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National Stock Exchange of India Limited
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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,

Subject: Transcript of the Earnings Conference Call inter-alia on the Un-Audited Financial Results of the Company for the First Quarter (Q1) ended 30 June 2026.

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 Wednesday, 22 July 2026, at 04:30 P.M. (IST), inter-alia on the Un-Audited Financial Results of the Company for the First Quarter (Q1) ended 30 June 2026.

This is for your information and records.

Yours Faithfully,
For **MPS Limited**

Raman Sapra
Digitally signed by Raman Sapra
Date: 2026.07.29 15:18:05 +05'30'

Raman Sapra
Company Secretary and Compliance Officer

Encl: As above

“MPS Limited

Q1 FY’27 Earnings Conference Call”

July 22, 2026

MANAGEMENT: **MR. RAHUL ARORA – CHAIRMAN AND CEO**
MS. PRARTHANA AGARWAL – CHIEF FINANCIAL OFFICER
MR. SUKHWANT SINGH – CHIEF DELIVERY OFFICER, RESEARCH CONTENT SOLUTIONS
MS. CHRISTINE MIRANDA – SENIOR VICE PRESIDENT, RESEARCH SOLUTIONS
MR. SANJEEV TALWAR – SENIOR VICE PRESIDENT AND BUSINESS HEAD, EDUCATION SOLUTIONS
MS. SOMA BHADURI – SENIOR VICE PRESIDENT AND BUSINESS HEAD, LIBERATE GLOBAL

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY'27 Earnings Conference Call of MPS Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero, on your touch-tone phone. Please note that this conference is being recorded.

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

Rahul Arora: Thank you so much, Avirat, and good evening, everyone. A very warm welcome to our Q1 FY'27 Earnings Call. Some of you may have already caught me on CNBC earlier this afternoon. Let me now take you inside the quarter properly.

Tonight, I have most of the team in one room with me at our Noida office, which says something about how we are now run as one MPS. With me are Prarthana Agarwal, our Chief Financial Officer; Sukhwant Singh, our Chief Delivery Officer for Research Content Solutions; Christine Miranda, Senior Vice President for Research Solutions; and Sanjeev Talwar, Senior Vice President and Business Head for Education Solutions. Soma Bhaduri, SVP and Business Head of Liberate Global, which is our corporate learning business, joins us from Bengaluru.

You will notice a fuller cast than usual, and that is deliberate. This quarter, we are splitting the voice-over on research between Sukhwant and Christine so that you can hear about the two halves of the business from the two people who run them. And Sanjeev steps in to take you through the Education business. Hearing about the business directly from the people building it is exactly how I want these calls to feel.

Here is how the next few minutes will run. Prarthana will take you through the financial performance and reaffirm our FY'27 outlook that we shared last quarter. Sukhwant and Christine will then cover Research Solutions between them. Sanjeev will then take you through Education, a segment that keeps earning a larger place in our growth story. Soma will walk you through our Corporate Learning segment. Finally, I will come back at the end with a few strategic thoughts, in particular on AI and on a major shift you will hear referenced throughout our entire segment tonight, the move toward outcomes-based revenue, before we open the floor to questions.

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

Prarthana Agarwal: Thank you, Rahul, and good evening, everyone.

Q1 has opened FY'27 as the strongest first quarter in the Company's history, on every line that matters. Reported revenue for the quarter was INR 224.24 crores, up 20.4 percent over the same quarter last year. EBITDA was INR 76.96 crores, up 53.0 percent, with the EBITDA margin expanding to 34.3 percent from 27.0 percent a year ago. Profit after tax grew 43.0 percent to INR 50.39 crores, and basic EPS came in at INR 29.70, an all-time Q1 high, up from INR 20.78.

I want to pause on the shape of those numbers, because that is the real headline. Revenue grew 20 percent. EBITDA grew 53 percent. Headcount rose less than 3 percent. That is operating leverage doing exactly what it is meant to do, with growth converting into margin rather than consuming it.

Strip out AJE, which is resetting by design and which Christine will speak to, and the underlying business grew faster still: revenue up 28.4 percent to INR 198.47 crores, EBITDA up 50.5 percent, and the margin expanding close to five points to 32.4 percent.

A few balance-sheet and housekeeping items. Total cash and cash equivalents stood at INR 138.02 crores as of 30 June, against borrowings of INR 37.63 crores relating to the facility we drew for the Unbound Medicine acquisition. Collections stayed tight, with DSO improving to 45 days from 51 at the end of March. And there were no exceptional items in the quarter, so the results read clean.

On the outlook, our position is unchanged and, if anything, firmer. We continue to expect the Company to comfortably cross INR 300 crores in EBITDA in FY'27. I would ask you to read that number the way we read it internally, as a floor rather than a ceiling. It is built bottom-up from each segment's operating plan, at an unchanged planning rate, and it implies a three-year EBITDA CAGR of roughly 21 percent from FY'24 to FY'27. Q1 has landed ahead of a straight-line path to that mark, and our second half has historically outrun our first. So, we enter the rest of the year positioned to clear the line comfortably, not to stretch toward it.

With that, let me hand over to Sukhwant to take you through Research Solutions.

Sukhwant Singh: Thank you, Prarthana, and good evening, everyone.

Research Solutions did what an anchor is supposed to do this quarter. It held the portfolio steady while still growing. Segment revenue was INR 123.23 crores, up 13.2 percent year over year, and it remained the largest part of MPS at 55 percent of total revenue. What I would draw your attention to is the quality of that growth. EBITDA grew 37.9 percent, well ahead of revenue, and the segment margin widened to 45.1 percent. Set AJE aside, and the core of Research grew 26.3 percent. Scale and margin moving together like this is the reset of the last two years turning into how we now simply operate.

I want to describe this business the way we now run it, not as a services book but as an AI-first knowledge solutions company serving the research economy, built on a stack of product layers. I will share context on a few layers, and Christine will pick up author solutions and peer review.

The first is trust and integrity. DigiCore, our AI-enabled production ecosystem, is now live in client delivery across our top-tier knowledge organizations, and Research Integrity Check sits on top of it, detecting paper mills, identity fraud, and image manipulation. The bottleneck in research today is no longer generating content; it is verifying it. That is precisely the control point we occupy.

The second is production itself, where AI has moved from pilot to core delivery. Our AI-enabled composition and quality workflows are live in customer delivery and are moving clients onto a modern, higher-productivity platform. On our largest programs, this is showing up as one-touch workflows, automated alt-text for accessibility, and AI-driven quality checks that catch errors before they ever reach proof. This is how the segment took on materially more work while holding its cost line and expanding margin to 45 percent.

The third is the platform stack, which is the stickiest revenue we have. HighWire, DigiCore Pro, and THINK365, now in production, form the hosting and publishing backbone for our largest clients, on multi-year contracts that run mission-critical workflows and are not easily replaced. Behind all of it sits MPS Labs, our AI and engineering engine, whose work compounds across every segment at very little marginal cost. That is not a feature. It is a structural moat.

Heading into the rest of FY'27, my priorities are simple: sustain this operating leverage as new work reaches steady state, scale DigiCore and integrity adoption across the renewal base, and keep converting the platform pipeline into revenue. The thread through all of it is the one you will hear from me every quarter. We are positioning MPS at the layer where AI cannot afford to be wrong.

Let me hand over to Christine to take you through author solutions and peer review.

Christine Miranda: Thank you, Sukhwant, and good evening, everyone.

Let me pick up the two layers Sukhwant left me. They tell almost opposite stories that add up to the same strategy.

I'll start with AJE, our author solutions business. You have heard us describe AJE as resetting by design, and this quarter shows what that discipline looks like. As the consumer base finds its new level, the revenue is deliberately smaller, but it is also far more profitable and far higher in quality than the inflated base we carried two years ago. What is left is the high-value core: premium editorial and language editing services, and AI-assisted author workflows. Just as important, AJE has started inventing again. We launched Pre-Submission Peer Review in April, our first genuinely new service in more than two years, and demand has run well ahead of what we planned. The pruning is behind us, and from here, AJE is set up to grow on value rather than volume.

The second layer is where the offense is - our pre-acceptance peer review and journal editorial office business. A layer that scaled because of the acquisition of AJE. This is one of the fastest-growing lines at MPS. We are now the second largest peer-review provider in the industry by volume, and we aim to be the first by the end of this year. That growth is anchored by the largest publishers in the world entrusting us with more of their submission workflow, including some of their most sensitive portfolios, which is not a decision anyone makes lightly. A stack of homegrown AI tools is how a team of our size handles that volume at all.

I want to connect both of these to a theme Rahul will return to. In author solutions, we are increasingly paid for an outcome rather than for hours or pages: a manuscript that gets accepted, an integrity decision a publisher can trust, a submission processed and moved forward. Our controlled work shows a manuscript acceptance rate of roughly 52 percent against an industry baseline near 32 percent. That is a measurable result we can attach revenue to, and it is where Author Solutions is heading: through premium tiers where authors pay for quality and faster turnaround, AI-driven productivity gains we share partly with clients and partly keep as margin, and expansion into fast-growing research ecosystems such as China, where we have already begun signing partnerships.

With that, let me hand over to Sanjeev to take you through Education.

Sanjeev Talwar: Thank you, Christine, and good evening, everyone. It is a privilege to join my first MPS earnings call, and to do it in a quarter like this one.

Education has become MPS' second growth pillar, and this quarter it delivered scale. Segment revenue grew 42.2 percent year over year to INR 73.41 crores, and 22.1 percent over the prior quarter, at a 35.1 percent EBITDA margin. A good part of that step-up is Unbound Medicine, now in the base for its first full quarter, and you can see it most clearly in our client count, which rose across the Company to 841 from 404 a year ago as Unbound's institutional subscribers came onto our books. Rahul will pick up the strategic picture on Unbound shortly, so let me spend my time on the rest of Education, which grew strongly in its own right.

Underneath the acquisition, our content and learning business kept compounding on its own account. Three things drove it. First, our AI-enabled content and production work deepened with several of the largest U.S. knowledge organizations across K-12 and higher education, moving from pilots into multi-year, multi-product programs. Second, our accessibility line, where we produce accessible learning media at scale with AI, kept building toward a large journals rollout later this year and remains a high-margin, high-growth business. And third, we are opening genuinely new lanes, including work where clients now pay us to review and quality-check AI-generated instructional content, a service that did not exist for us a year ago and that they now want us to grow.

Heading into the rest of FY'27, we have a healthy pipeline across our largest relationships and a focus on extending into international knowledge organizations. That, together with the first full year of Unbound to build on, gives us real conviction under the guidance Prarthana reaffirmed.

Let me hand over to Soma for Corporate Learning.

Soma Bhaduri: Thank you, Sanjeev, and good evening, everyone.

Corporate Learning was the segment that carried the most stress last year, and it is now the segment most clearly turning a corner. This was our second consecutive quarter of growth. Revenue grew 6.9 percent year over year to INR 27.60 crores, and the story underneath is the margin. EBITDA grew 60.7 percent, and the margin expanded to 25.3 percent from under 17 percent a year ago. We did that on a headcount roughly a third lighter than last year, which is last year's restructuring finally flowing through to returns.

This is not a recovery of the legacy business. It reflects a business that has fundamentally repositioned itself from learning creation to enterprise capability enablement. Today, we help clients solve workforce challenges through AI-enabled and immersive solutions that embed learning and performance into the flow of work. By enhancing existing LMS, LXP, SharePoint, and enterprise platforms with AI, simulations, and immersive experiences, we create scalable solutions that can be reused across business units and geographies. The result is deeper client relationships, greater scalability, stronger margins, and a business built for sustainable, profitable growth.

Growth is also broadening, with new client additions across geographies and AI-led wins increasingly acting as strategic anchors into larger enterprise transformation programs. Heading into the rest of FY'27, our focus is to hold this exit margin as the run rate, make AI-led delivery the dominant part of the mix, and complete the integration of our legacy entities into one unified Liberate Global brand. The base is ready.

With that, let me hand it back to Rahul.

Rahul Arora: Thanks, Soma, and thank you, team, for those rich updates.

Before I close, let me pick up Unbound Medicine myself, because it is one of the most strategic initiatives we are working on this year. This was its first full quarter inside MPS, and the headline for me is that it proved the thesis rather than the pitch. Unbound brings exactly what we bought it for: a recurring, high-renewal subscription business anchored in medicine and nursing, sold to a broad institutional base of medical and nursing schools, hospitals, and academic libraries. That base does two things for us. It lowers our customer concentration, and it gives us a far more predictable forward revenue than our traditional project book. None of our anchor relationships is billing less; we have simply added a long tail of high-quality, recurring accounts on top. It also brings a capability we care about, what we call Unbound Intelligence, a knowledge-engineering layer that turns trusted medical content into AI products that do not hallucinate. We are integrating deliberately, learning the renewal cycle before we commit to synergy timelines, and we have started early cross-sell conversations with our publisher customers. It is behaving exactly as we underwrote it, and on an acquisition of this importance, that is the best thing I can tell you.

Now let me close the opening section with three thoughts before we take your questions.

The first is on AI, because it runs through everything you just heard. We run MPS on one principle when it comes to AI: it should show up in our revenue, not on our slides. DigiCore and Research Integrity Check are deployed at scale. Our AI author workflows have processed well over a million manuscripts. BridgeAI is translating at enterprise scale inside Corporate Learning. The common thread across all three segments is that we sit at the layer where AI cannot afford to be wrong, where every fact has to be sourceable, and every output has to be trusted. When the market worries that better models will commoditize everyone, my view for the work we do is the opposite. As models get stronger, the constraint moves away from generating content and toward verifying it, toward domain context, toward the last mile inside a real workflow. That last mile is exactly where MPS sits, and it is a tailwind for us, not a threat.

The second thought is the one I most want you to take from tonight, and you heard every leader touch it. Our revenue is steadily shifting from being paid for effort to being paid for outcomes. For most of this Company's history, we were paid for pages produced and hours worked. Increasingly, we are paid for a manuscript that gets accepted, for a paper mill caught before it is published, for accessible assets delivered at scale, for a subscription that renews year after year at Unbound, for a learning program that changes how someone performs on the job. Outcomes carry better economics than effort, because the value sits in the result rather than the input, and they are far harder for anyone to commoditize. That shift is a large part of why revenue grew 20 percent this quarter while EBITDA grew 53 percent. As the mix keeps tilting toward outcomes, that is the engine underneath our margins, and it is deliberate.

Which brings me to the third thought, on FY'27. Before the guidance itself, let me give you one framing in my own words, because I know some of you measure us this way. There is a simple test called the Rule of 50: take a company's revenue growth rate and add it to its EBITDA margin, and if the two together clear 50, you are looking at a business that is compounding rather than buying its growth with margin. This quarter, our 20 percent revenue growth and our 34 percent EBITDA margin put us comfortably past that line. Let me be measured about it. I am not going to promise you that we clear 50 in every quarter of this year, because the phasing of our business does not work that neatly. Having said that, the analysts might crunch the numbers and say you will, but you know we are a conservative lot here at MPS when it comes to star gazing. Rule of 50 <u>is</u> a mark we are hopeful of clearing for the full year, and opening FY'27 on the right side of it tells you the operating model is doing exactly what we built it to do.

On the guidance itself, Prarthana has reaffirmed our expectation to comfortably cross INR 300 crores in EBITDA, and rather than repeat the number, I want to tell you how much conviction sits behind it. This was the strongest opening quarter in our history; margins expanded in all three segments, and we delivered it without leaning on headcount. The work to deliver the year is not sitting in front of us as a plan; it is already in flight, in the way this Company now operates every day. Please read the guidance as a floor we intend to clear, not a target we hope to reach.

We enter the rest of FY'27 with more conviction in this business than at any point in the last two years. The portfolio is in better shape, the team is deeper, and the discipline we built through last year is now simply the run rate, not the project.

With that, let us open the call to your questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two.

Participants are requested to use a handset while asking a question and to restrict themselves to two questions at a time. We will wait for a moment while the question queue assembles.

The first question is from the line of Krushi Parekh from BugleRock.

Krushi Parekh: Congratulations on good numbers, and it's good to see such a large panel on the call as well. So my first question is related to that. Over the last 1 year, we have actually seen some movement at the management level. So first, what is driving some of these exits and replacements?

Secondly, as your operations are now spread across multiple geographies following the acquisitions, how are you ensuring operational continuity and cultural alignment across the organization? What measures have you put in place to integrate the acquired businesses while maintaining a consistent way of working and preserving the MPS culture?

Rahul Arora: As an organisation, while we discussed Vision 2027 and FY'28, we are building for 2032. That's the overarching long-term planning we are doing. And as we are building towards that, the talent machine is growing both internally as well as externally.

Now, as the talent machine expands in a quick span of time, sometimes you make mistakes, sometimes things go well. Overall, both the management team and the Board are pleased that, more often than not, we get those decisions right.

If you benchmark us against the market in general, MPS is performing better than the market when it comes to external talent acquisition in terms of success rates. In terms of internal talent, we saw far more promotions this financial year than in the previous couple of years. So, the internal talent machine is also producing good managers from within the system.

In addition to that, your question was about how we maintain culture. Going bottom-up, we are grounded in our core values, which we call the EEE- excellence, efficiency, and empathy. Those values have stood the test of time and are translated into every asset and every business that we acquire. These values are then executed through one singular cultural principle, which is an ownership mindset. So, between that cultural principle and the EEE values, we integrate acquisitions across the globe, not just in India.

Krushi Parekh: Okay. Great. On the second side, we have seen a reduction in our employee base. I believe some of it may be because of our acquisitions having some redundancy in terms of employees. We were also looking to outsource or use gig workers as part of our process. And I'm sure there is also productivity involved over the last 1-odd year.

So, from that, when we specifically look at the productivity part of this reduction, how are we looking and ensuring that we are not diluting the quality of the offerings that we have with our customers? You have highlighted how you are using AI, and I think even Sukhwant has touched upon it as well a little bit in your opening remarks. But if you can just ensure how we are looking to ensure that the quality remains at what we are out to deliver?

Rahul Arora: I'll ask Soma to specifically answer this from a Corporate Learning perspective: what has been the impact because the whole gig worker approach, having a network, etc., are more consistent with the corporate learning business. Once Soma is done, I'll come back and talk about this from a standalone MPS perspective that doesn't include the Corporate Learning business.

Soma Bhaduri: The Corporate Learning headcount is down about 33% year-on-year, and it breaks into 3 parts. The largest is structural redundancy. After last year's restructuring, we consolidated duplicated roles, and we delayered the delivery model, which was more like a one-time reset rather than a recurring part.

The second is the move from fixed to variable capacity. We are shifting a share of delivery to a gig and associate model, so that we flex cost with project demand instead of carrying it throughout the year.

The third and smallest today, but growing, is productivity because as AI-enabled authoring and content and quality workflows are coming into the picture, that lets smaller core teams deliver the same or more. And then quality, which is the right thing to probe, and thank you for touching upon that.

If I talk about Corporate Learning, we did not touch the senior instructional design or the client-facing bench, to be honest. The reductions were concentrated in redundant and nonbillable layers, and our delivery quality and client retention have held through this transition very well.

We monitor quality at the engagement level, and the margin has expanded without any corresponding rise in rework or client escalations, which is proof that we have cut structure, not capability.

I would also like to add that the improvement that we have seen has come from the mix and the operating leverage, where in Q1, we've been able to show both of them working.

Our revenue has grown in respect of Corporate Learning at 6.9% to INR 27.6 crores, but EBITDA grew 60.7%, and the margin moved from 16.9% to 25.3% because we rebuilt the cost base rather than chasing volumes. That would be my answer. Rahul, please add.

Rahul Arora: The reason I pointed to Soma first is that the question was more about headcount. But I also want to double-click on expense because that's where the rest of the story played out in the business. So if you see on the Research side, headcount grew from 2,262 to 2,452 over last year.

On the Education side, headcount went down from 799 to 765. So the headcount was fairly stable. The reason why the increase was nominal is that all the increases that we saw, whether it was from the increments or the addition of Unbound, were nullified by AJE being entirely offshored. All the U.S. roles were brought to India by the end of Q4 of the last financial year.

In Q1, we had very little U.S. headcount. And our Net Promoter Scores during this period went up, not down. I've never seen a transition like this where quality improves. But while this may sound counterintuitive, we now have more control of the operations, and therefore, the quality has gone up.

Overall, we've been able to manage this balance where, as certain costs have gone up in some parts of the business, we've also been able to bring them down in other parts of the business.

Moderator: The next question is from the line of Kashish Mehta from Dolat Capital.

Kashish Mehta: Congratulations on a very good quarter. I just wanted to have some color on the number of clients built during the quarter. So Quarter-on-Quarter, it has gone down from 906 to 841. So is there some client rationalisation or account pruning that is going on?

Rahul Arora: The only space where there's been pruning in the business is AJE, which Christine already described. That's the only pruning that's taken place in the business.

Moderator: The next question is from the line of Ravi Kumar Naredi from Naredi Investment.

Ravi Kumar Naredi: Rahul, you've done a fantastic job over the past year and have transformed the Company.

Earlier, you had guided for an EBITDA of INR 300 crores for FY’27, while the topline target was INR 1,500 crores. Have you now shifted your primary focus from topline growth to achieving the EBITDA target?

Rahul Arora: The INR 1,500 crores is for FY’28 next year, and that probably will translate to more like INR 450 crores EBITDA. FY’27 guidance is that we will comfortably cross INR 300 crores this financial year. So, to summarize: for FY’28, the targets are approximately INR 1,500 crores in revenue and around INR 450 crores in EBITDA.

Ravi Kumar Naredi: Please keep a balance between cash and whatever acquisition we are going to do because raising equity is very costly to shareholders, including you. I hope you will abide by this system and not raise any equity.

Rahul Arora: From my perspective, as I shared with you previously, the first strike is cash accruals. Prarthana pointed out that's about INR 138 crores. The business is throwing up INR 15 crores to INR 18 crores of cash every month. So that's the first area of attack.

Second area of attack is, again, let's assume PAT of INR 200 crores, similar cash flow, is normally fairly similar to PAT. So corresponding to that, debt of INR 200 crores is comfortable.

So doing an acquisition in the INR 300 crores to INR 500 crores range seems fairly doable between internal cash accruals as well as debt. I don't see an equity play here unless-again, never say never, right? But most likely, this is a cash-plus-debt financing story.

Ravi Kumar Naredi: It is nice. Any new acquisition in the pipeline?

Rahul Arora: So, as I've shared previously, there's something always in the works. We have an active pipeline. We're trying our best not to look at assets with less than $ 15 million in revenue. We modified that for Unbound simply because of how good the asset was in terms of its strategic synergies.

But really, we don't want to be looking at businesses that are below $ 15 million in revenue. In terms of the types of acquisitions that we're looking at, Education is the area that has been growing for us. We want to acquire more businesses in Education.

In terms of domain, Science is the core of MPS. As I shared previously, 25% of our revenue is from outcome-based partnerships, and 45% of our revenue is coming from recurring themes. So overall, we want to keep that going, and that is something we will look for in an asset as well.

And third, we want to look at subject matter where AI is a tailwind, not a subtractor. And what we've learned is that when the subject matter is high stakes, think of where the cost of getting it wrong is so high that you will never go to 100% AI. For example, in the nursing world or the medical world, if AI hallucinates, the cost is a patient dying. In cybersecurity, if AI hallucinates, there's a cost of an enterprise dying.

So those are the kind of assets that we're looking at where the content itself is such high-stakes content that AI, instead of being a subtractor, becomes a huge multiplier and a tailwind, and that's what we're looking at. So between these broad themes, there's an active pipeline. Now, the invisible theme is that we also need a motivated seller, and that will allow us to acquire the asset competitively, and that then determines the close.

Moderator: The next question is from the line of Mahesh BP, an Individual Investor.

Mahesh BP: It's been 5 months since you took over Unbound Medicine. What new things and challenges have you learned about the sector and the Company?

Rahul Arora: The biggest learnings from diligence are the things we have shared with you previously. If your question was about what's new, the new learning was the synergy between Liberate and Unbound, and Soma, I'd like to bring you in here for a minute.

Soma will talk about what those experiences were in the roadshows, as she recently did a roadshow in the U.S. where she and the Unbound sales team met with the Unbound customers to talk a little bit about Liberate.

Yes, I'm inclined that there could be some synergy, and that's why we went on this roadshow. But we saw some massive opportunity between Liberate and Unbound where there is a need for experiential learning by doing. And that's an area where, in the digital world, Liberate is strong. So that's one new area that we tapped into this past quarter.

The second thing we learned was how a strong culture can help you punch above your weight. For example, if you look at the ownership culture at Unbound, it's a 35-person team delivering $ 9 million of revenue and actively growing. And that softer piece is something that has been heartening to learn from.

The third thing, and even though this is competitive information, I'd like to share it because it's available in the public domain. When your solution or your offering has significant value, you hold pricing power. And Unbound possesses exactly that.

While Unbound is the most competitive in the supply chain, they compete with much larger companies; every renewal with a customer, whether it's a 10-year-old customer or a 3-year-old customer, there is a price increase. Every year within a term of a contract, there is a price increase.

And as MPS, we've learned that within our portfolio of solutions, there are tremendous areas where there's disproportionate value being created by MPS, and there's potential opportunity to increase prices. So that's been the third surprise learning. But again, I'll go back to Soma to talk about the synergies between Liberate and Unbound.

Soma Bhaduri: One of the things we realized, as Rahul touched upon that a lot of the nursing and the medical, paramedical, and the pharmacy-related world that Unbound caters to is a huge advanced market with some of the biggest names in the industry.

And our capability when I say “our”, I mean the Liberate or the Corporate Learning side of the business- our experience in having worked with the medical and similar world; the synergies we saw were immense.

One of the discoveries we had was that everything is more physical and tactical even now; while there is a beautiful platform with a lot of content that Unbound already has and shares, there is little around learning by doing, which is so critical in the medical and especially the nursing world, particularly for continuity and so on.

So, this is where we see ourselves coming in. It is a huge cross-selling opportunity, with a lot of AI-enabled immersive and enterprise platform solutions segment that we can partner with Unbound, building on what is existing, increasing the value and the margins for the customers.

And the other very good part is that we're increasingly seeing opportunities where we've been able to speak with, or very kindly been given an audience by, the most senior leaders, including the chairs of different institutes or universities that we visited. And there was an extremely open thought process about how instructional value, clubbed with tech and AI enablement, can create continuous education, with the digital world opening for that side, which is still largely untapped.

The synergies and possibilities are more like working into the renewal and recurring model that Unbound has; it is more of a top-up that we can do on top of that.

Mahesh BP: If I can ask a follow-up question on Unbound Medicine, Rahul. What's the monthly run rate and the margins? And where do you see those 2 metrics in a year or 2 from now?

Rahul Arora: I'll get Prarthana to talk about where we are today, and then I can talk a little bit about where we are headed.

Prarthana Agarwal: The monthly run rate is around $ 800,000 per month, and the margins currently are in the range of 18% and 20%, and then we increase from here.

Rahul Arora: At MPS, we've, over the last few years, embraced the Rule of 40, where the arithmetic sum of your EBITDA margin and your growth rate should be over 40%. In fact, in Q1, we are now a Rule of 50 company.

The same principles will apply to Unbound, where the expectation is, first, Unbound climbs to Rule of 40, which is hopefully an EBITDA margin in the mid-20s to late 20s, and the balance of it flows through revenue growth. And ultimately, as the business settles into MPS, it crosses the Rule of 50 as well.

Moderator: The next question is from the line of Nachiket Kale from Emkay.

Nachiket Kale: Congrats on a great set of business. One small question on the segmental breakup. I noticed that the Corporate Learning segment revenue has gone up around 7% Y-o-Y. PBT is almost 2x. So, is that the trajectory which Unbound is on, and is there any forex component to it, or could you give further insights on this?

Rahul Arora: Soma, talk about the operating leverage in the Corporate Learning business, and don't worry about repeating yourself.

Soma Bhaduri: In a steady state, the business should operate at a 30% EBITDA margin, and organic growth should be closer to 12%. As I mentioned earlier, our improvement from here would come from the mix and the operating leverage.

And we've been able to show that already taking shape in Q1 with the results, where our revenue has grown about 6.9% to INR 27.6 crores. Still, our EBITDA has grown 60.7% with our margins moving from 16.9% to 25.3%, now all of this was because, as I mentioned, we rebuilt the cost base rather than chasing this volume. Two engines take it further from here.

The first is the shift towards AI-enabled, immersive and performance-focused solutions. And this should raise the value of each engagement and carry way better margins. The second is, of course, the depth we see inside the accounts we already have through cross-selling, managed learning services, AI platform enablement and enterprise-wide rollouts; the capability increases from here.

With multiple enterprise engagements approaching the $1 million mark and a healthy pipeline of new logos, we are confident that Corporate Learning will continue converting growth into profitability, while it will still be building a stronger base for recurring and sticky revenue.

Rahul Arora: Thanks, Soma. On that forex question, what I can say is that North America is not as big for corporate as it is for research and education. There is less of a dollar improvement in the Corporate Learning business compared to the rest of the business.

Moderator: The next question is from the line of Vikas Mhatre from Moonshot Ventures.

Vikas Mhatre: If you just strip off the Unbound revenue, we have found that the growth is in the early teens. And we also agree that AI will enable more reliable solutions. So why can't we think about a much higher organic growth than we have reported now?

Rahul Arora: Thank you for that observation and thank you for pushing us. We're not settling for achieved organic growth. Of course, the aspirations are much higher. The quarter that you see is in the rear-view mirror, not ahead of us. We expect that in all the 3 markets, MPS outperforms those markets on organic growth.

Now the markets themselves, research growth at 8%, 9%, we tend to grow at 15%, so we tend to outperform. Education is more like a 15% growth market. We've been growing much higher than that. On the corporate side, the market is growing at 12%, 13%, and we've grown 6%, 7%. So that's the area where a lot of the catch-up has to happen.

Given the type of business and platform that MPS is, we should be growing at a premium to the market rates and industry rates, and that is the goal here. We're not settling for where we are today.

Vikas Mhatre: Because if we look at the management and your commentary from all perspectives, you tick all the boxes. The only thing that is missing is the organic growth. If you can push it to maybe higher teens and then some inorganic acquisition comes through, then that will tick all the boxes for us.

My second question on inorganic acquisitions. So earlier, we used to be acquiring smaller acquisitions. And now we have to plan for larger ones because that will only move the needle for us. So how does our strategy change in this direction so that we maintain culture and make sure that no acquisition we do will totally fit into our product portfolio and integration will be much smoother? How will both strategies earlier and now be different?

Rahul Arora: First, let's zoom out, right? Why did the strategy change? And what was the reasoning behind the old strategy? I'll start with the first one. The reasoning behind the old strategy was to do with the scale of the business.

At the end of the day, when we started this journey back in 2012, revenue was INR 125 crores with a loss in the Company. There was no cash. And as the business kept growing, we kept deploying internal cash towards acquisitions. And there was this period where, as a business, we could not afford anything except distressed assets.

The pandemic gave us time to pause and reflect, and we realised that while distressed assets as a standalone investment are highly accretive financially. Look at our ROCE, for example; it tends to be north of 30%, sometimes for a period has been even north of 50%, so as a standalone investment, all of these have been phenomenal.

But what an acquisition of a distressed asset does is that it distracts you from the very organic growth you're pointing us towards because the entire management team is rescuing a new asset every year. So that's why we decided to pivot and focus more on assets that have some inherent strength rather than a totally collapsed asset that we have to turn around.

We've seen organic growth return to MPS as we've used this strategy. In terms of the filters that we apply to the acquisition targets, I answered that question a little bit earlier around scale and domain. In terms of other financial parameters, we make sure that the asset, for over 3 years, has been growing at a CAGR of at least 10% on a revenue basis.

And EBITDA is somewhere between 5% and 15%. Where we come in is we improve the organic growth profile, take EBITDA from 5% to 15% to 30%, and kind of unlock the rule of 40 for each of these assets. So that's the strategic value that we add.

In terms of how we make that there's continuity. Typically, during the diligence phase, we'll identify the team that will continue with the Company. We'll work with the owners to extend them. This is done both financially through stock options, but also more operationally as well by giving people larger roles on the MPS platform rather than working on the standalone business. As well, many of the deals that we have walked away from during DDA have been because of cultural misalignment.

We're looking at an interesting asset on the education side recently, where we simply did not agree with some of the shortcuts the management team had taken with some of the customers. And at an advanced stage, even though it would have been a great financial deal, we decided to walk away from it because we were concerned about how it would impact our existing customers.

A lot of work is being done around mindset and alignment on thinking, and that's typically done at the DD stage.

Moderator: The next question is from the line of Kaushik Jhawar from AK Investment.

Kaushik Jhawar: Great set of execution from the team. Really appreciate that you are delivering the numbers. I have a very basic question, Rahul. So now we see AI; I mean, it is advancing to a very high level with the new models, etc., right? And the quarterly numbers showcase that AI is not a threat to MPS.

Just from an investor perspective, just to get more confidence, can you share use cases for every segment where AI or MPS has a real moat in the business and we can really benefit and get superior margins going forward?

Rahul Arora: Let us go across research, education, and corporate. I'll kick it off with Unbound on the education side, then Sukhwant can talk about how he is using AI in research, and Soma will come in at the end on corporate.

The education side with Unbound, for example, within the Unbound platform, we have something called Unbound Intelligence, which essentially is using open LLM-kind-of models that are scraping a walled garden of content and working with the consumer of the content to provide them information in real time.

For example, if a nurse has a question regarding a specific disease in the flow of work through a mobile app, she can ask a question. And through a chat interface, the question is answered. What differentiates us from generic models is that we are not scraping the web to answer this question.

We are, in fact, scraping things that are behind paywalls from publishers, content assets that are behind paywalls from publishers as well as content assets that we built over the years. These assets are peer-reviewed, sound science assets. The Unbound evidence tool or chat cannot get it wrong because it's not coming from someone's opinion. It's coming from science.

That's a very big differentiator for us. For example, if the same nurse went to ChatGPT, there's no guarantee whether ChatGPT would scrape the web, what it would scrape, and what information ChatGPT would provide. So that's kind of the defensible moat that is on the Unbound side. Let's go to research, Sukhwant, and you want to come in and talk a little bit about that.

Sukhwant Singh: Thanks, Rahul. As I mentioned, while I was speaking earlier, for us, AI has become embedded in our delivery, in our production ecosystem. We talked about 3 layers. So in terms of our production, we are using AI live in our workflows to ensure that the speed and quality of the work that we are doing is improved.

And also, in particular, on the platform side, we have AI support for every part of our workflow, right from hosting to publishing. So all our specific parts of our workflows are now being aided and enabled by AI.

And on top of that, we have this continuous R&D happening in MPS Labs, which is our AI and engineering engine. So overall, AI is compounding our deliveries across every segment. So that is the structural moat that I talked about earlier.

Rahul Arora: Soma, go ahead and talk about corporate learnings.

Soma Bhaduri: We are looking at ourselves as an AI transformation partner for our customers. And if I may, three areas we are pouring into are AI across the entire learning value chain, not just content or content creation.

A lot of our clients have thousands of legacy learning assets on their LMSs, on their LXPs, on SharePoint. And we are enabling them to use AI and modernize, repurpose that same content, or add value to it in role-based learning- something that will enable performance. We have chatbots that can help you with immediate operational queries, responses, problem-solving, and reducing downtime.

We have our Bridge AI, which we spoke about earlier, and that has multilingual experiences and capabilities. We're not rebuilding things from scratch. And for our internal processes for clients, there is an evident value.

AI is also enabling our core instructional design process, the assessment and evaluation rubrics we create, of course, translation localization, the quality assurance process; we are building in AI models that can give us better results, media production, and significantly, of course, trying to reduce the delivery timeline while maintaining quality for our customers.

It does. And I would say finally, AI is becoming a growth engine, as I see it, because we are increasingly winning enterprise engagements to build AI-enabled learning platforms, Copilots, simulation-based experiences for our customers. And this is allowing us to solve broader workforce performance challenges.

We were talking about outcomes, right- how our organization, MPS as a whole, is becoming that AI-first knowledge solutions partner, a partner that enables performance. And rather than simply developing learning or courses, which any learning company or a corporate learning or e-learning side would do, we're increasing both the customer lifetime value and our margin profile.

Moderator: Ladies and gentlemen, we will take that as the last question of today. I now hand the conference over to Mr. Rahul Arora for closing comments.

Rahul Arora: Thank you, everyone, for a truly engaged hour and for questions that, as always, were sharp and came from you looking outside in. Your outside-in perspective, as I've shared previously, is worth more to us than you might think.

This always allows us to step back, see our own business from different angles that we can miss sometimes from the inside. And we saw some of those themes today, both in terms of questions as well as remarks.

There was a question on what new things you learned about Unbound. That was a very valuable question. There was an encouragement to understand that debt will always be cheaper than equity and to live that principle. So again, very well received.

And finally, there was a challenge that we must aspire to drive organic growth in the late teens and not settle for anything less. So again, thank you for that encouragement and challenge.

Let me leave you with one thought. If FY'26 was a year we proved that this operating system works, FY'27 is the year we let it compound. Q1 is the first quarter and the first evidence that we're doing exactly that. The two ideas I want to save with us today are the ones that run through every voice on this call tonight. AI is showing up in our revenue, not merely on PowerPoint slides, and more and more of the revenue is being paid for outcomes rather than effort. These are not slogans. This is how a 34% EBITDA margin quarter gets built, and they are the reason the conviction behind our FY'27 guidance is as high as it is. You've heard me say tonight that we are a conservative lot here at MPS, so I will not oversell the year. I will simply say that the work to deliver is already in flight.

To our customers, our employees, our partners and our long-term shareholders, thank you for the steadiness you give MPS through every phase of its journey. We have a great deal of work ahead of us. And if I'm honest, we're going to enjoy every minute of it. We look forward to staying close through the year and to updating you again next quarter. Thank you.

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