 FY '25 compared to the same period last year. Product roadmaps were on schedule through the quarter and responded well to customer and market demands. The transition to THINK365 is underway and an active user group meeting this past quarter validated our optimism around THINK365. With respect to DigiCore Pro, we released our sandbox environment to multiple customers and we are expecting to onboard new customers and migrate existing customers from Bench Press to DigiCore Pro.

We are witnessing a flurry of activity and new opportunities in the platform business for the first time since our acquisition of HighWire in 2020. There is clearly a positive perception of us in the research community which is highly encouraging. HighWire and MPS offer the only serious independent choice since two of our larger competitors have been acquired by publishers.

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

Rahul Arora: Thanks, Tony. I will begin the section by discussing the progress of the two acquisitions. We completed the acquisition of Liberate Learning in September last year. The acquisition shaped our entry into Australia. Our second acquisition of a growing business led to a refreshing change in our modus operandi. We had an opportunity to learn much about what it takes to operate and drive a corporate learning business, which differs from our other business interests.

As Prarthana described earlier, taking a cue from the Liberate management team that is gunning to achieve margins north of 30% in FY '25, the rest of the eLearning business has also embraced gig workers. And while this has had an impact on Q1 margins, we are bullish about the change in the operating model and its positive impact on our business in FY '25 and beyond.

Moving on to AJE, the acquisition of AJE is another game changer for five reasons:

- First, the presence in China is unique to MPS in comparison to our competitors and helps us participate in true global agreements with our customers that historically have had to compromise on their preferred vendor strategy in the region.
- Second, we are now closer to the most important stakeholder in the Research value chain, the funders. The proximity gives us a strategic advantage that we will unlock in the future as the market consolidates.
- Third, our long-standing partnership with Springer Nature has always had tremendous potential that can now be maximized.
- Fourth, the AI capabilities acquired through Curie, Lewis, and other AJE tools have tremendous synergies with MPS, both on the efficiency side as well as the revenue side.
- And finally, the scale is opening new doors for us and we expect to hit significantly positive financial metrics particularly high ROIC and robust organic growth which are a powerful combination in any acquisition.

Our "Scaling Global" agenda was off to a robust start in Q1 FY 25. The global agenda was on point as North America and Europe combined accounted for 74% of the revenue in Q1 FY25 compared to 91% in the same period last year, and almost 100% in the early days of our journey. FY '25 will be the year when we surpass several of our competitors in the market that we serve, including Research, Education, and Corporate Learning. Markets have taken notice. We are being invited to RFPs and new opportunities that were previously unavailable to us. Scale implies resilience, business continuity, and future-proofing that have all become core pillars of supply chain decisions after the pandemic and the recent AI-driven innovations. Global reach into additional markets, including Australia, New Zealand, China, Brazil, and South Korea implies global agreements with our customers.

Let us now open the call to questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Mahesh B, an individual investor. Please go ahead.

Mahesh B: What explains the tepid growth and weaker operating margin in eLearning and what are the white spaces in the eLearning segment as of today?

Rahul Arora: On the margin side, as I had explained in the previous earnings call, we are taking a cue from the Liberate Learning group, which outsources as much as 40%-45% of the revenue.

Now, the balance business cannot get to that level immediately, and takes us time to ramp up to anything close to that level. I had previously explained the several benefits of embracing that model because of the changing demands in media formats, but also the different types of work that we do.

In Q1, we have had a hit on hitting margins in the balance part of the eLearning business. This operating model is stabilizing, and we will have to do less internal reviews and less quality checks.

Also, we have reduced the headcount. The headcount is exited only at the end of the quarter. So, we start to see the benefits of a lower headcount and heavier outsourcing from Q2 itself. And as Prarthana described in her opening remarks, that will only improve with each quarter through the rest of the financial year.

With respect to growth, we have seen parts of our business such as Liberate and MPS Europa, the Swiss entity, growing at about 12%-15%.

Our internal estimates indicate that we should achieve about 12% growth in FY '25 in the eLearning business by the end of the year. So, at the consolidated level, we should be at about 12% for the eLearning business and margins will continue to improve.

From a perspective of white space, we operate as a project-based company on the eLearning side. We service both corporates as well as customers on the education side. We are gradually trying to enter the managed services space where rather than just supporting our customers on project-based needs, large corporates can comprehensively outsource the entire learning and development function to us.

The second white space is on the platform side. We have several offerings that need to be configured for the corporate learning market and that depending on the product we do configure, could be many white spaces within that white space.

The third white space is that, currently, we are providing the content and the technology to provide eLearning. But the actual delivery and the training delivery are not something that we currently manage. So, training delivery would be another area where we could get involved in. So, my top three kinds of white spaces in the eLearning business would be managed services, platforms, and training delivery.

Mahesh B: On the three white spaces, how many will you develop internally and how many will you acquire through the inorganic route?

Rahul Arora: We are planning all these three inorganically. Except for platforms, where we are trying to configure some of the existing platforms. On the platform side, it will be a blend of organic and inorganic. The other two will entirely be inorganic.

Mahesh B: Is that the next inorganic opportunity you are pursuing?

Rahul Arora: We are pursuing multiple opportunities, but yes, the bulk of our focus is on the education and corporate side. On the Research Side, we have done a couple of acquisitions in the last five years, and we are pursuing opportunities on the education and the corporate side.

Mahesh B: Do you have any managed service contract at the moment or are you yet to win any? Could you quantify it?

Rahul Arora: We have one with a large organization. We are covered with non-disclosure so I am unable to share details.

Moderator: Thank you. The next question is from the line of CA Arun Kumar Maroti from Shubhlabh Research. Please go ahead.

CA Arun Kumar Maroti: Many entrepreneurs talk about AI and we see everyone wants to use AI for efficiency and a better experience. How we will be leveraging AI sustainably in our solutions?

Rahul Arora: We have been working with AI for a while, As I have shared in previous calls, we have an R&D hub called MPS Labs in which all our initiatives around AI are housed. Currently, a large majority of our initiatives are focused on driving efficiency. We are seeing these in the areas of content solutions, eLearning, and platforms.

On the content side, we are doing things around translations, accessibility, content generation, and content development. On the platform side, things around discoverability and searchability, and similarly, on the eLearning side, we are building courses, and we are leveraging AI.

A lot of this has been around operational efficiency and driving speed and in exchange, we have gotten significant volume increases as well as some short-term projects from some of our customers.

We have also, with Curie and a couple of other platforms, an AI-driven platform approach, which adds directly to the revenue through new value creation. And that's the play that we are ultimately looking at, how can we move beyond operational efficiency with AI and create AI as a revenue stream.

Currently, most of it is service-based. We are typically collaborating with our customers to figure it out with them and our view on this, within the course of the next 12 to 18 months, some of these explorations will convert into deep commitments because these require investments on both sides, investments of time, effort, and money.

Finally, due to the deep commitment needed on both sides, we expect there to be some supply chain consolidation.

CA Arun Kumar Maroti: On the eLearning solution side, we are seeing that so many quarters have gone by that the business is showing some volatility, we started with the employee count of around 250, then we reached to 500, now 300. And the revenue is showing some linearity, but the bottom line is always on the right. So, do we have some plans to make it linear? Also, would like to know the hiring target for this year?

Rahul Arora: There has been volatility in the margins, and after the acquisition of Liberate Learning, we realized that the way to deal with this is to have an operating model where you have a fixed headcount, but you can flex above that headcount through independent contractors, vendor partners, and freelancers so that you can adapt to this volatility.

eLearning is a large and growing market opportunity. So, when demand does come in, it can be different. For example, for some time, you will get a lot of demand around video-based learning, and suddenly from there, you will go to immersive learning.

eLearning is so diverse and comprehensive, projects through which we get: (A) can also be equally diverse, and (B) you will see these surges where a certain type of work will be the largest proportion of work that we have. So, when you have that kind of situation, it gets tricky to staff a homogenous workforce for the delivery of that kind of demand.

After the acquisition of Liberate, we have understood their operating model, as they have always been a very high-margin business. The way they manage it is that they outsource 40% of the revenue. They keep only 60% of the revenue in-house and even what they outsource, it's not traditional outsourcing. They have deep connections with the people that they outsource with. They have been outsourcing them for over two decades. So, it's not transactional outsourcing,

We have followed Liberate's lead over the last couple of quarters. We have had to take a hit in margins because essentially when you are onboarding external resources, you want to make sure that the quality and the delivery don't suffer. So, you end up doing lots of additional checks and quality control activities in-house and as a result, we have seen that kind of dip.

Going forward, our model, as the revenue grows, will be, to keep the headcount at this level that you see it at. We are not planning to increase our headcount even as the revenue grows and over a period, while we don't think we can get to the outsourcing level at Liberate ~ 40% of revenue. We can at least get 20%-25% over the next couple of years in terms of outsourcing.

The margins have been a bit volatile and that's largely because the type of work that we are getting is different every week, every month and now we have figured out a good way to manage that internally.

CA Arun Kumar Maroti: The headcount target for the year, if you can share the total MPS Group?

Rahul Arora: Outside of the acquisitions that have been planned, we are not looking to substantially increase the headcount and we are comfortable with the headcount that we have today.

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

Navid Virani: Firstly, my question was about the employee cost and the strength. If I look at the employee strength in Q1 FY '25 versus Q1 FY '24, the headcount has gone up just by 10%, whereas the employee cost, if we see in the current quarter and compare it year-on-year, the employee cost has gone up by 55%. Can you throw some light on why is there such a situation or am I missing something here?

Rahul Arora: In Q1 of last year, we did not have AJE and Liberate. As you would appreciate, both these organizations are largely staffed by employees onshore in local regions. They carry dollar costs. With respect to Liberate, they are operating north of 30% EBITDA margin so those employee costs will continue.

We have offshored a large chunk of AJE. In fact, upwards of USD 5 million annually has already left the system. Therefore, you will start to see some of that change from Q2 onwards. The number of employees has not gone up, but the cost has gone up largely because these are dollar costs.

Navid Virani: Please give some light to understand the nature of this cost, was it related to some severance packages that we paid to outgoing employees because we are in a transition phase?

Rahul Arora: Yes. So there are two reasons. One is because the model has not settled in, we carried an extra headcount for a longer period than was required for the actual execution. We had some duplicate headcount between internal and external and second would be, of course, with people leaving, there is additional cost in this period and again from Q2 onward, they will not show up.

Navid Virani: The revenue from the geographical revenue mix, from the rest of the world part has increased significantly. Is it contributing to any extent to the margins with which we saw or is it only the AJE plus some cost because of the internal transition?

Rahul Arora: The increased diversity in the geographic mix has nothing to do with margins. Our pricing is pretty similar across the board. The value that we provide is equal across geographies and we haven't seen any substantive differential pricing in these regions. It's mostly been the extra cost that was sitting in the system.

Navid Virani: Would the margin drop that we are seeing on a year-on-year basis is majorly because of AJE as well as some additional cost that we had to take on the eLearning Solution?

Rahul Arora: Correct, I would not pull Liberate into this, but AJE and eLearning business without Liberate.

Navid Virani: We guided that we are confident of achieving a 25% bottom line growth for FY '25. I understand that we will have to grow by 36% at the bottom-line level for the 9 months FY '25 compared to the 9 months FY '24. So, the question is two-fold. One, does that guidance stay intact? And secondly, if it stays intact, what gives us the confidence that we will be able to achieve that given the turning around of AJE is still taking place?

Rahul Arora: We stay committed to the guidance that we provided in the last quarter that we will comfortably achieve over 25% growth in earnings. We are sitting already halfway through Q2. So, we know what Q2 looks like. That gives us much confidence.

With respect to AJE, as Prarthana pointed out at the beginning of the call, it is no longer loss-making. It is now already profitable. Just employee costs alone we have eliminated over USD 5 million annually. So, you can understand what the level of cost reduction is that is coming forward.

Similarly, on the eLearning side, margins are expected to more than double as we transition from Q1 into Q2. So, there are lots of things that are underway that have not shown up yet in the results to the markets. Being halfway into Q2 and heavy into the financial year, we feel very comfortable confirming that our earnings guidance stated in the last quarter holds good.

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

Rahul Jain: In terms of AJE, how are we trending in terms of the growth that we had at the time of, what thought process that we had at the time of integrating it, and how it's shaped up in the 4-5 months that has happened since it has been done? Is it still achieving the kind of run rate that we expect out of it, or should we have to do more fill-up in the later part of the year to achieve the run rate that we were anticipating now?

Rahul Arora: Previously, when we acquired businesses that were running losses, whenever we have cut costs, we have seen a massive decline in revenue.

But again, those were more distressed assets. This one is not. This one was slightly mismanaged, but the core business still fundamentally has tremendous strength. This one is more like when ADI acquired MPS. It's of that pedigree.

What's been pleasantly surprising is that the revenue has kind of been range bound between USD 1.7 million a month and 1.9 million a month, depending on the month because it's got this component of B2B2C. So, there is some choppiness every month in revenue, but it's been range-bound.

Second, a lot of the growth opportunities that we are working on are B2B, which means that the ramp-up is slower. And therefore, we have not seen any of the benefits of the B2B element. I am differentiating between B2B2C and B2B. In my view, in the next couple of years, B2B is going to be the strongest driver for growth for AJE.

As of today, none of those opportunities have been realized in terms of revenue. Yes, we have some sales conversations, but it's not shown up in the revenue right now. So, we are trending north of the USD 20 million annualized and we have been range-bound between USD 1.7 million and 1.9 million per month and hopefully, this holds up as we progress through FY '25.

In terms of the growth prospects on the B2B side, I expect things to travel more in the second half of the year and feel very comfortable that the existing run rate will continue through that period as the B2B side starts to build up.

To give you a statistic, today, AJE is 95% B2B2C. Those numbers could be one or two percentage points off and the rest is B2B. A lot of AJE's competitors, the situation is that 60% - 70% of their revenue is B2B2C and the balance is entirely B2B.

So, even if we benchmark ourselves with some of AJE's competitors, there is a lot of potential even if AJE had to go alone at this B2B attack, but of course with MPS' support and opening up AJE to all of MPS' customers, we feel that we can achieve it in a more refined way.

Again, to summarize, we feel comfortable about AJE on the revenue side as well as the margin side and the B2B revenue should pick up in the second half of the year.

Rahul Jain: From a purely revenue run rate point of view, it seems that you are on track with what you have initially thought about. Similarly, if you could chart the path in terms of what is the annualized profitability that you might see, I think we have done previously in this quarter. Is it on a quarter basis? What should the number look like on this from FY '25 and FY '26 basis?

And just to ponder further on that B2B2C kind of an element that you spoke about in the H2, trying to address whether is it something which you highlighted earlier, which was like the current solution is not, was internally consumed within the client environment and now since it's kind of a third-party asset, it could be showcased to a much larger audience? Is that the opportunity that we are talking about? And if yes, then how do we plan to go about it in terms of go-to-market and stuff like that?

Rahul Arora: On the margin side in AJE, we are expecting to see a sharp increase in Q2 itself because of some of the expenses that we have weeded out. This business is somewhat of an equal split between content and platforms. By the end of FY '25, we expect the business to have an average margin somewhere between our content and platform business.

So, that's the aim as we head into FY '26, where we will have a high-margin business that is growing similar to the content business. For this particular year, we will be having a sharp increase in Q2 and it will continue to increase each quarter in FY25. Our goal is by the end of FY '25, we get this business to be similar to our overall content plus platform margin level, by the end of the year, closer to 40%.

AJE was acquired by Springer Nature, who is one of the world's largest publishers for ~USD 55 million, AJE had a captive B2B audience and customer base. They lost a lot of that under Springer Nature ownership. And this was, in fact, one of the investment rationales that were provided to us by the investment bankers when this deal was presented to us as well. When AJE was housed in the Springer Nature, it was thought to be competitive by several of the other B2B potential customers. Therefore, they lost out a lot of opportunities and some of the customers even exited.

When we had conversations with old customers of AJE who are the MPS customers as well, we found out that they liked the AJE service. The NPS scores were always excellent for AJE. Instead, they were previously concerned that a very important part of the value chain is sitting with a competitor. Now in terms of reviving the go-to-market strategy, the revival is essentially announcing AJE as we did with HighWire as an independent choice, not owned by a publisher. Rather AJE is an independent provider backed by MPS, which we are showcasing at industry events, and associations.

We are doing many roadshows. At the end of this month, Tony and I are doing a roadshow in China. Next month, the teams are in the UK at ALPSP. In October, we are at the Frankfurt Book Fair. In December, we are at STM Week in London. Almost every month, we are pushing the message both online and offline. And the account managers that own these relationships have also been educated on what AJE is all about and to land the message with their customers.

AJE was captive within Springer Nature. They had acquired AJE for self-consumption and maximizing synergies for authors, which kind of turned off the B2B marketplace. The B2B customers thought of it as competition given that it was sitting inside of Springer Nature. So, this opens a large B2B opportunity for us going forward.

Rahul Jain: By the Q4 exit run rate, we should be able to achieve a similar to average of content plus platform for the AJE portfolio and in FY '26 on an annualized basis.

Rahul Arora: Correct.

Moderator: The next question is from the line of Sumangal Pugalia from Snap Securities LLP. Please go ahead.

Sumangal Pugalia: Firstly, on the research vertical itself, with the AJE acquisition and the entire portfolio that you have built over the years, if you can give a sense of our market share in pre-acceptance and post-acceptance? I remember you talking about it being only 1%. So, big picture, how do you see that going forward? Are you seeing headway and in particular sub verticals where you are even seeing much stronger growth and gaining market share from competition? How do you see that broader landscape?

Rahul Arora: We have three legs for the research market. We have got the author solutions leg or the pre-acceptance leg. The second leg is post-acceptance related to content and eLearning, And the third leg we have got is enterprise-level software like HighWire.

Each of these markets is growing. Within each of these markets, we have different competitors. In each of these markets, we tend to be in the top five, but not always in the top three, and the market itself is growing.

So, for us, it's going to be a combination of capturing the tailwinds of the market and leading it toward a value chain consolidation. Because we are comprehensive and there is no other vendor partner that is comparable in capabilities, we are expecting that we should be able to create new managed services agreements. These agreements would be end-to-end from pre-acceptance to post-acceptance to delivery to the platform, rather than just participate in smaller links of the value chain.

We are already starting to have many of these conversations. We have revenue sitting in our workflow, which is not very large today, but as proof of concept. And that will be our ultimate goal where rather than thinking of this as a player in three sub-markets, we think of this as one market that we own and dominate.

So, we go from being someone that was number three in one sub-market, number four in another sub-market, and number two in a third sub-market, to a leader of an entirely new comprehensive market that we dominate. And that's the transition that we are looking to achieve in the research side over the next 12 to 18 months.

I am very bullish about this part of our business. Yes, it's a conservative customer base, and that has always been the challenge. But to simply put, the value to be unlocked here is so tremendous for us and our customers that finally they will make the right decision.

Sumangal Pugalia: In the last question on the AJE B2B part, can you just elaborate, like what are the actual services that are not being provided to these B2B customers, or exactly what vertical lines services that would be provided to these B2B customers?

Rahul Arora: On the B2B side, just to help you understand the customer, the customer essentially has become over a period, a subscription business that is one end of a two-sided network.

On one side of the network, you have authors developed peer-reviewed research that is funded by institutions, and on the other side of the network, you have users accessing that research for a variety of purposes. What an AJE or one of its competitors provides is making sure that the supply side of this network is organized and is delivering in such a way that the demand side of the network can capture its needs.

Through AJE, we are providing a comprehensive approach to organizing the supply side of a two-sided network owned by subscription companies.

For example, we help a researcher write a grant to receive funding from an institution. Once the researcher gets the grant, we help them structure their paper in such a way that the paper is able to be submitted to an institution or a publisher.

Once they have submitted, there is a massive iterative review process through which we help them and guide them. Think of it like a college application. Through the submission and review process, we enable them to get accepted. Once they are accepted, we help monetize the research, get authors recognized, and enhance the final customer experience.

So, it's a pretty significant undertaking, but the value that we are providing is we are helping a subscription business consolidate the supply side of a two-sided network.

Sumangal Pugalia: The last question was on the education vertical. So, the cyclicality in the school segment is something you have spoken of. So, where do you think we are in the cycle and right now, what's the outlook for that?

Rahul Arora: We are in the feast phase of the cycle now, just by the nature of the cycle. Typically, irrespective of the type of government in the U.S., the first year after the election, when the new government comes into place, education tends to have a significant boost.

Now, how that money is spent may change depending on the government, but typically, post-elections, we see an uptake in education spending because that's one area where the government can quickly show progress. We have entered the feast stage which then gets magnified in 2025 because of a new government or the extension of the existing party depending on what happens. So, again, we are very bullish.

Similarly, on the higher education side as well, the drive towards going digital and building courseware-related revenue has continued. MPS continues to make strides and win proposals and RFPs on that front. We are feeling bullish about this business which has been under pressure for a couple of years but is now looking good.

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

Parimal Mithani: I just wanted to know between your content and the original MPS and between the new platform which is the area that is going to grow stronger now or if you can throw some light against that?

Rahul Arora: We report our business as content, eLearning, and platforms, but the markets don't view us like that. The markets view us as a company that has a presence in three markets: Research, Education, and Corporate. We expect growth in all these three markets.

There may be a small base effect with the corporate business, so maybe faster there in the short term. But yes, it will be very difficult to differentiate what will grow faster simply because a lot of this today is now being bundled. They are not being sold in isolation based on a market-based approach.

A couple of years ago we refined our growth strategy where we said, instead of going to a customer in the market representing individual products and services, we would understand their problems and use our capabilities as tools to unlock solutions for those problems.

It's difficult to say what proportion will look like going forward. What I can say is today, our business in terms of the split is probably 60% Research, 30% Education, and 10% corporate. That over a period will somewhat get balanced given that we expect organic growth in both education and corporate. And we have planned some acquisitions in education, and corporate as well.

Parimal Mithani: Five years down the line, how do you see between Research, Corporate, and Education, if you can give your ballpark for us and the overall growth rates, it would be much better.

Rahul Arora: I think looking ahead, Research will continue to be a strong part of the business. I would say 50-25-25 would possibly be split across Research, Education, and Corporate respectively. Again, guessing because it's hard to predict how each of these components will move. I think what we are confident and have our eyes set on is more the consolidated number, which is revenues north of 1,500 crores at similar margins. That's what we are focused on. But yes, if I had to star gaze and take an educated guess, the split I have provided would make sense at this point in time.

Parimal Mithani: Is it fair to assume that our margins will be improved every year? Since all the acquisitions and most of the things have been sorted out?

Rahul Arora: Yes, as we look towards FY28, to get the growth, we are looking to sustain margins. Yes, there will be periods where our margins will increase and contract, but we are trying to be at similar margins because we also understand that to chase growth, we can't simply milk the margin.

So, even today, MPS can easily be run at 40%- 45% EBITDA margins, which we have done previously. If you go back several years, this business used to be a 40%-50% EBITDA margin business. We are sacrificing some of that to chase growth. So, we feel comfortable that we can chase growth and achieve similar margins, which are around 30%-32%.

Moderator: The next question is from the line of Shikhar Mundra from Vivog Commercial Limited. Please go ahead.

Shikhar Mundra: For the target of 1,500 crores which we are setting for FY '27, so what would be the split between the three divisions? What are we targeting for each?

Rahul Arora: I answered in the last call, not targeting a split because some of this is organic, and some of this is inorganic. It's not entirely one or the other, but yes, like I pointed out between research, education, and corporate, possibly this is a very big guess, it's 50-25-25 respectively, but the focus is to get from 500-1,500. We are less concerned about what that looks like in terms of the split.

Shikhar Mundra: How much of it would be organic growth and how much would be inorganic going ahead from now?

Rahul Arora: When we gave the guidance a couple of years ago when we were trending at INR 500 crores in revenue annually. We said from 500 crores to 900 crores would be organic growth, so 400 crores of organic growth which represented roughly a 12% CAGR, and the balance of 600 crores from inorganic growth. Total 25 percent CAGR.

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

Rahul Jain: What I was saying is that if you could share the prospect of content and platform business except the AJE part, it seems, it's kind of a flat to a small growth for the last three quarters.

Rahul Arora: On the content side, the scholarly part of our business has been impressively growing. We have had some softness on the education side that has corrected this FY. So, in both FY '25 and FY '26, we expect content to start surging independent of AJE. Similarly, on the platform side, we had some modest growth last year. That is also picking up.

We have had, like Tony was describing in his opening remarks, a flurry of RFPs and business development activity in the Platform business. We have had many renewals take place at higher prices and we are starting to chip away at our competition on new business.

We are winning deals in the platform business from competitors that are larger than us. There are two competitors that are bigger than us in the Platform business. And we have won at least one, perhaps three deals in the last six months from them. So, again feeling confident about that business as well. Last year was modest for Platforms.

This year on the platform side will probably be double of what we saw last year and then from FY '26 onward, we get to the 10%-12% on the platform side. So, the content will already pick up in FY '25. Platform, there will be a big gap that will be bridged this year and FY '26 will be similar to content i.e. 10%-12%.

And our overall plan, we have not built just to make sure that we hit these targets that we are talking about, we have not made some crazy plan. Our organic growth aspiration is pretty much 12% a year and we are looking to achieve that across these three lines of business.

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

Navid Virani: The first one was on the acquisition part. So, last time around we said that we would be completing one more acquisition by the end of FY '25. Just wanted to clarify, are we on track to complete that?

Rahul Arora: Yes, we are still gunning to complete the acquisition. It's not done till it is done, but yes, we have things in the pipeline and there is one that we are actively working on.

Navid Virani: And the size of this acquisition will be as large as AJE's I think?

Rahul Arora: Yes, similar in revenue. It's too premature to comment on anything more than that, but similar in revenue.

Navid Virani: If you can just give me a sense of the revenue growth excluding AJE for this quarter, I mean, Q1 FY '24 versus FY '25, excluding AJE, what would be the top-line growth? Can you give me that number?

Rahul Arora: I will be happy to share that at the end of the year. Sharing that on a quarterly basis will be tricky for us for comparative reasons, but at the end of the year, we will be happy to share that.

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

Yash: I just want to ask regarding some non-operational things, like probably in the last call you hinted about the stock split or something like that. Also, I just want to ask about the status of the Bangalore office, which you mentioned that it's in the process of sale. I just want to understand that.

Rahul Arora: Just to clarify, we have not discussed any stock split at the Board level. Again, my academic perspective on this is no matter is that however much you slice the pie, the size of the pie remains the same. At some point, if the community feels that this is something we should consider, we will consider it at the Board-level, but at this point, we have not considered it.

What I stated was my individual textbook and academic perspective. This is something that we will, of course, have to have a more thoughtful discussion done at the Board level. As of today, we have not had this discussion. If we get sufficient feedback from the community, we will engage in a discussion and we have not as of today received that sufficient feedback neither at the AGM nor in any of the forums.

With respect to the Bangalore property, we do have some prospects for Brigade Towers, which is one of the properties, that, as you know, is up for sale, but nothing mature that I can discuss. Also, an open invitation, if you know someone who is looking to purchase anything, now that you said that you are part of the family, please do send them over our way. We will actively look to divest those properties because we are not in the real estate business and own two prestigious buildings in the heart of Bangalore and we would love to divest those assets.

Yash: What might be the ballpark number, what might be the price of those buildings? So, any valuation is done?

Rahul Arora: I do not have that data readily available. Sunit, could you please answer or if you need more time, you can answer separately.

Sunit Malhotra: I would suggest we can discuss this offline.

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

Krushi Parekh: I just wanted one clarity. So, the business metrics projections that you have given in your presentation for FY '25, does that include any inorganic acquisitions or does it include?

Rahul Arora: No, it does not include additional acquisitions. We haven't signed any definitive agreements. So, it won't be right to first include anything. It includes AJE and Liberate but does not include anything that we have not done yet.

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

Mahesh B: What is the percentage of AJE-related revenue from non-Springer customers in Q1 or going forward?

Rahul Arora: Revenue via Springer Nature would be about 20% to 25%. Again giving you ballpark estimates for competitive reasons, but about 20% to 25% would be related to Springer. I am not able to share more than that because it's a highly competitive market.

Mahesh B: But AJE had 100% of its revenue from Springer.

Rahul Arora: No, that's incorrect. AJE's revenue via Springer Nature is in the range I described.

Mahesh B: So, have you been successful in cross-selling AJE services to customers of MPS?

Rahul Arora: We are having very good conversations. We have had some success, but it's only been three, or four months. We are confident that we will land this, but we have one, maybe two customers where we have the revenue that you are seeing in the Q1 results, but it's tiny. I would not make a big deal about it. So, yes, there are more things that are underway, but it has not shown up in the revenue yet. B2B will be the most efficient part of AJE's growth beyond the current level.

Mahesh B: Given that you are tracking a USD 20 million run rate proxy, what is the organic growth for AJE-related services that you see in FY '26 and beyond?

Rahul Arora: Similar, 10%-12%, as expected in other parts of our business.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Rahul Arora for closing comments.

Rahul Arora: Thank you, everyone, for your active participation as every time in our earnings call. We appreciate all your questions. They help us to learn and improve. I also want to thank all the stakeholders for their continued support and respect. Please do keep making your suggestions and recommendations. They help us. Our journey together has been remarkable, and we look forward to taking this forward as well. Again, I look forward to your continued support, your wonderful 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, and you may now disconnect your lines.