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Date: 22 May 2025

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 Audited Financial Results of the Company for the Fourth Quarter and Financial Year ended 31 March 2025.

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 Friday, 16 May 2025, at 07:30 P.M. (IST), inter-alia on the Audited Financial Results of the Company for the Fourth Quarter and Financial Year ended 31 March 2025.

This is for your information and record.

Yours Faithfully,
For **MPS Limited**

Raman Sapra
Digitally signed by Raman Sapra
Date: 2025.05.22 20:21:20 +05'30'

Raman Sapra
Company Secretary and Compliance Officer

Encl: As Above

"MPS Limited Q4 FY '25 Earnings Conference Call"

May 16, 2025

MANAGEMENT: MR. RAHUL ARORA - CHAIRMAN AND CHIEF EXECUTIVE OFFICER
MS. PRARTHANA AGARWAL - CHIEF FINANCIAL OFFICER
MR. DAVID GOODMAN - CHIEF GROWTH OFFICER
MS. ARCHANA JAYARAJ - CHIEF OPERATING OFFICER, MPS INTERACTIVE AND MPS EUROPA
MR. V NARENDRA KUMAR – CHIEF TECHNOLOGY OFFICER

Moderator: Ladies and Gentlemen, good day and welcome to the Q4 FY'25 Earnings Call of MPS Limited.

As a reminder, all participants' 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 '*' then '0' on your touch-tone phone. Please note that this conference has been recorded.

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

Rahul Arora: Thank you. Good evening from Zurich, and a warm welcome to our Q4 and FY '25 Earnings Call.

Today on the call, I have with me: Prarthana Agarwal - CFO; David Goodman- Chief Growth Officer; Archana Jayaraj - Chief Operating Officer; and Naren Kumar - CTO.

Prarthana joins us from our corporate office in Noida; David from Austin, Texas; Archana from Chennai, India; and Naren from Bengaluru, India. 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. Archana will discuss the progress in our eLearning Business. Next, Naren will follow up on our platform business updates. 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. MPS closed FY'25 with 32.7% and 24.1% year-on-year growth in FX-adjusted revenue and EBITDA terms, respectively. We achieved a new scale of INR 726.89 crores in revenue from operations and INR 210.9 crores in EBITDA. The scale-up was largely due to the acquisition of AJE, supported by robust growth in the journals business and a recovery in the OWL Learning portfolio.

Q4 was a strong close to FY'25. We recorded revenue of INR 182.2 crores on an FX-adjusted basis, representing 21.69% year-on-year growth. EBITDA margins improved to 30.76% in Q4 FY '25 and overall EBITDA grew by 30.99% in Q4 FY'25 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 our journey in 2012.
2. In line with our strategic interests, 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 our consolidated revenue.

I would now like to hand over to David to discuss the developments of our Content Solutions business.

David Goodman: Thanks, Prarthana. The Content Solutions segment recorded remarkable growth, with revenue soaring by 30.5% in Q4 and an impressive 34.4% for the entire fiscal year of 2025. This extraordinary success is driven by the strategic acquisition of AJE, coupled with outstanding performance from our established Journal business and a cutting-edge approach to developing engaging and interactive learning products for the Education market.

The expansion of the Journal Editorial Office (JEO) and Peer Review solutions in FY'25 is propelling our momentum to unprecedented heights. Our collaborations with leading academic publishers are not just exceeding growth targets; they are elevating our positioning in the Research marketplace. Through pioneering efficiency projects that leverage machine learning and advanced workflow strategies, we are redefining the future of Research Solutions.

In the rapidly evolving Education business, now branded as OWL-Learning, the infusion of new high-profile clients and a robust pipeline underscores our relentless pursuit of excellence. This impressive growth is driven by strategic collaborations with top-tier educational platforms, continuing education institutes, and globally recognized learning companies.

The extraordinary turnaround of AJE showcases our unparalleled ability to transform and lead within the industry. AJE achieved an EBITDA margin of 21.7% in FY'25, far surpassing expectations. This is not merely a turnaround; it is a powerful testament to our vision and execution, even in the face of initial challenges.

Our trajectory is bold and inspiring, positioning us as trailblazers in the markets we dominate.

I would like to hand it over to Archana to discuss the impressive progress made in our eLearning business.

Archana Jayaraj: Thanks, David. In FY'25, our eLearning division showcased remarkable resilience and strategic execution, culminating in a strong finish with margins significantly improving to 20.93% in Q4. Our Operations division have transformed and been restructured. This bold move has enhanced our speed, efficiency, and accountability, setting a new standard for operational agility.

We have streamlined workflows, embedded checkpoints, and conducted targeted audits with a focus on user-centered design, delivering exceptional quality for clients in sectors ranging from manufacturing to education. Our innovative reuse strategies, resource optimization, and tech-enabled content co-creation have revolutionized bulk development, allowing us to deliver high-volume projects at unprecedented speeds and quality.

Furthermore, our personalized solutions, integrating adaptive learning into pre-sales pitches, are addressing a wide spectrum of client needs, from basic proficiencies to complex learner diversity, positioning us as pioneers in customized learning experiences.

Our strategic initiatives are paving the way for future growth. Early signs of success are now evident, including collaborations with a major Australian retailer through a strategic AI partnership and an invitation to join a prestigious conglomerate supplier panel, which is proof of growing influence. Together, these achievements create a compelling picture of resilience, innovation, and strategic foresight.

We are not just responding to market challenges, we are transforming them into opportunities. Setting new standards and delivering value at every turn. Our bold initiative and relentless pursuit of excellence inspires confidence that we will continue to lead and thrive in the evolving landscape.

I would like to hand it over to Naren to discuss the developments in the Platform business, branded as HighWire.

Narendra Kumar: Thank you. The growth of our Platform business has been nothing short of extraordinary, driven by the transformative acquisition of AJE. This strategic move has propelled revenue growth by an impressive 39.3% in Q4 and a staggering 67.4% for the full fiscal year 2025 compared to the previous year. Such remarkable figures underscore our relentless pursuit of innovation and market leadership.

Elevated interest in our flagship HighWire platform has generated a surge in requests for information and proposals, particularly fueled by the buzz around DigiCore Pro, positioning us as an industry front-runner and a prime contender for critical digital initiatives.

Our Research Solutions division is now functioning more cohesively than ever, fostering a collaborative environment that provides a comprehensive understanding of how our platforms integrate into the broader research and publishing ecosystem. This synergy is especially evident within MPS Labs, where cross-divisional collaboration enhances our strategic insights and client delivery.

Furthermore, our strategic relationships are flourishing. Trusted partnerships with key accounts remain strong and are expanding, fueling a cycle of success and mutual growth. HighWire has established itself as a go-to organization for industry initiatives, offering unparalleled visibility, insider access, and unwavering client advocacy.

These achievements not only reinforce our position as a top-tier player in the digital publishing and research technology landscape but also excite confidence in our future trajectory as we continue to innovate, expand, and lead the market with boldness and purpose.

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

Rahul Arora: Thanks, Naren, and thank you for the comprehensive update. Scaling and digitally executing a well-thought-through and tested, installed growth strategy continues to deliver strong business results. Our five-pronged approach has powered the recent momentum, which includes a revised GTM strategy, a stronger emphasis on star accounts, including cross-selling and up-selling, 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 Board outcomes, I am pleased to share that on the robust earnings growth in FY'25, the Board of Directors has recommended a final dividend of INR 50 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 imminent use of those funds over the next 6 to 12 months. This approach has allowed us to stay focused, disciplined, and responsible. Our acquisition approach continues and is now focused on acquiring healthy and growing assets, albeit at compelling valuations and significantly enhanced shareholder value.

Let us now open the call to questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Mahesh, who is an investor. Please go ahead.

Mahesh: My first question is regarding funding acquisitions. In the past, management had articulated that the acquisition should be funded by internal resources, debt, and equity in that order. How should shareholders read into the recent resolution for fundraising through QIP?

Rahul Arora: As you rightly pointed out, that is the correct sequence, and equity is going to be the last resort. I would not delve too deep and worry about the enabling resolution that we have gathered.

Essentially, what we have done is armed ourselves with an enabling resolution if an extraordinary opportunity presents itself. What would that extra opportunity look like?

1. If in one shot, we can scale MPS to Vision 2027, and we are a year or two ahead of schedule through an acquisition which is of unprecedented scale, strategic fit and capability expansion, of course acquired at a compelling price. This type of acquisition would require a size anything between INR 300 crores to INR 700 crores, which means that the internal accruals, existing cash reserves, and the debt we are comfortable with are not enough.

2. So, at this point, we are not seeing this kind of opportunity play out for us in the near-term. But we have armed ourselves because the market is seeing a lot of consolidation. If we see something, we want to jump at that opportunity and not have to struggle to find financing for that course.

3. We have been periodically and repeatedly approached by some very high-quality institutional investors who expressed a desire to enter MPS but couldn't seem to find any liquidity. So, to solve for that, QIP could be a potential solution. We also know that the Promoter group is extremely bullish on MPS and has no desire to dilute its position anyway before FY'28 because of the bold Vision that has been set. A possible win-win option is that, if MPS finds a massive opportunity where we have to write a cheque size, for example, of INR 500 crores, then we are able to conclude the opportunity, and a pool of high-quality institutional investors can also enter the capital.

4. Finally, the resolution, while it may or may not be used unless there is an extraordinary event, it does allow us to sit at a different kind of table where we can pursue large deals and opportunities because at that table, you need to show your source of financing and source of funds. We have opened a new world of scaled acquisitions to MPS. We don't have any large bites to take on right now, but at least we now have a seat at the table with this resolution.

Mahesh: My second question is on margins. What could be the impact on margins in any of the verticals that you operate in the medium to long term because of AI? And have you experienced any changes in the conversations with your clients so far?

Rahul Arora: I will talk a little bit about the conversations we are having with our customers as well as the impact of AI on margins. And then specifically for eLearning, I would like to bring Archana to talk about, because in that space, we are seeing some very significant gains in the coming months and quarters. So, I would like her to specifically speak about eLearning.

Overall, we have seen AI being an enabler of margin expansion. Already in the Research business for many years now through machine learning, we have been seeing significant improvements, and we always share those benefits with our customers.

You can't implement AI or ML in isolation. You need to collaborate with your customer, which means that they must do certain things on their end for the technology to make sense. And we must then, of course, unlock that for them and configure the technology for them. It ends up happening in deep collaboration. It starts with a conversation, a pitch, and the benefits are communicated. And usually, benefits are shared equally between the customer and us. Within the scientific world and the research world, we have done this time and time again, which has meant vendor consolidation, increased volumes, higher share of wallet for MPS. So, we end up producing more volumes, and margins also expand. Most conversations that we have around volume expansion and business expansion today are around AI. I can't think of a single customer meeting where we don't talk about AI. That's how focused it's become.

Having said that, the highest impact that we see potentially from an incremental standpoint is probably going to be in the Education business and the Corporate Learning business. And the reason I say that is the penetration right now has been low. And for the Education side, I will call on David to talk about some of the opportunities he has seen with AI from a revenue standpoint. But from a margin expansion standpoint, it will be useful for Archana to describe what's happening in Corporate Learning world and how you see margin expansion.

Archana Jayaraj: In continuation of the point on AI, we are seeing a lot of productivity gains because of content development or even the delivery process itself. We have started incorporating AI in terms of intelligent automation or adaptive design, and even reuse strategies for that matter. We can pass on these benefits and compress timelines for our customers and reduce manual effort, and maintain consistent quality, and all of this put together has resulted in improved margins overall.

Rahul Arora: Thanks, Archana. David, I know we have spoken about the margin benefits. Could you also talk about the revenue opportunities with AI?

David Goodman: In our markets, we are leaders in AI, and we see that unlocking a lot of new revenue streams, positioning us at the forefront of industry transformation. With our advanced AI capabilities, we are expanding into high-growth areas such as accessibility, real-time translation, intelligent language editing, and content generation.

Just a couple of examples. We were selected as the primary translation vendor for one of the world's largest education companies, thanks to our ability to dramatically improve turnaround times, reduce costs through AI-powered workflows. We have also secured major contracts with several high-profile Research companies seeking to rapidly meet the upcoming accessibility requirements.

Our AI-driven solutions allowed us to deliver faster, more cost-effective services than traditional providers. These wins are validating our technology leadership but also demonstrating the growing demand for these AI-enabled solutions, positioning us to capture new customers, deepen client relationships, and drive sustainable top-line growth.

Mahesh: You mentioned so many changes in eLearning because of AI. Have you made any changes to the acquisition playbook, especially for eLearning?

Rahul Arora: Yes, not just eLearning. In general, we have modified our acquisition playbook. We are looking at targets where they are at least at some point in the journey towards adoption of AI and technical innovation, making sure that we get some strategic AI expertise. From a diligence standpoint, we are using advanced AI analytics to perform comprehensive market and financial evaluations to mitigate risk.

We are disciplined. If we find a deal where an acquisition target is not even thinking of AI, or we find that they are not evolving and will get disrupted, we just pull out from those types of conversations. So, we want to make sure that whatever we are adding to our portfolio is innovative, it's future-proof, and aligned with our overall growth strategy.

Finally, we are prioritizing acquisitions that are aligned with our vision of AI-enabled transformation, and if a target business lacks AI integration or shows signs of being vulnerable, we identify it as non-core. We are embedding AI at the core of our acquisition process and reinforcing our commitment to being the pioneer and leader in our space, not just in terms of innovation, but in terms of sustainable value creation for our customers.

Moderator: Our next question comes from the line of Vikas Mistry from Moonshot Ventures. Please go ahead.

Vikas Mistry: We are doing good from the acquisition standpoint, but our organic growth is still quite low. So, what are the reasons? And when we see Vision 2028, the 10% organic growth would be needed for that. So, how are we looking at it?

Rahul Arora: We have a defined go-to-market (GTM) strategy. We look at our research business, our education business, and our corporate business as a market. I will call on Archana to talk about the corporate business because that's where the softness has been in the past couple of quarters.

Research has been growing ever since the acquisition of HighWire. While our platform business did not take off after HighWire, as a result, our content business on the research side, started to significantly grow after the acquisition. The market is viewing us differently. So, on the research side, our content business has done well.

Similarly, on the education side, we had a strong FY'25, as David described in his opening remarks, which includes not just growth with existing customers, but the addition of high-profile net new customers. So, that business has also delivered strong organic growth.

We have had softness in the corporate side of our business in terms of organic growth, but we have seen significant margin expansion. Archana can weigh in on what she is expecting in terms of revenue growth and how that will play out over the next few months.

Archana Jayaraj: We have been seeing this period as a strategic transition that deliberately pays to drive long-term value. So, our focus was on margin expansion, and we have made strong headway because of the operational efficiencies and productivity enhancements that we have incorporated. We also see this trend continuing and improving in Q1. And we have made significant progress in terms of our product roadmap and AI leadership capabilities. We also see this translating into revenue expansion in the subsequent quarters.

There are some encouraging commercial signals that we have witnessed. For instance, we have had like a 16% increase in new logo wins in FY'25, which speaks to the market's confidence in our solutions. We have similarly seen a 41% increase in the average new deal size from the start of the year, from H1 to H2. And this again reflects our ability to move up the value chain and sell more strategic offerings.

The top line will reflect the tail end of the transition in Q1. The trajectory is very clear. We are building a leaner, smarter, future-ready business. And we are confident that Q2 will see a 20% revenue expansion.

Rahul Arora: Research has already been growing at double digits. Education, which was not growing, has grown at a double-digit rate for the first time in FY'25. And now the Corporate business now takes off from Q2 onward, as Archana described. At the core of this is also the structure of the business. The Research business has been significantly strengthened between the acquisitions of HighWire and AJE. The value proposition has been elevated to a new level where we may not be number one in terms of size today in this research segment, however, we are number one when it comes to value propositions and capabilities.

Similarly, on the education side, we might not be the number one in size, however, we are number one in capability and value proposition, getting there on scale. And on the corporate side, we have been in the phase of getting our act together on operational excellence. There has also been a lot of investment in products and new capabilities in Corporate Learning. In terms of those capabilities translating into revenue, that unlock begins from Q2 onward in terms of new products being delivered to the market and customers for those products, and so on. Two out of the three are already performing in terms of organic growth. And the third one will get unlocked in Q2 FY'26.

Vikas Mistry: We at least want to see organic growth also jumping from Q2 onwards. My second question is on AI. As the management team has shared that we have a very literate position in AI and all that. So, I want to go in-depth into it.

Are we using multi-AI, agentic orchestrations, or what are we doing? And we have seen that in AI, if you build capabilities, then the revenue growth cannot be exponential. It will be an impulse-like function because we have seen in other AI companies also. So, are we somewhere near that, or is it too far-fetched a situation that we are hoping from you? And can you elaborate something more on whatever the segment-specific AI capabilities that we have incorporated and how we are ensuring that the agility of the team will be such high that we will adapt everything at a very rapid pace?

Rahul Arora: I will let Naren talk about the technical aspects as the CTO, the technical aspects of MPS Labs, and AI. I will talk more about the business aspects. So, to begin, when this whole journey started, our innovation hub existed as a standalone team called Central Technology. And their brief was to enhance productivity and make sure that we are future-proofed as a business.

A few years ago, we rebranded as MPS Labs, where the mission kind of pivoted from not just a productivity driver, but also be a revenue driver for the business. And that pivot has been successful. As David pointed out, it's opened new revenue opportunities. We are now launching in FY'26 a Data and AI practice, which is going to be a profit center housed within MPS Labs.

So far, MPS Labs has been kind of a support function. We have allocated budgets and people towards this Data and AI practice, where instead of just supporting the business passively, the Data and AI practice goes to market as an independent practice selling Data and AI solutions. We are expecting that in the first year, the business will kind of break even on its own, on a standalone basis. Of course, we will continue to provide services to the rest of the business, but we are planning to launch this year.

The other impact that we have seen around MPS Labs, data and AI in general, is that the capability of the people who are working at MPS, is increasing. One is the the level of engineering has grown, but also the level of subject matter expertise has grown because now the people on the content side who are employed by MPS, their profile is also changing from BPO to KPO.

For example, we employ over 100 PhDs in the U.S. These are subject matter experts and academic editors who are essentially sitting in the content, helping improve the scientific integrity of the content and getting it ready to be published. We also have about 150 PhDs in India that are doing the same activity, of course, at lower cost for the customer, and a pipeline to grow that by 30%-40% over the year. The quality of workforce and the capability of the workforce are also transforming between the engineering piece, but also the scientific expertise within the company. That's the other knock-on effect that's happening.

Whether t is an exponential function or a pulse function; those are things time will tell us, but I believe that this new independent data and AI practice housed in the MPS Labs sets a new revenue stream for the company. Naren will describe MPS Labs in terms of the type of people we employ, the technical level of expertise, and how we are structured.

Narendra Kumar: MPS Labs, which is a very strong team of domain specialists, engineers, and a dedicated team of AI/ML. The AI/ML team has been further expanded by adding ML engineers and data scientists, as we are seeing a huge surge in all the use cases that we have been working on.

We have been working on various AI/ML use cases across the end-to-end workflows. These are in various areas related to, for example, content creation, image processing, accessibility, diversity and equity inclusion, content editing, and copywriting. These are some of the various areas where we have been working.

We are seeing efficiencies for some of these projects which have gone live, anywhere between 30% to 50% in certain areas of the implementations from a productivity perspective. The MPS Labs team and the AI/ML team are supported by a dedicated team of SMEs, like Rahul mentioned, which is called the Digital Quality Specialist team, which is working on various models for training the models, validating the datasets, and fine-tuning for further performance improvements.

Further, we have also been developing various automation tools around AI/ML for monitoring the model iterations, the training, and tracking the productivity and performance dashboards, which are also being developed. We are also constantly using this, where we showcase not only to our customers where we stand in terms of the performance and activity improvements, but also internally, we use this widely for tracking the entire progress of the AI/ML use cases.

Vikas Mistry: We hope that you continue to scale that well. And we hope that AI revenue streams should scale quite meaningfully. My last request from you, Rahul on capital allocation.

Vikas Mistry: My last request on capital allocation is that you mentioned that if there is a INR 400 crore to INR 700 crore acquisition, so we have already have some cash and then INR 200 crore will be the free cash we will be receiving almost every year, then please try to make sure that equity portions will be as minimal as possible. And that would be a request from our side.

Rahul Arora: In a small way, I also represent the Promoter group, so our interests are completely aligned. Equity is always expensive. Like I was explaining earlier, it's giving us a seat at a different kind of table. We have an enabling resolution to give us an entry ticket to pursue large acquisitions. We will only cash that ticket if we are unable to fund with internal accruals and INR 150 crores to INR 200 crores of debt. We are looking at up to INR300 crores on our own. Over that, we start to think about what we do to close this transaction. And again, that's an extraordinary event. But at least now we have that entry ticket.

Over the last decade, we have done well operationally is running a business that is grounded in the realities of operational excellence. The invisible hand has been our ability to allocate capital. Our discipline on capital allocation has been the strongest differentiator for MPS as we have scaled the business. Rest assured, in our thinking, we are completely aligned.

Vikas Mistry: Thanks, Rahul, for that. And it reaffirms our confidence in you.

Moderator: Our next question comes from the line of Darshit Surti from Girik Capital. Please go ahead.

Darshit Surti: I just wanted to know if there are any acquisition prospects or acquisition targets that you might have in mind? Or is there any visibility over that side since we have already taken the approval? That's my first question.

Rahul Arora: Like I said, those large ticket sizes that I described are not in play right now. Having said that, the standard deals that we have been doing over the last 12 odd years are always eminent. We tend to do one or two acquisitions every year. You can expect that kind of run rate in FY'26 as well. Very much part of the overall growth plan. Look forward to making some of those announcements through the course of the year.

Darshit Surti: So, these acquisitions won't require equity fundraising.

Rahul Arora: Correct.

Moderator: Our next question comes from the line of Krushi Pare from BugleRock PMS. Please go ahead.

Krushi Pare: My first question is on the sales growth trajectory for the eLearning business. We have seen a deep growth over here. Though on the good side, the margins have been improving on this. But can you help us understand that we have been having a good pipeline on the eLearning side, last call? I recall that we were piloting with about 15 odd customers over here. So, how is this trajectory likely to shape up going forward, and also the reason for why has the trajectory been like this for this quarter?

Rahul Arora: I will let Archana describe why it's been slower on the eLearning side. But, like you rightly pointed out, the trajectory has been margin expansion, and you have seen that through the quarters. That trajectory also plays out as we move from Q4 FY'25 to Q1 FY'26. As Archana described, there is a lift on the revenue side from Q2 FY'26 onwards, which is a couple of months away. So, that takeoff is imminent. They have formal commitments and can see it. Archana, please describe why it has been slower than what you expected.

Archana Jayaraj: We had new logos come in last year. The number of new logos increased which I mentioned earlier in the call as well. We had, in fact, a 16% increase in the total number of new logos in FY'25. We saw the average deal size go up. These are the strong indicators that we see a strong pipeline going forward as well.

We have been deliberately focusing on operational efficiency because we do believe that this would be a key contributor, not just in terms of reducing the turnaround times, but also in enabling higher client satisfaction. And the fact that we have a long list of global enterprise clients who are trusting us stands testament to this. We are at the final consolidation stage. And therefore, the trend of margin expansion would also continue well into Q1. And from Q2, we would be seeing the 20% revenue expansion.

Rahul Arora: Adding to that, some of the solutions that we are pitching now are more complex compared to the kind of work that we used to do. As a result, there is a lot more iterative testing and pilots. Customers tend to be risk averse as average deal sizes have gone up. The reason the average deal size has gone up is because the solution is also more complex, that could potentially be a more academic answer to be one of the reasons why it's been slower than what we expected. But having said that, Q2 is 6 weeks away.

Krushi Pare: So, basically, we can expect the delivery of these projects Q2 onwards, largely speaking.

Rahul Arora: Correct.

Krushi Pare: My second question is that we have been mentioning the market size of about 600 billion across our capabilities. I want to understand, given our capabilities currently, how much of this is tappable by us now? And how is the competitive scenario in this arena shaping up? How strong or weak are the competitors over here?

Rahul Arora: When we started this journey, our largest competitor was about USD 150 million in revenue; now they are closer to USD 400 million and are possibly gunning for USD 500 million. It is difficult to assess what share of this large USD 600 Billion we can capture. Our first goal would be to at least get to that INR 1,500 crores revenue by FY'28. Then is another strategy reset for the next scale-up.

From my perspective, when you have a blue ocean of USD 600 billion and the largest competitor is less than USD 500 Million, there is enough for everybody. Our focus is what can be our level-up, making sure that as we scale up, we continue to allocate capital efficiently. We don't want to do any lazy acquisitions. We continue to invest in the business, which is also equally important. We are in our lane and we feel comfortable saying that INR 1,500 crores in Revenue in FY'28 is achievable.

Krushi Pare: When we are talking about the size of the market, this includes the captive teams of the publishers and others as well, right?

Rahul Arora: Yes, it includes the captives as well.

Krushi Pare: And how much of this would be something that would be either outsourced or provided by the outside organization?

Rahul Arora: There is not much research. You and I are dealing with the same challenge that this is not a space that has a bunch of industry reports and research. We are dealing with equally thin information. We are not modeling it probably the way you are. The key takeaway for us is that there is much of runway. And as operators of business, that's all we need. We don't need a definition of what the CAGR looks like, what the terminal growth looks like. For us as operators, our question is that is there sufficient white space and opportunity; and the answer is yes. And in terms of capabilities, I believe that we have broadly much of it already. Having said that, there is always room for improvement, and those fringe requirements are coming to attack.

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

Navid Virani: I have a couple of bookkeeping questions. First one, if I look at the operating cash flow for the year, I can see that a lot of cash is being stuck in working capital, which has impacted cash conversion. Can you give us some sense of where exactly this is getting stuck, and is this a one-off in nature, or is this something that is steady state?

Rahul Arora: I will give Prarthana a second to compute that and walk you through why there is a mismatch in the operating cash flow. Overall, if you look at our DSO, our DSO has been improving for quite some period. The last quarter we were at 51. And we had even touched 45 earlier in the FY, and this quarter our DSO is 53. Historically, we were always in the 60s. From that standpoint, it's improving. Now we have a B2C business as well, which is largely advances, so we feel comfortable that DSO should be somewhere in the 45, 46, 47 range. We have had a one-off in Q4 in terms of DSO, but maybe I will let Prarthana create the bridge around why the working capital is where it is, as well as how the DSO has behaved in Q4.

Prarthana Agarwal: Just to add, as Rahul mentioned, if you look at the last year, the DSO was around 67 days. And, with the change in the revenue mix, the DSO is down to around 53 days as of the March end. We had seen this in the good days of September, where the DSO was 44, and now this has come slightly up to 53.

When you say that the cash is stuck in working capital, if I look at the last year trend, the cash in working capital was anywhere between INR 60 crores to INR 70 crores. Currently, the DSO is 52, and certain efficiencies can be built in terms of a better DSO because of the change in revenue mix, which is roughly a 10 to 12 days. Considering a B2B business, that's the kind of working capital requirement that we would have on an ongoing basis, and whatever streamlining can be done in terms of efficiencies, we will do that.

But to answer your question, the only inefficiency that we have is a 10 to 12-day higher debtor days, which we will work upon, and we believe that this can be brought down.

If we look back at last year, we were carrying a lot of liabilities which were holdbacks for our last acquisition of AJE, which was completed on 29th February '24. So, there was a payment of around close to INR 40 crores, which was on this account, which has now been completely settled. So, that movement has happened from the liability side. Probably now, as it's increasing to that extent, that's why the number looks huge. Otherwise, other than the DSO improvement, I don't see any other movement there. From last year to this year, that one-off movement in the liability is on account of the holdback of the AJE acquisition, which was a cash-neutral transaction as far as MPS is concerned.

Navid Virani: Another bookkeeping question is pertaining to other expenses. If I look at the other expenses, both in Q4 as well as FY '25, I can see a steep rise in this number. So, can you just give us a chance as to what the items that are driving this rise, and can we expect operating level benefits because of this going forward as the business scales up?

Rahul Arora: There are parts of our business where we are trying to reduce the fixed cost. The fixed cost in our business is mostly employee expenses because the nature of the demand in terms of input that we are getting is a wide variety.

We have learned from Liberate and AJE, and competitors of AJE, that it is not the right method to drive margin expansion; our overall margins continue to expand. And one of the reasons we continue to expand is because we are embracing outsourcing, using contractors, and those kinds of levers to drive margin expansion.

There is a structural change in our operating model, which is why we are trying to embrace outsourcing and contractors in the business. Prarthana, would there be anything else in other expenses that I am missing besides outsourcing?

Prarthana Agarwal: If you are comparing the other expenses with last year, the major increase is on account of the acquisition of AJE and the Liberate, which is a full-year impact this year. Otherwise, if we see the other expenses excluding that, those are in line with the increase in revenue.

Navid Virani: In the initial remarks for the eLearning in a solution segment, you mentioned some collaboration in Australia, as well as I think somewhere else. Can you just give some more details around that?

Rahul Arora: I can't mention the name because they are covered by NDA. But essentially, what I can mention is that it is a strategic AI partnership. And then the other one is, we have been invited to join a supplier panel for a large conglomerate. Again, can't talk about who they are. It's empanelment onto the conglomerate supplier panel.

Moderator: Our next question comes from the line of Kiran from Tabletree Capital. Please go ahead.

Kiran: The AJE acquisition we did on 29 February 2024. AJE had revenues around $35 million, $33-35 million, which works out to around INR 250 crores, INR 300 crores. Now, given AJE is effective for the full year for FY'25, the difference in revenue between FY'25 and FY'24 on a consol basis that I am seeing is 725 minus 546, i.e., INR 179 crore. So, I am just not able to kind of place because we had only one month of AJE revenues to be recognized in FY'24.

Rahul Arora: AJE was a loss-making company. As we do in loss-making companies, we exited from a variety of customer contracts. That's why you also see that our other income has significantly increased this year. And the reason is that with some of the contracts, we had to walk away, and some of the contracts we had to renegotiate, and modify terms. AJE overall was a USD 20 million business in FY25. That is not the size that it was sold to us at nor is it the true size today, and that has been a very conscious strategy. When you are presented with a turn-down type of situation, the first thing you do is figure out what is profitable and what's not. And what's unprofitable, you exit. And that's what we have done. We have kind of gotten out of this whole, loss-making part of the business. It was never 35 million. It was in the mid to late 20s. But yes, we have exited some of the unprofitable aspects of the business.

Kiran: So, is it 20 million also? 20 million is about 160-170 crores.

Rahul Arora: No, I am ballparking there. It's not an exact number. We are unable to share the exact number for AJE because of the competitive nature of the B2C market.

Kiran: My broad question was, let's say AJE is somewhere in that range. We have just grown INR 179 crore in revenues from FY '24 to FY '25. AJE is most of it. So, have we grown organically?

Rahul Arora: The part of the business that's not grown is the Corporate business, which was the drag on the Revenues. But the other aspects, including the Research piece and the Education business, have grown.

Kiran: Okay, because the delta is only INR 179 crore. So, maybe I am not able to make sense of numbers. So, that's fine. So, that is one part of the question. The second part of the question is, over FY'26 and FY'27, what is the organic growth that you are targeting? Is it about a 15% year-on-year kind of thing? Or will we see a lower, higher number? Again, I am not looking for the exact numbers, but just your ballpark in terms of organic growth.

Rahul Arora: We are chasing a 10%-12% type of growth organically. And of course, Archana pointed out that corporate business may have some higher level of growth in the short term, but overall, 10%-12% organic growth is what we look to do in the business. And over and above that, we get inorganic growth, which gives us that other, the lift off to the larger size.

Moderator: Our next question comes from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Just wanted to understand from your next year perspective, is there any demand scenario kind of a challenge in some manner that we are seeing, given the research-specific or education-specific changes that have been announced in the U.S. market? And we also have good China business. So, anything related to that, given the challenges we are facing on the career side?

Rahul Arora: As of now, I have nothing to report in terms of any negativity on the demand side. Now, if that changes, of course, subsequently we will be the first ones to report it. But as of today, we don't see anything negative.

Rahul Jain: And also, if we see a trend towards the cost-saving side of resources, because what we are hearing from the management is a combination where either people are going for a pause, or they are doing a very, very large project to bring the cost down significantly. So, is there any unusual trend that you are seeing in the last few months? So, what we were seeing from diverse learning is that there is a pause that some of the members are seen on the outsourcing side, while some of the clients are doing the mega transformation in very, very large deals. So, we are hearing very large deals also. So, there are, our understanding is that some people are completely pausing to save the bill while some others are accelerating it because they want to bring the real cost savings. So, is there any usual trend you are seeing in terms of the size of a deal, either pause or acceleration in terms of sizing?

Rahul Arora: As Archana pointed out, the size of deals is growing. Also, transformation programs are being launched, and we tend to be in the top one or two companies that participate in these types of programs, but yes, the size of deals is also growing. Transitions are more rapid, and transformation programs are being discussed.

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

Gunit Singh: I have a couple of questions. So, do you have any conservative revenue guidance and PAT for FY'26?

My second question would be, we had an exhibition which got deferred a couple of quarters back, which had significant revenues. So, can you please give any updates on that?

Thirdly, I would just like to understand the perspective of the promoters. So, promoters are getting a lion's share of the dividend, which is about INR 140 CR. So, I would like to understand, would they be investing their money in MPS itself, or do they find any better opportunities to pay out that they are getting from these dividends? So, that's all from my side.

Rahul Arora: For the first question, we don't share forward-looking guidance. We articulated a vision for FY'28, and we are on track to meet that vision. On the question around the experience center business, we have completed Phase 1 of that business, which was the consulting phase regarding the design of the experience center. We are looking forward to learning more about the execution phase of that experience center. It's now not just one experience center. It's multiple experience centers. So, we are looking forward to learning from the customer in the coming weeks and months.

In terms of the Promoter group, I am unable to answer that question because it is a diverse setup. It's not an office I hold. I hold the office of MPS, and I am unable to answer the question about how the diverse Promoter group plans to allocate its capital.

Gunit Singh: All right. So, can you share some more details about the Experience Center? How much are we invested in that? I mean, what kind of capabilities does it have? How many exhibitions can we expect from it?

Rahul Arora: You are asking for competitive information. It's part of the bid process. It's hard for me to disclose individual proposals and bid details.

Moderator: Thank you. I would now like to hand the conference over to Mr. Rahul Arora for closing comments.

Rahul Arora: At MPS, we have demonstrated a strong track record of high capital efficiency and disciplined capital allocation over the last decade. Our growth has mostly been funded through internal accruals, and historically, the only time we raised primary capital was back in 2015 when we raised INR 150 crores through QIP. I would urge everyone to look at our track record.

The QIP resolution, as I described, is only for an extraordinary event. If we do end up proceeding in the next 6 to 12 months, we are very confident that we will allocate that capital efficiently and we will not return to the market for many years. That is my final comment on the QIP.

Thank you for your active participation. We appreciate all your thoughtful questions. Your perspective helps us learn and improve. And we want to thank you for your continued support and respect. As I shared previously, our journey together has indeed been remarkable. And there is a long road ahead to FY'28. And we have a tremendous opportunity to supercharge scale as we head there. I look forward to your continued support, feedback, and partnership mindset as we march towards 2028. Thank you so much.

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