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Date: February 01, 2022

The Manager – Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	The Manager – Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
NSE Symbol: MPSLTD	**BSE Scrip Code:** 532440

Sub.: Transcript of Investor Call held on Tuesday, January 25, 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 Tuesday, January 25, 2022, post announcement of financial results of the Company for the quarter ended December 31, 2021. 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.

Thanking you,

Yours Sincerely,
For **MPS Limited**
sunit malhotra
Digitally signed by sunit malhotra
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Sunit Malhotra
Company Secretary

Enclosed: Transcript of Investors Call

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Corporate Identification Number: L22122TN1970PLC005795

"MPS Limited
Q3 FY2022 Earnings Conference Call"

January 25, 2022

MANAGEMENT: **MR. RAHUL ARORA - CHAIRMAN, CEO & MANAGING DIRECTOR – MPS LIMITED**
MR. RAJESH JUMANI - CHIEF REVENUE OFFICER – MPS INTERACTIVE SYSTEMS LIMITED
MS. ROBIN BLAKELY – CHIEF OPERATING OFFICER – MPS NORTH AMERICA LLC
MR. SUNIT MALHOTRA - COMPANY SECRETARY & LEGAL HEAD- MPS LIMITED
MR. RATISH SHARMA – CHIEF FINANCIAL OFFICER – MPS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the MPS Limited Q3 FY2022 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Arora, Chairman, Chief Executive Officer & Managing Director. Thank you and over to you Sir!

Rahul Arora: Thank you. Good morning, everyone from wintery, New York. I hope everyone is staying positive and testing negative. As we all deal with yet another wave of the Pandemic, let us hope that the opinions that this will now transition into an Endemic play out that way.

In our opening segment today, I will discuss our consolidated performance in Q3 FY22. Then Robin Blakely, Chief Operating Officer at MPS North America, will update us on what's new and relevant at the Educational Practice. Next, Rajesh Jumani, Chief Revenue Officer at MPS Interactive, will discuss the key drivers to our strong recovery in the eLearning business. Finally, I will provide updates on the Platform business before we open the call to questions.

Let's get going!

MPS recorded robust EPS growth in Q3 FY22. At INR 12.18 per share, we achieved over 23 percent growth in EPS against the same quarter last year! And while Q3 was modest in Revenues, this was expected due to continued decline in the HighWire business as we approach a consolidation phase in our Platform business. All other lines of business grew in Q3 and at excellent margins. Our eLearning business continues to build momentum, and margins continue to expand due to the HIGH operating leverage available. The Educational Practice continued its expansionary cycle, which began in FY21, and led the growth in the Content solutions business.

I would now like to hand it over to Robin to discuss this expansion.

Robin Blakely: Thanks Rahul. As Rahul noted, the Education Practice continues to enjoy a growth cycle. The first two-quarters of FY22 have been very strong for the Education Practice, and Q3 is following suit with revenue growth of 8% over the same quarter last year.

While demand for print production is declining, it is being replaced with an aggressive trend of more digitally-driven products, a higher value service. To take advantage of the surge, we're excited to be building out our education-focused India-based Digital Studio as part of MPS North America, which is set to launch with the new fiscal year. This team combines the expertise of our digital eLearning team and our Education team to focus exclusively on the unique needs of our educational publishing partners.

The Pandemic has resulted in an increased commitment to accessibility, Diversity & Inclusion with our customers. We have a strong global accessibility team that has seen impressive growth over the last year. Additionally, our staff is undergoing D&I certification and training by certified trainers.

We continue to gain momentum with key K-12 customers with significant opportunities on the horizon with upcoming state adoptions. And we are seeing record growth for our Higher Education content development team. That growth is occurring in both our standard broad offering of subject matter expertise and a concentrated demand for allied health and nursing content, which has resulted in the addition of an AH/Nursing specialist to our team who brings an extensive network of SMEs and client relationships. Our commitment to a global delivery model with strong day-to-day communication and knowledge transfer between onshore and offshore teams has enabled us to maintain a competitive advantage.

Over to you, Rajesh, to discuss what's new and relevant in eLearning.

Rajesh Jumani: Thanks, Robin. FY22 is turning out to be a recovery year for our eLearning business, and we are confident that FY23 will be a step-up for us. The recent growth is a higher revenue quality across various lenses, including diversity of customers, profitability, and, most importantly, customer impact. All growth metrics are at unprecedented levels, including an Order Book and Pipeline 25 percent above the three-year median.

The eLearning market is looking very positive and moving in the right direction. Specifically, after Covid hit us all, digitization of learning and training has gained more steam, and we've seen significant increases in L&D budgets across all geographies and industry verticals. One obvious need for all companies today is virtual and digital onboarding of new hires virtually and digitally. Employee retention will continue to be a big focus, and companies need more digital solutions for that too.

To enhance learner engagement, experiential learning formats such as games & gamification, simulations, AR-VR, etc., are becoming more popular. We have leveraged our strength and competitive edge in this zone by creating a new XR Optimus technology offering that will help organizations distribute and track their Extended Reality (XR) learning content in an easy, effective, and efficient manner.

We've seen increased demand and spending from our education customers to create high-quality instructional video-based content. Revenue from our Edu customers has grown by 200% in the current year. We have acquired new marquee logos in the corporate space and significantly increased our revenues from existing customers. A great example is PepsiCo, which we were servicing in North America, and now we have become one of the key preferred partners for the EMESA region and are implementing projects for them in South Africa, Europe, and the Middle East. MPSi has also acquired several prominent logos in the APAC region, including one of the largest insurance companies in Australia.

With reduced classroom interventions, leadership training has taken a back seat, and our business simulation product TOPSIM helps bridge that gap to create a pipeline of leaders in organizations by enabling simulated business environments and help "learning by doing."

That is all on E-Learning side, back to you Rahul.

Rahul Arora: Thanks, Jums. We are all elated with the progress in the eLearning business and are looking forward to a full year and seamless expansion in 2022 for all our eLearning business interests. Thanks, Robin, for sharing your valuable insights on how our Educational business has shaped into its new scale and, more importantly, is embracing Digital in the next growth phase.

Platforms' revenue declined in Q3 FY22 compared to last year's same period due to expected and continued customer off-boarding in HighWire. And while the absolute numbers reduced, margins were better than expected and ahead of last year. We expect this trend to continue into Q4 FY22 and arrive at a more stable revenue base for this business in Q1 FY23. Let us though take a minute to examine this from the overall perspective of our Acquisition playbook:

Step 1: Acquire distressed business at distress prices. Given that we expect the payback period to be less than three years and over 80 percent of the purchase price will be recovered by the end of this FY, this is our most successful acquisition since ADI acquired MPS.

Step 2: Stop the bleeding as soon as possible. It used to take us a year, with HighWire, we completed this during diligence and were profitable from the first month.

Step 3: Stabilize teams and client deliveries takes 18-24 months. With a high proportion of newly setup teams WFH, we will be within this range, though we could have been at the lower end of the spectrum without the Pandemic constraints.

Step 4: Achieve previous revenue peaks by unlocking synergies with other business units for core MPS customers. 36-48 months. Several growth initiatives are underway, and we are hopeful that we will be in the low-end of this range.

Step 5: Grow the Business to an unprecedented scale. 5th year onward, we will reassess the timeline in the third year. And while our Acquisition Playbook will see some modifications from 2022 onward, our latest acquisition of HighWire Press is on track to perfectly fit all the milestones of the current version of our Acquisition Strategy.

Let's now open the call to some questions that can help us be better at what we do.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Abhishek Jain from Arihant Capital. Please go ahead.

Abhishek Jain: Sir thank you for taking my question, I would like to know that, in the platform business, what exactly your outlook is there, are we bottoming out of margin and revenue growth and from next quarter onwards or maybe we are going to see a recovery going forward?

Rahul Arora: Yes, thank you for the question, as I was explaining in the opening remarks, the revenue decline will continue into Q4 and we expect the revenue to stabilize somewhat into Q1 of next financial year, as you will see our margins are expanding, at an aggregate platform level, we are now operating at 36% EBITDA margin and we will be more satisfied with 40% to 45% type of EBITDA margins for platform business.

Abhishek Jain: Sir, how you see next 2 years down the line what would be the segment wise, if you can throw some light and what is your outlook on education business?

Rahul Arora: I will cover this from two different lenses. One is based on our segments: content, E-learning, and platforms, and the second will be more outside-in (market view). This is how we approach the marketplace, which is corporate customers, educational customers, and scholarly customers. Moving segment by segment, we expect the content business to grow at double digits over the next couple of years. In Q3 of this financial year, we have seen a bit of a slowdown because we have had two large customers on our journal side of our business delay the transition of specific volumes. We now expect this to come into us in Q1 and Q2 of the next financial year. We expect on the content side for us to grow in double digits for the next couple of years, especially with the movement of this revenue (in the near term, possibly even higher). On the E-Learning side of our business, we do have a small base effect, so we are targeting anything between 15% and 20% growth for the next couple of years, and once we reach the old level of the Tata Interactive Group as they were, we expect that change to be more in the 10% to 15% range. So for the next 2 to 3 years, expect 15% to 20% type of growth in E-Learning and then to moderate after three years (when it comes to organic growth). We are also looking at inorganic growth, but all my commentary is on only the organic side. Moving onto the platform business, we expect basically to have a regular FY2023. We will be in another New Year for the HighWire acquisition, so the goal will be to maintain our level of scale. We are not expecting phenomenal growth within the platform segment for FY2023. In FY24 and FY25 onward, we expect 10% to 15% type of growth on the platform side. In summary, 10% to 15% increase in the content business, 15% to 20% growth in the E-Learning business, and after FY223 10% to 15% growth in the platform business.

Now looking at ourselves more market in versus segment out, we are working with three cohorts of customers - education, research, and corporate. We achieved a new scale over the last two-and-a-half years on the education side. We expect to continue that type of growth until we reach a market-leading revenue scale. We have good visibility for the next couple of years. Concerning our corporate customers again, because of the small base effect, we expect to be in the 15% to 20% range simply because we are trying to build back the business that we have acquired in the Tata Group. And finally on the research side of our business, while we expect revenue to grow at 7 to 8%, we expect margins to grow at a much higher because this business has the highest operating leverage, so that is how we see the visibility of the next 2 or 3 years, I hope that answers your question.

Abhishek Jain: Sir, on the HighWire side if you can throw some more light on this, what we have done in last 2 years and how typically you see going forward, what will be the strategy to growth from next year onwards?

Rahul Arora: Like we have seen in the past, acquisitions tend to follow a cycle. We acquired HighWire in July 2020, and we complete two years in July 2022. By this time, our typical expectation is that the business is profitable customers are happy so that when we pursue new customers, we can reference existing customers. And then, after two years, we enter into a phase where existing MPS customers start to consume the newly acquired businesses capabilities. That is the next phase that we are expecting, and some of our core MPS customers who have been working with us for over two decades will start to consume HighWire capabilities. And then, the next phase for us will be about how we expand our reach into the overall market and increase our market share. There is a lot of marketing effort that is going in to revive the HighWire brand and use the HighWire brand as the developed brand for our platform business. However, we are also looking to launch new products and refresh some existing products. To give you an example, we are looking at our entire submission/peer review and workflow cycle. We are planning to launch a new product for that in 2022. Then we are looking to refresh our offerings on the hosting side and the analytics side. Between new product development, mining MPS customers in the short term, and enhancing some of the existing product lines to exceed market expectations, we expect all these efforts to play out in terms of revenue in FY24. Of course, there is much activity already taking place. We are highly visible both in our branding and marketing exercises and partnering with industry bodies and associations.

Abhishek Jain: Sir, if you can throw some light because as per our discussion earlier on the call, you have earlier said you are looking for an acquisition in range of $10 million to $15 million, what kind of positions you are looking at and in which segment you are looking for it?

Rahul Arora: So far, all my commentary was pure organic, so when I gave you all the numbers on growth, that was not inorganic. On the inorganic side, on the acquisition side, we continue to be very active and we are looking at currently opportunities in the E-Learning space, we are looking at specific opportunities in the platform space, and we are also looking at new opportunities in new verticals, so specifically IT services as well as marketing communication, those are two new opportunities that we have identified in terms of expansion of verticals and so we are looking at opportunities there and we are looking to acquire businesses more in the range of upwards of $20 million in revenue, of course we are also getting opportunities sub 20 million. We will be more comfortable looking at businesses that are more than $20 million in revenue and the thinking behind that is reasonably straightforward. Over the last 7 to 8 years, what we have learned is that the effort that it takes to integrate a small company versus a medium-sized company is pretty much the same so might as well go for the higher return. We are modifying our acquisition playbook in terms of the quality of assets. We have achieved a certain level of scale now by acquiring the small- and medium-sized companies that have been distressed, and we have turned them around over five years. In the next phase, we do not want to lose momentum and continue to achieve scale, so we are looking at healthy businesses. Businesses that have some inherent financial strength. Businesses that have some intrinsic growth momentum versus businesses that are declining. So that is an edit in our acquisition playbook, but looking at both market adjacencies, existing market scale development, and looking at businesses that are ideally upwards of $20 million in revenue and have some inherent financial strength.

Abhishek Jain: Thank you.

Moderator: Thank you. The next question is from the line of CA Arun Maroti an Individual Investor. Please go ahead.

CA Arun Maroti: Thanks for the opportunity, Sir. Sir, I have a question related to the E-Learning business, what is your vision down the line, next 3 to 5 years for this particular revenue growth, we see that this is a very growing business and we can make a difference in the future, what is your thoughts about it?

Rahul Arora: I will request Rajesh Jumani, the Chief Revenue Officer of this business, to weigh in here, but I will get us going. The E-Learning business is the fastest-growing part of our business from my perspective. We want to make sure that we continue to build on our momentum. I believe the big vision will play out when we effectively answer how do we take a project-based business to a recurring and predictable business. A key trend for us is that instead of just looking at project-based and services-based revenue, how do we introduce products into our E-Learning portfolio. We already have existing products like TOPSIM, Jumani touched upon, and XR Optimus, which recently won a gold medal at Brandon Hall. How do we increase our proportion of product revenue versus services revenue, which is one key engine for recurring growth? The second piece for us is on the education side. How do we start working with educational institutions more directly in helping them create online learning programs versus having to go through an intermediary? This strategy has been a tremendous focus point for us over the last couple of years. During the previous six months, we have seen significant progress with some new revenue coming from educational customers. And thirdly, when we look at our corporate customer base rather than working with them on piecemeal projects, how do we take over the entire outsourcing on learning and development through Managed Services. I believe there is a three-pronged approach - creating more product revenue, providing more direct service to educational institutions, and developing Managed Services outsourcing programs as we have on the publishing side. We believe we can achieve this efficiently. Our relationships run very deep. Tata Interactive was the first E-Learning company to be founded in India, so there is a strong pedigree here. We believe we have the brand equity to leap in the marketplace. Today E-Learning is less than 20% of our revenue. I expect that as we grow, it will be closer to 40% of our revenue over the next five years. Jums, please give your thoughts and the vision.

Rajesh Jumani: Sure, thanks. Rahul has covered most of the things. I would add that many organizations and industry verticals were slightly lethargic in adopting E-Learning. The pandemic has forced everyone to go Digital as the way to move. Suddenly we are seeing a massive influx of capital being poured into L&D budgets, which was slightly lower till last year. This also enables us to look at higher value experience in learning solutions. Rahul touched upon XR Optimus. Simulations and gamification, which are high value and more impactful, are becoming more popular in the space. Rahul touched upon the three-pronged approach, and I would add a fourth one and say high value, hi-tech emerging technology products and solutions will help us go to the next level.

CA Arun Maroti: When the earlier speaker asked about when we have a good cash in hand in our books, after doing buyback also we are having ample cash in our balance sheet?

Rahul Arora: Yes.

CA Arun Maroti: So, when we talk about the acquisition, so I would like to know something more about that directly, what you are looking for in that particular thing?

Rahul Arora: Got it! I will explain where this is coming from. I will quickly touch upon our acquisition playbook. We are looking to acquire businesses over $20 million in revenue. This is a big change, and we are looking at the E-Learning business segment as a strong segment, as well as looking at the platform segments. Those are some of the sub-segments within which we are looking in acquisitions. Additionally, we are looking at two new verticals: marketing communications, a spin-off from our E-Learning business, and IT services, a spin-off from the platform business. We are looking at IT services specifically because we see a surge in demand for some of our existing customers as they deal with the Great resignation in IT. We should not mix this up with our platform business because a product-based business is structured in a certain way and works in a certain way. To address this need, we are currently exploring setting up a new IT services business that can service this problem that our customers are facing. We believe it is a significant problem, and given the diversity in the footprint that we have - operating across seven cities in India, three in Europe, and five in the US, we believe that we can take advantage of that diversity. For this strategy to be meaningful, we will probably address this as a starting point to acquisition rather than just setting it up slowly and organically.

CA Arun Maroti: That is helpful and could you say something about the timeline you are looking for that within this time we need to do this?

Rahul Arora: The timeline will have to be worked across the potential seller and us. It has to be a matching of both minds. We are active and have an efficient corporate development team from our perspective. And we have more than a dozen conversations that are in progress right now. And the run rate that we have had used to be at was about one acquisition a year. We want to sustain that run rate. Our last acquisition was in 2020, which was HighWire, the one before that was Tata Interactive. It was 2018. We would be very interested in getting something done in 2022 because we are behind our run rate of an acquisition a year.

CA Arun Maroti: Thank you, Sir. That is it from my side. Thank you very much.

Moderator: Thank you. The next question is from the line of Rishikesh Kale an Investor. Please go ahead.

Rishikesh Kale: Earlier like 4 to 5 years back before we started the acquisition process, our operating margins have touched up to 35%, since you have mentioned a lot of operating leverage and right now it is around 29%, do you think that we would someday in the near future touch that 35% benchmark of operating margins?

Rahul Arora: Absolutely and we have been moving steadily toward that goal. What has typically held us back is that one business unit or one business line has faltered. And then we are not able to achieve that combined goal. But now that all three lines of business are moving in harmony in terms of operating margin, we are hopeful that we can accomplish that goal in FY23 or latest, by FY24.

Rishikesh Kale: Sure, so we could look get around 12% growth rates for next year and a bit near 35% of approaching in operating margins?

Rahul Arora: Yes, that sounds right. Though, I would suggest looking at things segment-wise. Growth in content would be somewhere around 10% to 12%, E-Learning would be approximately 15% to 20%, and for FY2023, platforms will probably be flattish because we are trying to revive the HighWire. And then, from FY24 onward, you can expect HighWire growth to be between 10% to 15%.

Rishikesh Kale: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Naveen Bothra from Subh Labh Research. Please go ahead.

Naveen Bothra: Good evening. The question is regarding in the earlier couple of calls you talked about nonstrategic properties monetization…

Rahul Arora: I think the question was on non-strategic properties, could you just complete your question and I can answer?

Naveen Bothra: On the non-strategic monetization properties if you can cover some more light on that?

Rahul Arora: Sure, MPS does have real estate in Bengaluru. We have a property on Brigade Road, and we also have excess square footage available with us on Residency Road in Bengaluru. We are in the market for monetizing those properties, so any leads are most welcome. As we speak, we do not have any active interest from potential buyers or tenants in those properties, but we are working with some professional services firms to help us out. In addition to the properties that we own, we are reducing over time (I know this is not the question) our onshore and non-India-based footprint in terms of square footage. We can see some G&A costs reduced from FY23. We do not expect post-pandemic 100% of our employees to come back into offices, and we expect a much less ratio, possibly 70% working from the office. These are average numbers in some cities, and they may be more exaggerated cities like Mumbai, for example, where things are congested, and the commute times are much more significant. On the non-strategic property in Bengaluru looking to divest, any leads are welcome, and on the rented square footage, we are looking to drastically reduce whatever we do have over the next couple of years starting FY2023.

Naveen Bothra: Thank you, and another question is about the capital allocation policy. Overall we will be having healthy cash flow and next year we will be generating good cash also. If you can throw more light on the capital allocation policy? On the buyback if you can throw more light?

Rahul Arora: Yes, if you observe the last three years, we have had a reasonably generous redistribution policy. We had a big dividend in our 50th year, marking our 50th fiftieth anniversary. After that, our first buyback was oversubscribed by five times. And we are now in our second buyback. From the way we look at this is from an inorganic perspective; I have already laid out the parameters. We are looking at businesses upwards of $20 million in revenue, and we are no longer looking at declining or distressed companies. This approach will require a certain amount of capital. The first variable that we look at is how we reinvest and grow the business. And then, once we have concluded that, we then, as a Board, will assess the amount that we want to distribute. We have a strong track record that speaks for itself. We expect to maintain that track record, and whatever excess cash available in the business will be redistributed. Now dividend versus buyback will be discussed at the board level at an appropriate time and venue, but we investigate basically redistributing profits in the most efficient way possible for our shareholders.

Naveen Bothra: You want to setup an IT services so it will require quite good sum of money so are we taking some debt this type of acquisition because IT services investment is quite high these days, what is your thought about the money for IT service setup, which you want to setup?

Rahul Arora: We are looking at three types of acquisitions - existing business, E-Learning and platforms, and marketing communications or IT services. It all depends on what lines up most efficiently. We will approach the path depending on where we see the highest growth possible. From an investment standpoint, we believe that the business has sufficient cash to deploy. In terms of any land, IT services are very capital-light. We are looking to approach it through acquisition, not necessarily setting up facilities. We do not expect any additional capital raising requirement at this point. If a meaty investment presents itself, we are open to looking at financing options as we have a solid balance sheet.

Naveen Bothra: Thank you very much.

Moderator: Thank you. The next question is from the line of Sachit Motwani from Param Capital. Please go ahead.

Sachit Motwani: Rahul, first question is what else changed in terms of platform business because I think like two quarters back platform business should stabilize this yearend financial year 2022 and then FY2023 should be a growth year so anything that has happened particularly in the HighWire business. So if you can elaborate on that? Then I believe HighWire when you acquired it was somewhere around $14 million to $15 million revenue, so at what level do you think that it will bottom out. Third question is on the E-Learning front, you mentioned that the order book of your E-Learning business is 25% more than the 3 years median order book, so can you throw some qualitative colour on that order book what kind of deal size is typically happening?

Rahul Arora: Sachit, I will answer the first two questions, and I will bring in Rajesh Jumani, who is Chief Revenue Officer of E-Learning business, to answer more on the finer aspects of our order book and how is order book suddenly growing on the E-Learning side. On the platform business, nothing has changed. I think what has happened is that we acquired a company that had a run rate of USD 16 million, and within the first six months, that business has contracted to a run rate of USD 11 million. I am talking about annualized revenue. Our first step is to make sure that the USD 11 million that we do have is stable. The next step would be to grow the 11 million back to the 16 million. All the customers that had to exit have informed us. Typically, it takes 12 to 18 months for a customer to leave, and that is what is playing out here: with every quarter, customers are off boarding. We expect all the off boarding to be complete by the end of next quarter. And then when we project that out for next year because the base has the customers that have left, the guidance is more specifically for FY2023 which is flattish. In my view, it will be an achievement given that we have lost so much revenue. And yes, the USD 11 million estimates itself is a pessimistic view.

Sachit Motwani: The other question on the E-Learning business?

Rahul Arora: Over to you, Jumani!

Rajesh Jumani: Thank you, Rahul. Great question. One of the things we are seeing is that the deal sizes are much larger now where companies are willing to commit more significant numbers. L&D budgets are growing, and many people have now understood that this is a must-have. So the deal sizes are growing. What we are also seeing is from a project-based business this is getting into many customers are moving into annuity contracts with us where they are willing to come much larger numbers defining rate cards at the beginning of the year and showing us volumes for the entire year, which is becoming more significant deals for us again in the corporate space. One quick thing I touched upon in the commentary was on the education side. Historically, the education business is always much larger because that is a business where the educational institutes get money from the students, so they are happy to spend initially on much larger deals. The education business has grown and is growing faster than the previous year. We had 200% growth in the current year from last year, which continues to be the trend moving forward. Some of these factors have certainly helped us look at this business much more positively. And like I said, the spending has continued to grow in the future.

Rahul Arora: One more point I like to add, Sachit, is that the concentration of Revenue has also reduced in the business for a moment. The top 10 accounts in the E-Learning business were at 70% of Revenue, which is not a good sign. You usually want to be less than 50% or somewhere around 50%. We are back in that sweet spot again. I think also that is the other thing that is playing out is the significant concentration we had in the E-Learning side with the few customers that have become more diversified as we onboarded the new logos that we have discussed.

Sachit Motwani: Also one more question was on the decline in the employee cost, when we look at other IT companies services our products which we are rising employee cost, here we are seeing a decline, so was it again driven by your platforms in HighWire business, so that where the margin jump is very significant?

Rahul Arora: I would say bulk of that is HighWire because you have a country-based wage arbitrage that is taking place. Most of the resources were in the US and UK. The engineering resources are now based in India. The balance, even though it appears to be a smaller number for us, it is a lever that we believe that we uniquely possess, is a combination of two things. We take on projects every year to automate parts of a workflow and reduce the manual touchpoints in our workflow. This past year we have seen some of those benefits more exaggerated than typical because these projects were launched 2 or 3 years ago, and the tools are giving an excellent automation yield. Second, we are structured uniquely. Within India, we are spread across seven cities, so there is a lot of arbitrage play within India itself that we possess, and that is why we are different sort of uniquely positioned because most companies of our size, our scale both in terms of revenue as well as in terms of headcount would tend to be into maximum three cities in India. And while we are in this position because we have grown through acquisitions, we sustained it because we believe it to be a long-term comparative advantage. This advantage is now playing out during this massive talent war that is taking place right now in the marketplace.

Sachit Motwani: Got it, but in certain verticals like E-Learning and all you were to invest a lot like SMM as well as employee addition, so these costs will come back right eventually like as scale grew?

Rahul Arora: Yes, again, we saw an arbitrage opportunity as we saw churn in cities like Mumbai, where the wage cost is much higher. We have backfilled many of those positions in cities like Chennai, Dehradun, and Noida. So we have taken advantage of the situation and improved the overall operating leverage available in the business. We have created a tiered resource base that unlocks the arbitrage opportunity available because of our diversity. If anything, the margins will continue to improve, not decline, because our proportion of resources based in low-cost cities like Dehradun and Chennai will only increase.

Sachit Motwani: Got it. Thanks a lot for answering all my questions. Thank you, Sir and all the best.

Moderator: Thank you. The next question is from the line of Gaurav an Investor. Please go ahead.

Gaurav: Good evening, Sir.

Rahul Arora: Good evening.

Gaurav: Sir, my question is regarding the client addition, if I see your presentation there is no client addition, is it more of a HighWire effect or what it is and second question is, if you are projecting 15% to 20% growth, it will come from existing or we will add more clients, that is my question?

Rahul Arora: On the client-side, what is happening is we have certain lines of business like HighWire where customers are exiting, and other lines of business like MPS interactive and E-Learning business, the customers are entering. That is why we do not see any significant movement. Overall, for our size having a customer base of over 600 customers, we are delighted with that level. Our customer concentration also if you look at it is now top 5 is 35%, and top 10 is 48%. The top 10 five years ago used to be ~90%. We were delighted with the total level of the customer base and how our revenue is spread across customers. Regarding the 15% to 20% growth, that was explicitly my guidance and direction for the E-Learning vertical, not for the business. In the E-Learning vertical, we expect about 70% to 75% of our growth from existing customers and the balance to come from new logos.

Gaurav: Thank you, Sir. That is my question.

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

Rahul Jain: Thank you for the opportunity. I just have a couple of questions, firstly on the E-Learning business, how you would you articulate that 5 years acquisition thought process, so what are the hits and missed you would have seen on that 5-year journey for your E-Learning or acquisition?

Rahul Arora: Good question, Rahul. We were steadily progressing on the Tata Interactive Systems group acquisition in terms of a 5-year playbook, we were making steady progress, but in March 2020, we hit a significant roadblock. Unlike many of our competitors, our E-Learning business started to decline at 20% to 30%, and the primary reason for that was that we had a very high customer concentration risk, which ended up playing out because 4 out of our top 10 customers were affected by the pandemic. These included two energy companies, a cruise line company, and an aviation company. Because they were suffering as businesses, we ended up suffering as well; even though we were adding new customers, the loss and delay of projects from these customers were so significant that it took us all of 2020 to recover. FY21 was an aberration, but on a 5-year basis, we are back on track, and FY2022 which is the current financial year, is a recovery year where we will see an expansion of margin in addition to moderate revenue growth. And then, next year, we will start to see significant revenue expansion and margin expansion. I would say on average on the 5-year timeline. We are still par for the course despite the bump we had in 2020-2021 because the considerable customer concentration risk played out the way it should not have played out. We have put that behind us and are delighted with how our revenue is now more diversified. We have seen new customers come in and see some of those businesses that we have been working with for 20 to 30 years bouncing back. And in the run rate that you are seeing, there is not much revenue from those customers, so we are hopeful that some of those customers will start to wake up next financial year.

Rahul Jain: Secondly from the IT services kind of an acquisition target, so my question is of course it is related business it is more like an agency, but if you want to step into a new area why you would like to go into a business which on a very sustainable basis cannot deliver more than 10% to 12% growth forget about this one or two-year kind of an optimism that most of us have, why not getting into a more new area if you want to step into a new territory completely any thoughts on that?

Rahul Arora: Rahul, I am not thinking of this as new territory, and the reason for that is that there is an operational requirement. One of the things that we are very proud of is solving meaningful problems for our customers. And all our acquisitions have also been about issues that we have solved for customers. During our three US-based acquisitions between 2013 and 2015, we were actively solving a significant customer problem: they wanted to work with a global supplier with US and India operations. With our current base of 600+ customers, we are seeing that they are facing an attrition problem that the CTOs of their companies do not believe will go away. It will be a perennial problem for them with increasing priorities and reduced technical staff. They want to work with partners they can trust and build relationships with them. Some of our relationships go back three decades, so it is about working backward from a customer problem that has been defined as a significant problem and less about trying to create a new market. It is more about creating a unique capability to service our existing customer base and an existing customer problem. This is only one of the avenues of growth that we are exploring. Another strategic area that we are looking at, as I was describing to the gentleman earlier, is how we can get into some higher value opportunities such as marketing communications. Through our E-Learning business, we support some of the world's largest FMCG companies and some of the world's largest conglomerates in sales training and marketing communications already, so we have an excellent starting point. Jumani was talking about expanding learning and development budgets. Marketing budgets, of course, are a multiple of that, so we are also looking at adjacent opportunities of higher value in nature. My comment on IT services was about solving serious customer problems that our diverse customer base presented to us.

Rahul Jain: That is helpful and finally on the content side I mean I appreciate your optimism but given the past what gives you that significant comfort that you could guide us for 10% to 15% kind of a growth on a sustainable basis in that business, what is driving the optimism?

Rahul Arora: That is a good question. I can answer that. What we are seeing is that in the last two years, whatever growth we have seen in our content business has pretty much come from the educational customer base. Our content business has three types of customers: educational, academic/STM, and professional publishers. In the past two years, the academic and STM business has not grown in some cases. It declined and stayed the same for the professional side. We expect the educational line of business to continue, as Robin was discussing in her opening remarks. Much of that will be digital based, which is also a higher margin play, so we expect that momentum to continue. What is giving us confidence is two things. On the journal's side, we have one existing customer, one of the world's largest STM publishers, that has confirmed a significant expansion with us over the next two years. We expect that growth to play out from this prestigious European STM publisher. We also have another existing customer, a US-based academic publisher, who has also confirmed a significant expansion plan over the next 12 to 18 months. In the journals business, you can impact infact predict volume to 95% confidence interval, unlike education E-Learning businesses where you must build up the order book every quarter. Based on the visibility that these customers have shared, we are getting the confidence, and these are large volumes and large contracts. Another reason, of course, is that we are also seeing a lot of content conversion and accessibility solutions requests from the HighWire customer base, which is again more academic and STM. What is giving us the confidence is that only about 40% of our content business was growing recently. Rest was not growing, and despite that, we have been growing at 10% to 11% at a consolidated level in content solutions. Now that all three lines are beginning to roll, we believe that that will only lead to a compounded effect, and that is why it is giving us confidence.

Rahul Jain: That is the colour I want. Thank you so much and best of luck.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Rahul Arora for closing comments.

Rahul Arora: Thank you, everyone, for all your wonderful questions. This forum always allows the senior management team and me to introspect and get feedback on how we are doing. A warm thank you to everybody for all your thoughtful questions, and I look forward to participating in these calls in the future as well. I hope everyone is staying positive and staying healthy and testing negative. Hopefully, this is the last wave, and we can get back to everyday life. Thank you so much.

Moderator: Thank you very much, Sir. On behalf of MPS Limited, that concludes this conference. We thank you all for joining us. You may now disconnect your lines.