

Date: June 14, 2022

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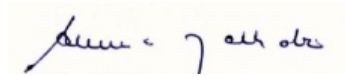
Sub.: Transcript of Investor Call held on Monday, June 06, 2022

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof), please find attached the transcript of the Investors Call, which was held on Monday, June 06, 2022, in regard to update on the acquisition of E.I. Private Limited. The audio recording of the Investors call along with the Transcript has been uploaded on the Company's website www.mpslimited.com.

Please take the above document on record

Yours faithfully,
For MPS Limited



Sunit Malhotra
CFO & Company Secretary

Enclosed: a/a

MPS

“MPS Limited - Update on Acquisition of E.I. Design
Pvt. Ltd. Conference Call”

June 6, 2022

MPS



**MANAGEMENT: MR. RAHUL ARORA – CHAIRMAN, & `MANAGING
DIRECTOR
MR. SUNIT MALHOTRA – CFO & COMPANY
SECRETARY**

Moderator: Ladies and gentlemen, good day and welcome to the Investors' Conference Call for an update on the acquisition of E.I. Design Pvt. Ltd. As a reminder, all participant lines will be in the listen-only mode. 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 touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Arora.

Rahul Arora: Good evening. A warm welcome to our Investor call that is focused on our eLearning business, with a strong emphasis acquisition of EI Design. I am current in Bengaluru at the EI offices and am spending all of this week with our teams here to jumpstart our coming together.

As you are aware, FY22 was a transformative year for our eLearning business. While our Revenue grew by **13.36 percent** in FY22 compared to the PY, PBT grew from a loss of **INR 3.74 crores** to **+ INR 13.10 crores** in FY22. The eLearning business has recovered and is now expected to contribute to Revenue and Profit growth significantly. On the Revenue side, our revenue quality has improved with an increasing trend in the proportion of recurring Revenue, premium solutions, and deeper client relationships. Our customer diversity is much healthier across all parameters, including geography, industry, and customer concentration. Apart from Revenue growth, the drivers of this margin expansion include cost arbitrage benefits from migration to lower-cost city centers, focused controls on productivity management, and a tighter discipline on expenses. At MPS Interactive India, the business exited FY22 with a whopping PBT margin of 35 percent. The margin expansion was no mean achievement and resulted from an excellent strategy, great execution, and super collaboration and teamwork.

The acquisition of EI Design further strengthens the inherent momentum in our eLearning business. We expect the current momentum of annual growth of 16-18 percent to be lifted even further and that too quite significantly. Also, we now have additional levers for margin expansion.

WHY EI Design?

OPERATIONAL EFFICIENCY | GEOGRAPHIC DIVERSITY | FINANCIAL STRENGTH

- The Pandemic redefined the path for the eLearning industry. What were previously headwinds transformed to tailwinds.
- Both EI and MPSi redefined themselves and used a global event that affected all equally to differentiate themselves from the competition.
- The result was healthier business parameters across the board – diversity of customers, revenue growth, and margin expansion powered by award-winning programs.
- EI brings Operational Efficiency. MPSi brings access to large opportunities.
- The combination will enable development of scale with efficiency.

What we are expecting in the short term?

- EI Design will offer the much-needed burst capacity for MPS Interactive to unlock its unprecedented Order Book and Pipeline. We will leverage the EI operating model, including eBridge, for such projects, and this phase will help develop the framework for the future of our eLearning operating model.
- MPS Interactive will offer EI Design's customers onshore support and help further develop and scale strategic customer partnerships.
- Consolidation of shared services, including Finance, Legal, HR, and Admin at the corporate level.
- Formulation of brand and marketing strategy for our eLearning business.
- Identification of growth levers, particularly in an upcoming recessionary environment. Innovative businesses tend to outperform the market in a downturn, and we will lead to capture this positioning.

What can we expect by early 2023?

- A new scale for our eLearning business ~USD 20 Million, which will grow at a organic CAGR of 20-25 percent.
- The rollout of the brand positioning and strategy that would have developed in 2022 via a comprehensive communication and marketing plan.
- Supported by an operating model that scales with efficiency and with a continuous improvement mindset.

What can we expect by 2027?

- A new scale for our eLearning business ~ USD 50 Million at expanded margins.
- A Revenue stream and business model that supports end-to-end L&D outsourcing via Managed Services model.
- This New model will be developed through a blend of organic and inorganic investments.
- A well-articulated path and strategy to scale our eLearning into Learning and Development Advisory and Performance Solutions business upward of USD 100 Million.

We can now open the call to questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: I wanted to know one thing. In the press release, they have stated that the rationale for them selling out is that they want to grow in Europe and North America and feet on street, but when we see their revenue, they're already one-third from US and Europe. So, can you elaborate what was the thing they wanted when already one-third is from US and one-third is from Europe? And how were they selling earlier because it is said that they want feet on street, so how did they get this one-third, one-third revenue if they don't have feet on street?

Rahul Arora:

Let me explain that. So, firstly I think what's happening in the eLearning industry is there's a consolidation taking place on the vendor side. Many stalwarts in the industry believe that this is going to go the big 4, big 5 way and in the next 3-4 years this market, which is highly fragmented today will be consolidated. Players like MPS of course will play the role of the consolidator and finally what you will see is a big 4 or a big 5 where instead of working on eLearning projects, these companies will be working on managed services model where the entire L&D function is essentially outsourced to these companies, so that's the macro. I think Asha and her management team of course understood that they had reached a certain scale as a business and for them to finally scale further they would have to be part of an organization like MPS that is an active consolidator and therefore this transaction took place and was envisioned. Furthermore, the one big difference between E.I's customer base and MPS customer base is firstly it's highly complementary. There is, with the exception of one or two customers, zero overlap between the E.I. customer base and the MPS Interactive customer base, but the second piece is that while they have been able to grow at 16% to 18% very predictively, their average ticket size per customer has been much lower than ours. To give you comparison, our largest customer is about \$1.5 to \$1.7 million revenue and their largest customer is between \$400,000 and \$500,000. What the feet on street does is it allows you to scale partnerships. While they made a very good entry point, our local operations in the US as well as in Germany and Switzerland will enable us to scale these partnerships further, so really get to a strategic level where outsourcing can be superior and also at a more significant scale, so that's one piece where it's giving them a method and a way to scale the customer base. Another factor to keep in mind is that while 40% of the revenue is North America, what's more standard in our space is that 60% to 70% typically tends to be North America. We've seen on the MPS side of the business, for example that we are about 65% so there is a definite play here on the North America side to increase business more at a macro level, less at a micro level. Secondly, for the existing European business that they have, through our 2 European subsidiaries, one in Germany and the other in Switzerland, we expect to then get these partnerships also at a more significant scale and also have them be more strategic. Asha is also retiring through this exercise. So, the management time of E.I. will continue under my leadership and Asha will be transitioning her role to me over the next 60 days. So, there is also that playing out, although that was not the core motivation here. There was also that factor where Asha was looking to retire. I hope that answers your question.

Himanshu Upadhyay:

So, the team that E.I. had, so that helps the promoter or let's say Asha Pandey, everybody else will be there with us. So, when she was selling, we're getting company at 5 to 5.5x price to earnings ratio, if I look at FY21, so do they get any ESOP's or something like that and is there something, which is still pending?

Rahul Arora:

No, there is nothing pending. As I mentioned, we've transitioned from acquiring distressed assets at distressed prices to acquiring growing assets at an attractive valuation. Just because we are acquiring growing assets doesn't mean we will overpay. MPS has always been known for its capital allocation skills. We will be efficient in our approach. This acquisition is our first small case study through which we want to demonstrate to ourselves that this is something that we can do proactively. We believe that given the growth momentum in the E.I. Design business, the fact

that they are growing at an average CAGR of 17% to 18%, and the fact that also their EBITDA margins are running north of 25%, we believe this to be a reasonably competitive purchase price. Because our acquisition strategy has changed from acquiring distressed assets to growing assets does not mean we will not be efficient as capital allocators.

Himanshu Upadhyay:

Okay and one last thing. In one of your last slides, E.I. Design go-to-market strategy, so there is this high-quality digital marketing content. So, they are into preparing the VR, AR and all that stuff and making training possible for the customer's. What does this last slide mean because what we understand is that they are preparing augmented reality and virtual reality training platform for corporates. What does the last thing mean? I am confused.

Rahul Arora:

I can take a stab at describing the E.I. business. The business has various facets. There is one facet where we provide learning consulting to help customers understand the gaps in their learning ecosystem and what needs to be done to address those gaps. The second thing that we do is once those gaps have been identified, we give them a proactive plan of how to transfer those gaps, and often we end up being executors of that solution map. Where we would begin is we would provide an end-to-end service where we would provide custom content. We would also help deliver some of the training. We would also provide the technology, the tools, and the platform to not only offer the training but monitor the training and also share analytics and insights on what's the ROI of the training, and then we also have lots of different things that go in between this end-to-end type of project scenario. On the E.I. side, E.I. is super strong on the learning consulting phase, which jumpstarts this process, and is super strong on the custom content development side. Like our publishing business, which uses a systems-based delivery model and a highly efficient operating model, E.I. also offers the same efficiency.

I think what we shared on previous calls and presentations is that we've been trying to unlock the synergies between our content business and our eLearning business, which was trying to bring the efficiencies from our content business into our eLearning business. I think the acquisition of E.I. allows us to bring in those efficiencies that have already been customized through the eLearning use case. So, instead of trying to configure and customize the content solutions use case in terms of automation and system-based delivery to eLearning, here, we already have a platform through which we can unlock the efficiency and the system-based delivery that we require. They're relatively agnostic in terms of the content they're delivering. They work across industries. In terms of the platforms they provide to as well, they're pretty agnostic where they deliver to not just learning platforms but also proprietary platforms, as well as some of the platforms that you described, such as A.R. and V.R.

Moderator:

Thank you. The next question is from the line of Vaibhav Badjatya from HNI Investment. Please go ahead.

Vaibhav Badjatya:

Just a point related to the previous discussion. This whole acquisition, what was the process? Is it like there were multiple people in the line and we ultimately ended up having the asset or it was just exclusive one-on-one discussion and we successfully completed that? How was the process driven in this case?

Rahul Arora:

The conversation with Asha and her team started in 2017 when MPS sought to diversify from the publishing business into corporate learning. I had reached out to the various promoters and entrepreneurs running eLearning businesses across the globe, in the US, Europe, and India, and that was the first time we connected with Asha back in 2017. There was a definite meeting of minds where we felt this could be an interesting 1+1 is greater than 2. The challenge at the time was the scale of the business. Then, this business was around \$2.5 million, if my memory serves me right, and for us, it was too small a size to enter a new adjacent market of corporate eLearning through an acquisition.

As I shared previously, we tend to have many acquisition targets in the pipeline at any given time, around 30 and at least a dozen that are active and at least half a dozen that are super active.

We felt we needed something meatier to make a profound and definitive entry. We then pursued several other options, and then suddenly, out of nowhere, Avendus Capital presented us with the opportunity of Tata Interactive Systems, which we completed in 2018. Since then, Asha and I have been in touch. Even during the transformation and turnaround of Tata Interactive, we exchanged notes, and sometime last year, we got talking again, and we felt that this could now be more meaningful because we had scaled the eLearning mountain. We had come a long way, and our eLearning business was looking profitable, also very-very attractive in terms of growth potential, and from Asha's perspective, she was looking for a good home for her people. So while there was a small investment bank that was involved in the process, it was a reasonably tight process where there was a definite meeting of minds between Asha and me, and we got along, and she felt MPS would be a wonderful home for her employees and also an excellent home for her customers. She was very comfortable with us. So, we've been in touch for over five years, but we got serious sometime in September. Then, we had to put the brakes on it because we were pursuing something more significant again, and then between February and March, it picked up again this year, and I think the overall process timeline started mid-February. It took us about 3 to 4 months to close the transaction. So, depending on what lens you are wearing, you could call this a 5-year timeline, you could call it a 1-year timeline, or you could call it a 4-month timeline, but a reasonably fast process.

Vaibhav Badjatya:

Asha and team had any competing offers or they just didn't have any? That's what I just wanted to understand.

Rahul Arora:

I am sure they had competing offers, but again for them, this was not about price. This was more about legacy and who would protect their legacy. I think they felt more comfortable with MPS protecting their legacy.

Vaibhav Badjatya:

Secondly, you've indicated fairly strong growth. Even last year, they have grown quite significantly. So, any project specific thing that is driving this growth?

Rahul Arora:

That's the part that gave us the most comfort: while in our eLearning business, 65% of our revenue or maybe north of that comes from the top 10, in Asha's business, it's less than 50%. The customer diversity is super high. Of course, there is a core customer base, and it has been

working with Asha and her team for over ten years, but there is extreme customer diversity and low customer concentration. Their big challenge has been how do you take \$300,000 customer to \$3 million. I think that's the piece that's been missing. It's not for lack of intent or lack of effort. Also, some of it is structural. When you have a large corporation, your spending often tends to have serious qualifiers. Given MPS' scale, our listed nature, and high corporate governance standards, we show up to a vendor empanelment with much more objective data that comfort the customer and provides the structural strength that MPS will bring. We believe that between our structural orientation and the feet on the street that Asha mentions, we should be able to scale many of our customers over the next year or so.

Vaibhav Badjatya:

Last question from my side. If you can through some more light, so Asha as you said is going to retire. So, in terms of what's the next plan for because they will not be working in this E.I. Design, so are you aware of what is the next plan.

Rahul Arora:

They are fully retired. There are no plans to start anything new. That's also been protected through non-competes, which are extensive and long-standing. Again, as I said, this was a unique situation where the promoters were looking to exit. Also, remember that the pandemic has made us think very differently regarding how we want to lead our lives and navigate our journey. I think some of that may have played in here.

From my perspective, I don't think this was about price or what's next for Asha. I think this was more about she had decided to retire. She felt this is a great business that I have built, and I need someone to take it to a different level, and I need someone to protect my legacy. We have a strong track record of doing that through our various acquisitions, from the MPS acquisition from Macmillan, the Tata Interactive acquisition from the Tata group or HighWire press from Stanford University, and AKKR. We've done an excellent job of ensuring that all of these businesses have scaled and grown. So, we would plan to continue to grow the E.I. business and invest, enhance, and increase the employee base over time. The theme here differs from our previous acquisitions, where we're chopping, changing, and trying to convert a distressed asset into a performing asset. Here, we're trying to scale a performing asset.

The challenge will be different. Purchase price tends to be a massive differentiator for us because in some of the distressed assets because we acquired them at a competitive price, it puts less pressure on the management team, and in this case as well, even though we have acquired a growing asset that's usually profitable, that pressure for the management team is reduced because of the lower competitive purchase price. So, from our perspective, we have a clear line of sight, and my job here is to make smiling faces smile wider versus previous challenges where I had to transform drooping shoulders into smiling faces. So, it's a very different challenge. I am sure there will be a lot of long hours, long weeks, and long months, but it will be more rewarding and fun because we are moving forward instead of trying to fix something completely. So, there's much opportunity at play here, and there are many vectors for growth. There are lots of new margin levers that we have acquired, levers that we did not possess. For four years, we have been talking about how we want to unlock the synergies between the content and eLearning

business. We have made ground, but nothing close to what we will achieve in the next year or so now that we have an operating system, an efficient operating model, is scalable, and is also super configurable to an eLearning business.

Vaibhav Badjatya: I must congratulate Rahul for this acquisition and particularly the price at which you have acquired. Repeatedly we have shown our great skill set acquiring good companies and integrating it well. So, congratulations for that.

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

Arjun Balakrishnan: My question has already been answered. I would like to congratulate Rahul and the team for a great acquisition and thanks for all the hard work.

Rahul Arora: Thank you so much. We look forward to all your support in the future as well. E.I. is our first acquisition, where we have acquired a growing company. We have acquired a company that is more profitable than our eLearning business. This is the first time we have acquired a more profitable business than us, and they are growing. So, there is a lot that we will learn from them. I am super excited about that; of course, this is not our only acquisition of this kind. We continue to have a very active pipe on acquisitions. I would go as far as to say that this is not our only acquisition of FY23, and I say that because when you are acquiring growth assets, it gives you more bandwidth to do more. This one is much smaller in size. We had redefined our strategy to acquire less than **\$10 million** in revenue. That was our redefined acquisition strategy. Despite being less than **\$10 million** in Revenue, E.I. was too good an opportunity to pass because first, it gave us a good case study to test a new acquisition strategy, and second, we saw many synergies, not just in the business itself, but in the spillover effect, it would have on other businesses.

Moderator: Thank you. The next question is from the line of Ayush Bansal from Emkay Global. Please go ahead.

Ayush Bansal: One question from my side, how have been the margins historically for E.I. Design and do you see the current level of margins to be sustainable in the future? Also, do you expect the acquisition to be margin and EPS accretive from year 1 onwards?

Rahul Arora: Yes, my understanding is that at least in the last 3 to 5 years, the business has never performed at lower than a 25% EBITDA margin. So, that's the lowest the company has been. In terms of margin expansion, I think our goal is to get MPS back to the margins we achieved several years ago. This acquisition is a step in that direction. I believe north of 30% is achievable in the next couple of quarters for our entire eLearning business, which is a significant margin expansion, and I expect that E.I. will lead that drive, and absolutely, I think this business will be margin and EPS accretive this year..

Moderator: Thank you. The next question is from the line of Keshav Garg from CCIPL. Please go ahead.

Keshav Garg: Many congratulations for this acquisition done at extremely attractive prices, but the price is so low and looks so attractive that the thought that comes to mind is that there must be some catch, but you clarified that there is no client concentration, so the risk of client attrition is also low. But since it is an IT company, so I'm assuming that predominantly the workforce must be the only main asset of the company. So, in that case, what are we doing to retain the team at E.I. Design?

Rahul Arora: Yes, there is no catch here. Sometimes in life, when you get a full toss, you have to hit it for a six. You can't be defensive. From my perspective, growth comes with optimism. We must move forward with optimism.

In terms of the cost structure, E.I. is very similar to MPS. It's mostly the people cost. The fundamental value that an MPS brings to E.I.'s employees is a path for growth in the company. I think what MPS has done overnight for all the employees at E.I. is giving them a powerful path towards growth because they have become a \$20 million eLearning company overnight. That in itself is a huge accomplishment. Think about this when working in a company that's in the Rs. 40 crores to Rs. 45 crores revenue range and overnight, you have more than tripled in size, a) the support, the infrastructure that would bring in play, and b) from a satisfaction standpoint, it probably alleviates a lot of the concerns you may have had to work for a smaller company.

The perspective here is apparent; my message this entire week has been that in this particular acquisition, there is probably more reverse learning where we will learn from E.I. versus E.I. learning from us. The team is entering a growing company, a larger company, but not only are you entering as someone helping build scale, but you are also entering as a change agent that will help the more extensive group be better at what they are doing. There are always financial incentives, which will not compromise the margin profile of the business, but again I see the financial piece as more of a responsibility that the company is delivering on versus an active reason for someone to think of a long-term career in the company. So, I think we addressed many things for the various employees of E.I. Design, and we look forward to learning from them and also having them add significant value to the company.

Keshav Garg: Sir, since it's a tiny top line company, so it's very much possible that it might have been a one-man show like the promoter must be playing outsized role and now with the promoter retiring, so you think that can that be some kind of an issue for us?

Rahul Arora: I think in any acquisition, there is a level of risk. The customer diversity here gives us much comfort. The other thing is, of course, this is not our first such moment. In almost every acquisition that we have done, when we acquired Element, the partners moved on. When we acquired EPS, the founders retired. When we acquired TSI, the owner retired, Mag+ and THINK were part of larger corporate structures, they wanted to divest, and their CEOs did not continue. In Tata Interactive, their CEO had retired two years before we acquired them, and HighWire, the CEO, did not continue. So, if I were to look at this in a very isolated way, is there a risk. Every acquisition brings its level of risk, but I think our experience over the past decade working with all these various acquisitions has given us the training and experience we need to navigate

this. We feel very comfortable navigating this, and to be completely candid, I share an exceptional relationship with Asha, and she has also assured me that while she is retiring, she is not moving from Bangalore, they are here, and if anytime I need access to her, I have it. So, I have that gentleman's promise as well. So, I feel very comfortable currently in this position.

Keshav Garg: Great sir and shareholders wish that you can continue to do such attractive acquisitions and best of luck for the future.

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

Rahul Jain: Just wanted to understand a little bit in terms of how one should see these numbers playing out in this acquisition in the near term as well as medium term? What kind of growth is sustainable, what are the synergies as you were highlighting in terms of how the client scale up can happen with MPS joining hand now and are there any potential revenue leakages just like it happens in some of the acquisition? So, any color on these things would be helpful.

Rahul Arora: Overall, like we prepare a conservative annual operating budget, so does E.I. Design, and they believe that in FY23, their line of sight is about **\$6.7 million** in yearly revenue. There are levers available that this could be \$7 million, but again in the annual operating budget, we don't put that in place. Of course, two months have gone. In April and May, E.I. Design was not under MPS ownership. So, we will have ten months of revenue, and you can expect a reasonably similar spread and significantly less seasonality in the business. We expect annualized revenue to be at a clip of \$6.7 million, which represents growth north of 18%. I think both companies are now growing at an 18% type of CAGR on a conservative basis. Once all the numbers are baked in after one year, we expect synergies to unlock and growth to be north of 20%, closer to 25% in revenue CAGR.

On the margins side, I think the eLearning business should operate north of 30% EBITDA margin. That is our goal, and potentially next year, even look at 35%, but again I want first to spend the next several months understanding what those levers are and how quickly they are unlocked because we want to make sure that we don't lose momentum as we try to unlock some of these levers. Regarding customer leakage, several rounds of communications between the customers and us on both sides, E.I. and MPS Interactive, have already gone out. We have only received congratulatory messages and some requests for information that we followed through with and have received confirmation and a positive affirmation. So, we do not expect any revenue leakage on either side. There are very minimal customer overlaps. We are working in different geographies with such customers. So, we don't have any sponsor overlap while we may have a customer overlap. Unlike some of the distressed assets that we have acquired previously, where we already know during the diligence phase that we are going to lose some customers and when discovered over the next 90-day period that this could potentially be even worse, we have not discovered anything in diligence in terms of customer leakage. And the experience in the first round of communications will, of course, continue to June, and July has so far been very positive.

Rahul Jain: And on the cost side, you said 30% margins, which you said for the combined eLearning practice or only for this business? And my back-of-the-envelope suggests they are currently around 35% EBITDA margin. Is that the right number?

Rahul Arora: Like I said I would feel more comfortable sharing that they have never performed lower than 25%. I would be more comfortable giving ranges rather than giving exact numbers.

Rahul Jain: And just for our modelling purpose, if you could give some of these data like duration for the amortization of this transaction value that we will be paying them, is it going to be amortized over 5 years, 7 years, any time frame?

Rahul Arora: That's something we are still working out. We don't have those details yet, but subsequently we will share it with you.

Rahul Jain: And any meaningful asset that we are going to carry or cash balances if any in the transaction?

Rahul Arora: No, this is an acquisition, as we always do on a cash-free, debt-free basis. So, it is based on normal working capital, and as someone earlier commented, this tends to be an asset-light business. So, fairly standard for the IT/ITES space.

Rahul Jain: And just last one if I may which is on the strategy side, I think you articulated in your Q4 earnings about this growth led acquisition and we did a very fantastic announcement just few days from that time and you are saying there are half a dozen in your pipeline as well. So, can we say that since there is a great change in thought process and we have a good pipeline, there is a new way we should overall project our growth rate for 3 to 5 years perspective for the consolidated MPS business because either mix itself is now much better with a much larger TAM from an organic growth perspective and with this kind of acquisition, which can add very incremental strong growth as well as earnings, so is there a new way to look at the potential growth rate for the business?

Rahul Arora: Absolutely. We will definitely quantify that in the next earnings call and I've already disclosed as a very small sneak preview of that, which is on the eLearning side of our business, we expect to be north of \$50 million by 2027.

Moderator: Thank you. The next question is from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.

Jyoti Singh: My question is, how it will add value in the growth and if you can quantify the growth from the acquisition perspective?

Rahul Arora: We have further strengthened a business that has momentum. Our eLearning business has had good growth momentum, both revenue and profits. From our perspective, this further adds more fuel to a growing piece to help us scale it. So, by 2027, we want to get north of \$50 million in the eLearning business. In terms of growth, we have already articulated that our team feels that

on the standalone eLearning business, we feel comfortable in the 16% to 18% range, closer to 18%. The E.I. Design team is already building conservative annual operating budgets of around 18%. So, we feel very comfortable that once this baseline is completed, we could be north of 20% and closer to 25% in terms of reliable organic revenue. Then, of course, we will continue to pursue inorganic opportunities as well; obviously, it is always difficult to project out inorganic. So, we have been conservative even to state the \$50 million.

Moderator: Thank you. The next question is from the line of Vaibhav Badjatya from HNI Investment. Please go ahead.

Vaibhav Badjatya: So, on the people side, do you think the people we have in E.I. Design, in terms of their background experience, significantly different from what we currently have in the eLearning business? That's question number 1, and secondly, in terms of the pay scale, do you think that there must be a revision in their pay scale to bring them up to our level?

Rahul Arora: I think there is a difference in terms of experience profile. E.I. is a younger company. While the company was established a while ago, true momentum has only been found in the last five years. So, from an employee base standpoint, they have only scaled over the previous three years. Total work experience and the number of years in the company are very different from our eLearning business, but what that does is it brings in a level of efficiency and fresh thinking that sometimes go amiss when you have been cruising along. So, for example, the E.I. team has adopted the agile way of working and some of the tested frameworks such as SAFe agile.

From an overall experience profile, there is a pretty significant difference in the number of years, but looking at it from an operations perspective, this provides us an additional level of efficiency and margin expansion. As we grow, we will have a higher proportion of fewer work experience employees, simply because this space is very fast-moving. So, we believe this to be a plus, not a negative, and in terms of the pay scale, of course, when you have fewer years of work experience and tend to be at least in the IT/ITES space, the cost seems to be lower.

It's a rapidly moving industry. There is change happening every day. There's new technology coming every day. There are more unique ways of working post the pandemic, especially with most employees working remotely. So, we expect that to happen even further. So, overall the margins will only improve. There is one lens on the number of years and another lens on the cost of living. On the MPS Interactive side, we are predominantly Mumbai based, which is one of the most expensive cities in India, and on the E.I. side, while we have over 170 employees, less than 50 are in Bangalore, lot of them are in Chennai, in Noida, in Pune, all parts of India. So, I think there is also a location aspect where a lot of the people are in the lower-cost cities. Between the work experience and where the people are based, I think that profile will evolve and is a new lever that we have unlocked through the acquisition of E.I.

Vaibhav Badjatya: And in terms of attrition, will their level of attrition pre our requisition is comparable to ours or there is a significant difference?

- Rahul Arora:** Yes, there is a significant difference. Their attrition is much lower than ours and the industry.
- Moderator:** Thank you. The next question is from the line of Darshan Chandra, an individual investor. Please go ahead.
- Darshan Chandra:** My question is on the recession talks in America, do you see any effect from our revenue and our operating profit margin for year from 2023 or 2024?
- Rahul Arora:** There is a macro and an MPS-specific way of assessing the impact. The macro component is that there is a recession coming. There is no shying away from that. Historically, we have seen that learning and development in corporates, and Higher Education in general, tend to have an inverse relationship. So, these sectors tend to do better in recessions and downturns, especially when the recession and downturns are not over-extended. So, we have to see whether that macro plays out or not this time around.
- We are not taking it for granted. I also believe that with every crisis, there is an opportunity, and as we saw in the Pandemic, where there was a considerable challenge that presented itself to our entire industry, MPS redefined itself. Our content business which we had given up in terms of growth, began a consistent growth journey of 10% to 12%. Similarly, our eLearning business went from being unprofitable to profitable. The same thing happened to E.I. during the Pandemic when businesses were re-imagined and redefined. So, from our perspective, innovative companies tend to outperform markets in such cycles.
- We consider ourselves an intelligent business, from experience and humility rather than anything else. So, we will work harder than anybody else to make sure that we overcome any challenges ahead of us. Also, from a margin perspective, these macro environments provide an opportunity to improve margins. Finally, they also offer the best time to acquire a business during the recession. So, this could potentially make MPS even more acquisitive during the recession. I am not saying that it will all be bright and rosy, but I feel more comfortable than most in the industry. Based on our track record, our strong balance sheet, and our experience in generally navigating such challenges and having an excellent team that has done this before, I am sure we will do it again. So, it's something that we all have to go through. I am not too concerned.
- Darshan Chandra:** So, here, or there 1% or 2%, but not more than that.
- Rahul Arora:** We will have to work harder to achieve the outcomes.
- Moderator:** Thank you. The next question is from the line of Sachin Motwani from Param Capital. Please go ahead.
- Sachin Motwani:** My first question is that since MPS Interactive has education publishers and corporate in terms of their customer base, I wanted to understand if E.I. Design would be more corporate-heavy relative to MPS eLearning vertical?

Rahul Arora: MPS Interactive does not work with publishers. MPSi works with institutions in the Education space. We're also trying to launch a new business unit that can configure this eLearning side for the publishing side. So, that is something we are launching this year, but E.I. Design's entire business is corporates. E.I. does have some universities as a customer, but it's not their core use case. So, while I want to say they are corporate only, they also have customers on the education side. But this E.I. is more corporate than education than MPS Interactive.

Sachin Motwani: Another was, a couple of quarters back on a call, one of the challenges on eLearning you had mentioned was the sales and marketing, the constant effort or the constant investment in sales and marketing. This acquisition, does that ease that requirement for you, and especially when you're talking about consolidation happening in the industry, do you see that also easing out?

Rahul Arora: Yes, it alleviates much pressure on the marketing side. Despite being smaller than us, E.I. Design, for example, has more LinkedIn followers and more published content that positions them as thought leaders. They have multiple of the qualified leads that we get in a week or month. So, it gives us a very robust marketing engine we did not previously possess. On the sales side, I think a lot of the sales were happening from India. So, I guess where the MPS incumbent team will bring in value is ensuring that the incumbent and the core customer base unlock it to their true potential. Also, as we are qualifying leads and converting them into opportunities and revenue, we are opening them to the correct scale and size versus just acquiring them at a small project price. I think what E.I. does is that it gives us a very robust and mature marketing engine that will enhance interest in the Company and its offerings. MPS will ensure that that interest is converted into serious revenue for the Company.

Sachin Motwani: And for EI, how long have their customers been with them?

Rahul Arora: The top 10 have mostly been above five years. The top 3, have a couple that have been there for more than a decade.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Rahul Arora for closing comments.

Rahul Arora: Thank you, everyone, for your warm messages and excellent feedback. We could not have made this possible without you. We are at the beginning of our growth journey. So, we are right at the start. E.I. is not our only acquisition of a growing business. We will continue to be acquisitive of growing companies. We expect to close at least one more acquisition in FY23. Reflecting on the acquisition, we have articulated our Vision for 2027 and Values. We will be furthering our existing values and leveraging our EEE values of Excellence, Efficiency, and Empathy to power forward with a new vision for 2027. My Vision for 2027 is to create a compelling learning company at a meaningful scale that helps the world learn smarter. We aspire to be the provider of choice in our markets that powers experiential learning experiences with the latest technology innovations.

I look forward to all your wonderful support. Thank you so much!



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