

49TH
ANNUAL REPORT
2018-19

LEVERAGE
DIVERSIFY
AND **DISRUPT**



MPS Limited

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KEY INFORMATION

Chairman & Non-Executive Director
Mr. Nishith Arora

Independent Director
Mr. Vijay Sood

Independent Director
Mr. Ambarish Raghuvanshi

Independent Director
Mr. Sunil Shah

CEO & Managing Director
Mr. Rahul Arora

Non-Executive Director
Ms. Yamini Tandon

CFO & Company Secretary
Mr. Sunit Malhotra

Compliance Officer
Ms. Shiwani Dayal

Auditors

BSR & Co. LLP
Building 10, 8th floor, Tower B
DLF Cyber City, Phase II
Gurugram – 122 022, Haryana

Bankers

BNP PARIBAS
Salarpuria Windsor, Ground
Floor, No. 3, Ulsoor Road,
Bengaluru – 560 042, Karnataka

Kotak Mahindra Bank Limited
Kotak Aerocity, Asset Area 9,
1st Floor, Corporate Banking,
Ibis Commercial Block,
Hospitality District, IGI Airport,
New Delhi – 110 037

Corporate Office

C-35, Sector-62,
Noida – 201 307, Uttar Pradesh

Registered Office

RR Towers IV, Super A, 16/17,
Thiru-vi-ka Industrial Estate,
Guindy, Chennai – 600 032

Subsidiaries

MPS Interactive Systems Limited

Corporate Office

The Great Oasis, D-13, 2nd
Floor, Marol Industrial Estate,
Andheri (E), Mumbai – 400 093

Registered Office

RR Towers IV, Super A, 16/17,
Thiru-vi-ka Industrial Estate,
Guindy, Chennai – 600 032

MPS North America LLC
5728 Major Boulevard,
Suite 528, Orlando, FL – 32819,
USA

TOPSIM GmbH

Neckarhalde 55
72070 Tübingen

MPS Europa AG

Lindenstrasse 14,
6340 Baar, Switzerland

Other Indian Offices

- HMG Ambassador, 137 Residency Road, Bengaluru – 560 025, Karnataka
- 33, IT Park, Sahastradhara Road, Dehradun – 248 001, Uttarakhand
- GRM Tech Building, 2nd Floor, Plot No. DH-6/29, Premises No. 03-0315, Action Area – 1, Rajarhat, New Town, Kolkata – 700 156, West Bengal

Other Global Offices

- PO BOX-1189-Effingham IL – 62401
- 477 Madison Ave 6th Floor New York – 10022
- 1822 E NC 54 Hwy Suite-120, Durham, NC – 27713
- 320, Regus Business Centre Old Orchard Towers 5250, Old Orchard Road Skokie, Illinois 60077 USA
- 260 Sterling Road Toronto ON, M6R, 2B9 Canada
- 2001 to 2005, 20th Floor Jumeirah Bay X-3 Tower Cluster X, JLT P.O Box 120933, Dubai, United Arab Emirates

Registrar and Share Transfer Agent

Cameo Corporate Services Limited
Subramanian Building, 1 Club
House Road, Chennai – 600 002



LEVERAGE

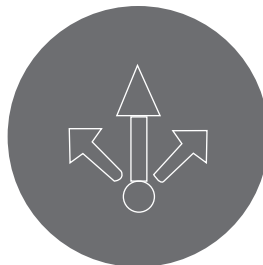
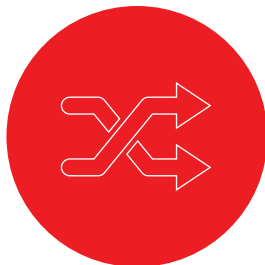
This growth strategy will include expansion of our core through development of new products, capabilities, and business models by capitalizing on our domain knowledge, data capital, IP, and rich experience gained over our 49-year history as a market pioneer.

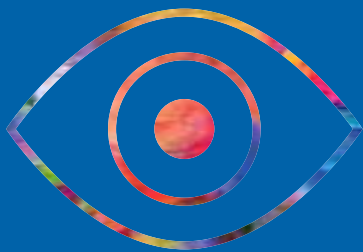
DIVERSIFY

Growth through diversification will be our strong emphasis as we scale our business into new industries, geographies, content types, and technology forms. We now consider content as global and all encompassing and our focus on powering content will bind this strategy.

DISRUPT

Innovation is at the heart of everything that we do and while sustaining innovations have powered the continuous improvement in our operating model, disruptive innovation will power our growth in areas where the market is consolidating.





VISION 2023

Business Transformation through Smarter Publishing and Learning

MPS' objective is to power the differentiation and competitiveness of our customers through smarter publishing and learning.

We will transform learning by making it transparent, real-time, and focused on the learning outcome.

Through the successful execution of this vision, we will grow to be the undisputed market leader by 2023, loved and admired by all our stakeholders.

OUR VALUES

EXCELLENCE EMPATHY EFFICIENCY

Our ambitions will be powered by our core values that we call the Triple E. These Triple E values define who we are today and will shape our future. They are principles that we will not compromise on but are tools that we will depend on.



Excellence is a way of life. It means respecting our colleagues, owning our responsibilities, and committing our best to our customers. Excellence is the simplicity in committing our best to every interaction, deliverable, and decision.



Empathy is caring. It means caring to understand things deeply, absorbing the unwritten, and going the extra mile for people who depend on us. While Empathy is intuitive, we believe it can be developed intellectually through impactful learning programs.



Efficiency is who we are. It means driving automation, smarter workflows, innovative operating models, and not allowing any job to be grunt work at MPS.

THE WORLD OF MPS LIMITED

12 reasons

why the Company commands global traction,
respect, and visibility



Premiership Status

Macmillan established MPS as the first publishing outsourcing company in 1970. The early years were focused on offshoring mechanical activities to India to unlock value derived through wage arbitrage. As MPS expanded with more customers, the complexity of outsourced activities increased and the business evolved to be more knowledge driven. Always known to be a pioneer in bringing innovation to the marketplace, MPS went through another acceleration phase after the acquisition by ADI in 2011-12. During this phase, the business and its identity went through a series of evolutions that significantly scaled the scope and value associated with the business. Today, MPS is positioned as a market leader as a result of the thoughtful and significant reinvestments in its business, and by ensuring that all acquisitions completed were even more premier assets than the core business to grow its legacy of being the most innovative brand in its markets.



Leadership

Branded as MPS One, the senior management team at MPS is a unique combination of diverse talents and experience that complement each other, and yet have a similar style of authentic leadership. MPS One developed Vision 2023 of *Making Learning Smarter* powered by the Triple E values of *Excellence, Efficiency, and Empathy* to lead MPS through its next phase of growth. Rahul Arora is CEO and Managing Director of MPS and is supported by Sunit Malhotra, CFO and CS; Narendra Kumar, CTO; Yamini Arora,

CMO; Rajesh Pankaj, SVP of Learning Solutions; Srinivas Rao, VP of Operational Excellence; and Harsh Gupta, VP of Growth. Led by Nishith Arora who is the Chairman of MPS, the Board of Directors nurture and support MPS One in their leadership of the organization. The leadership structure has allowed MPS to be highly customer focused, uniquely efficient, and enviably ahead of its competitors. Additionally, in the last three years, there have been several investments to upgrade the management quality and bandwidth at MPS.



Successful Acquisition Machine

MPS made six acquisitions in six years. All our acquisitions have added new and meaningful capabilities that have allowed us to be a better and growing partner to our customers. Diversification of our customer base has been another important consequence of our inorganic strategy. Since we have consistently acquired premier assets that were known to be leaders in their respective areas, the integration of these acquisitions has been highly successful and relatively smooth. In combination, all acquisitions have fulfilled all key financial criteria including High Return on Invested Capital, Impressive Payback Period, and Steady Growth.

2013-15: The Company acquired Element LLC, Electronic Publishing Services Inc (EPS), and TSI Evolve (USA) through MPS North America LLC. These acquisitions strengthened MPS' content and media asset development offerings for educational purposes.



2016-17: The Company acquired Mag+, a leading mobile platform company for creating and distributing content apps; and THINK Subscription, a leading order management and customer service platform company focused on the Academic and STM Publishing market. These acquisitions jump-started our platforms business segment that is nearly 20 percent of our business today. The acquisition of Mag+ allowed us to be a trusted mobile strategy advisor to our customers and expanded our reach into newer publishing markets including enterprises and magazine publishers. The acquisition of THINK led to the development of a comprehensive platform suite called THINK360 for content hosting, distribution, and fulfillment through integration of THINK with other MPS platforms including ScholarStor and MPS Insight.

2018-19: The acquisition of Tata Interactive Systems Group¹ was our definitive expansion into the Enterprise Learning market after the initial launch through Mag+ in 2016. The group pioneered innovations in the Enterprise Learning space through high-end custom eLearning delivery including web-based learning, simulations, serious games, custom apps, and micro learning. The acquisition gave us access to relationships with more than 70 Fortune 500 companies - partnerships that have resulted in more than 100 prestigious global awards. Additionally, the acquisition has given us dedicated operations in Europe and access to customers in new geographies such as India, Middle East, and Africa among expansion in existing geographies. We are now unlocking the true potential of this acquisition by driving the same innovative and customer focussed spirit that has made us successful in other acquisitions. All entities are now profitable and will soon graduate from a phase of consolidation to growth.



Global Footprint

Over 2,500 associates power MPS across seven delivery centers in India, two subsidiaries in Europe, and five client servicing offices in the US. We have fully embraced the gig economy and an additional 20 percent of our workforce is a combination of freelancers and independent contractors that are

developed, on-boarded, managed, and partnered with by leveraging on smart workflows and our proprietary and market leading platforms. What we lose in economies of scale in our diversity and spread in operating model, we more than gain through productivity and stability.



Knowledge Capital

MPS has a multigenerational workforce of 2,536 niche experts who excel in their domain. As on 31 March 2019, 97 percent of the Company's employees were located in India and 3 percent across international operations while 74 percent of the Company's senior management was located in India and 26 percent across international geographies in marketing and strategic functions.



Operational Excellence

The Center of Operational Excellence at MPS is an independently governed entity outside of operations that focuses on improving efficiency and effectiveness of the processes, and keeping them customer focused, responsive, adaptive, and future ready. The Company has an auditing framework in place to ensure that planned arrangements are implemented and complied with. MPS utilizes Machine Learning and Natural Language Processing to adapt these concepts appropriately in the processes, along with implementations such as Content Profiling and Cognitive Quality Control, and real-time analytics for predictive monitoring to their credit.



Business Segments

Content Solutions

This is our largest business segment that accounted for 64 percent of our revenue in FY19 and that includes Content Authoring and Development, Content Assembly, Content Transformation, and Content Fulfillment. Our value proposition in this business is Operational Excellence and our strategy here is to play the role of a *consolidator* for publishers and pass on efficiencies gained from scale and automation in savings to customers.

¹ Tata Interactive Systems Group includes Tata Interactive Systems India (now MPS Interactive), Tata Interactive Systems AG (now MPS Europa AG), and Tata Interactive Systems GmbH (now TOPSIM GmbH).

Platform Solutions

The growth of the Company's platform business is being driven by customers switching away from other third-party providers, homegrown systems, and legacy technology. The underlying value proposition of the platform business is product leadership, achieved through active customer groups and committees, flexible engineering, dedicated and highly responsive support, intuitive user experience powered by domain expertise, scalable architecture, and highly secure hosted environments.

eLearning Solutions

eLearning is the newest addition to the MPS business model. The company entered the business through the acquisition of Tata Interactive Systems in 2018. The eLearning Solutions business is driven out of MPS Interactive and MPS Europa. They include learning solutions such as CyberTest, Learning Planet® Enterprise (LPE), Gamification and Serious Games, Simulations, LEARNow™, QuizBiz, Custom Development, Managed Learning Services, Mobile Learning, Micro Learning, and AR/VR/Mixed Reality. This acquisition enhanced scale, scope, and skill. Our aspiration in this business is to play the role of a *disruptor* by introducing automation and tool-based development to *make learning smarter*.



Financial Performance

Total Cash and Cash Equivalents (including investment in Mutual funds) as on 31-March 2019 was INR 288.73 Crores. We achieved a record-breaking EPS of INR 40.83 per share, for the year under review. The company reported 36 percent growth in revenues and 8 percent increase in profit after tax. While Content Solutions accounted for 64 percent of revenues, Platform Solutions accounted for 17 percent of revenues, and eLearning Solutions accounted for 19 percent of revenues.



Growing Customer Base

At the time of the Company's acquisition in 2011, the customer base primarily comprised of science and scholarly publishers in the UK and Europe. Following the acquisitions, the MPS customer

base expanded globally in geographic and market presence. Nearly 51 percent of the Company's revenues are now derived from the US, 41 percent from Europe and 8 percent from the rest of the world. MPS has opened its platforms and content solutions to the global enterprise market; the transition from publishing solutions to platforms, content, and eLearning solutions allows MPS to diversify its customer base, increasing the number of billed clients by 59 percent.



Valuation

MPS Limited's shares are listed and actively traded on the NSE and BSE. The market capitalization of MPS Limited on NSE was INR 887.65 Crores and on BSE was INR 892.22 Crores as on March 31, 2019.



Certifications

MPS Limited is respected for addressing the highest standards for process, quality, and data security. The Company is certified for the following certifications:

- ISO 9001:2008 (Quality Management System)
- ISO/IEC 27001:2013 (Information Security Management System)
- PCI-DSS (Secure Credit Card Processing Environment)
- COUNTER 5 Compliant



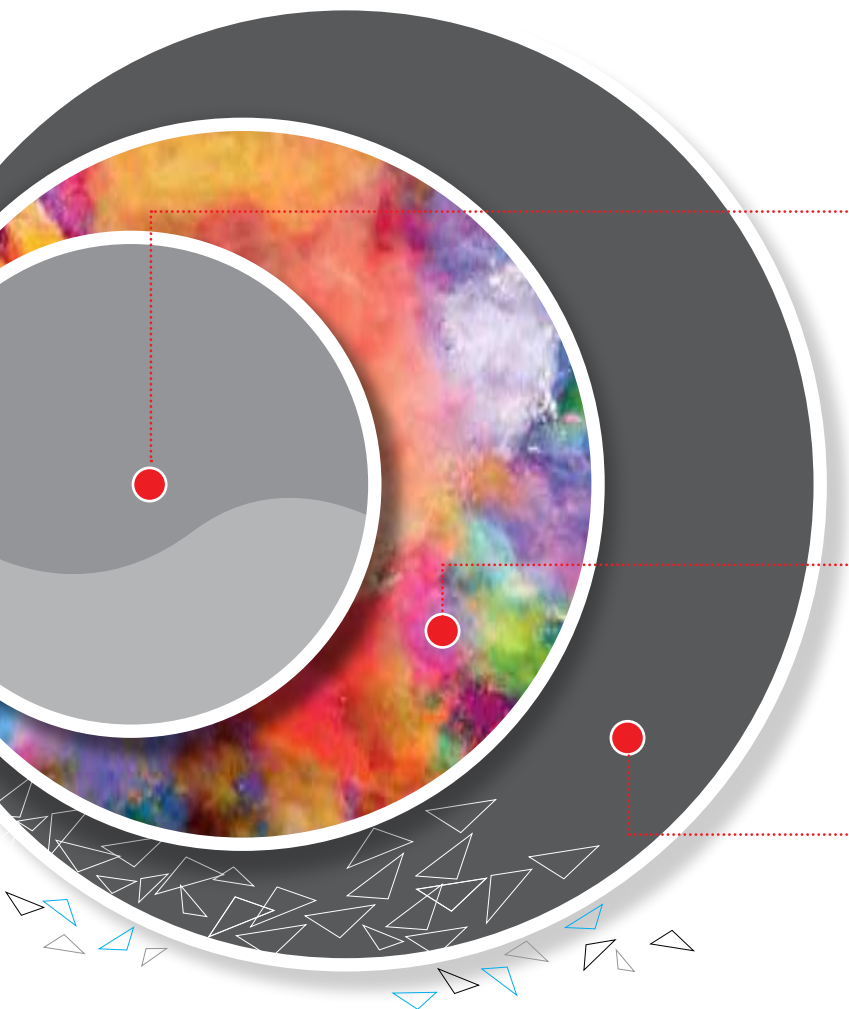
Market Expansion

MPS strives to be ahead of market trends by continually evolving and strategically expanding. The steady growth in the core business encouraged MPS to enter the adjacent market of enterprise learning (projected to grow to USD 325² Billion by 2025). The acquisition of Tata Interactive Systems Group heightened the scope and technological capabilities of MPS as we entered into the large addressable market of eLearning. MPS leveraged its expertise and network in the content business and imbibed new state-of-the-art technologies such as AR, VR, XR, gamification, business simulations, and learning management systems to grow in the business of eLearning.

² <https://www.forbes.com/sites/tjmccue/2018/07/31/e-learning-climbing-to-325-billion-by-2025-uf-canvas-absorb-schoology-moodle/#5bf622f93b39>

LEVERAGE. DIVERSIFY. DISRUPT.

Growth strategy for a changing world



LEVERAGE

Expansion of core by optimizing and configuring what we have for newer applications and business models



DIVERSIFY

Expansion into adjacent markets by extending core competencies suitably



DISRUPT

Identify non-value drivers in core market and find ways to remove such redundancy through platform-based approach

