MPS

ANNUAL REPORT 2019 / 2020

RESILIENCE

EXCELLENCE · EMPATHY · EFFICIENCY

mps 50
MAKE LEARNING SMARTER

CONTENTS

KEY INFORMATION

Key Personnel

Chairman & Non-Executive Director
Mr. Nishith Arora

CEO & Managing Director
Mr. Rahul Arora

Independent Director
Mr. Ajay Mankotia

Independent Director
Ms. Jayantika Dave

Independent Director
Dr. Piyush Kumar Rastogi

Independent Director
Ms. Achal Khanna

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 – 560042,
Karnataka

Kotak Mahindra Bank Limited
Kotak Aerocity, Asset Area 9,
1st Floor, Corporate Banking,
Ibis Commercial Block,
Hospitality District, IGI Airport,
New Delhi – 110037

Corporate Office
C-35, Sector-62,
Noida – 201307,
Uttar Pradesh

Registered Office
RR Towers IV, Super A,
16/17, Thiru-vi-ka Industrial
Estate, Guindy,
Chennai – 600032

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 – 600032

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 – 560025,
  Karnataka
- 33, IT Park,
  Sahastradhara Road,
  Dehradun – 248001,
  Uttarakhand
- 709 DLF Corporate Greens
  Sector-74A Narsinghpur
  Gurugram – 122 016
- GRM Tech Building,
  2nd Floor, Plot No. DH-6/29,
  Premises No. 03-0315,
  Action Area – 1, Rajarhat,
  New Town,
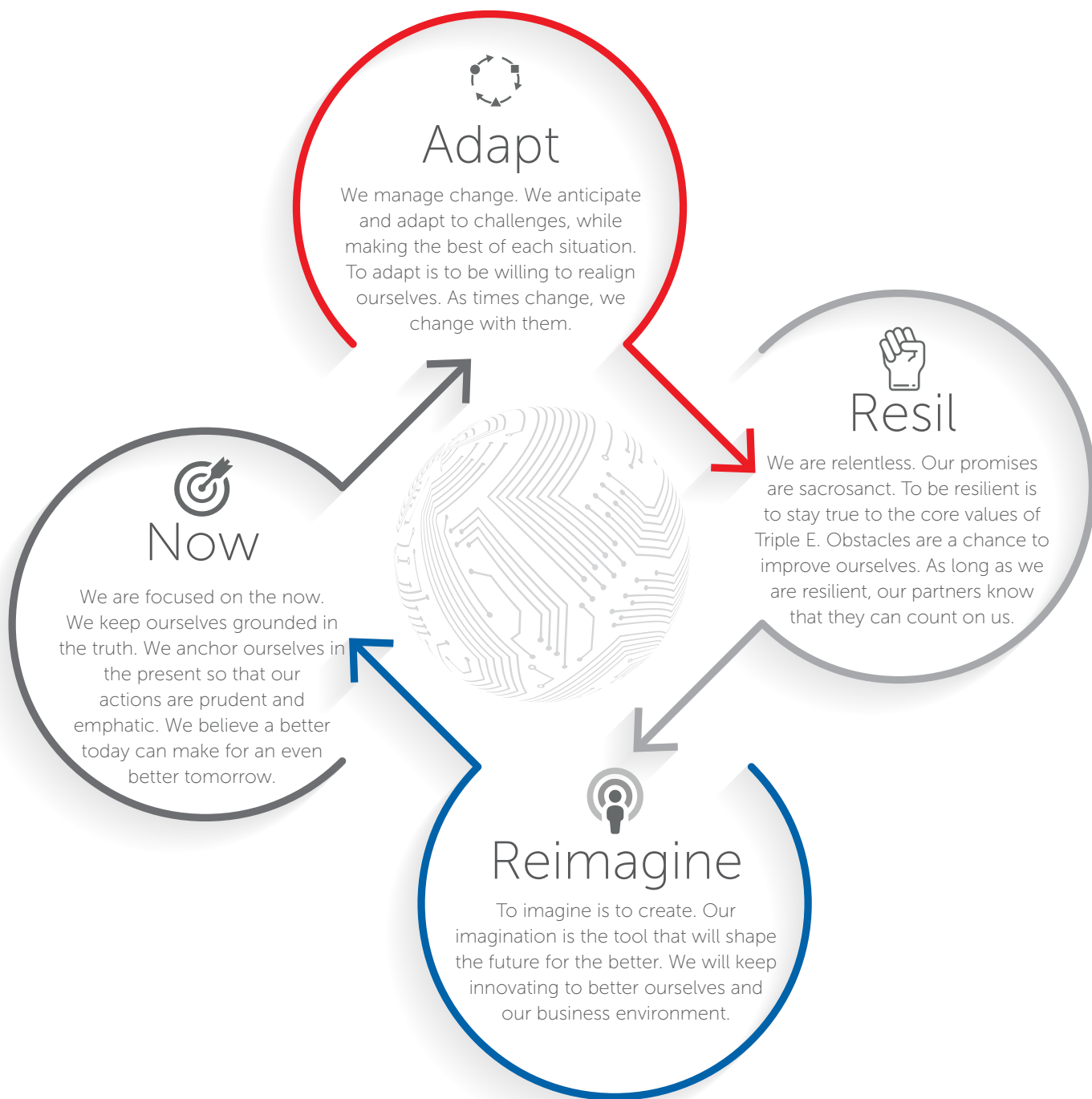 Kolkata – 700156,
  West Bengal

Other Global Offices
- 1901 S. 4th Street, Suite 222,
  Effingham, IL 62401, USA
- 477 Madison Ave 6th Floor
  New York – 10022
- 1822 E NC 54 Hwy Suite-120,
  Durham, NC – 27713
- 103 Carnegie Center
  Dr. Suite 300, Princeton,
  New Jersey, 08540

Registrar and Share Transfer Agent
Cameo Corporate Services Limited
Subramanian Building,
1 Club House Road,
Chennai – 600002

MISSION **2020**

Adapt

We manage change. We anticipate and adapt to challenges, while making the best of each situation. To adapt is to be willing to realign ourselves. As times change, we change with them.

Resil

We are relentless. Our promises are sacrosanct. To be resilient is to stay true to the core values of Triple E. Obstacles are a chance to improve ourselves. As long as we are resilient, our partners know that they can count on us.

Now

We are focused on the now. We keep ourselves grounded in the truth. We anchor ourselves in the present so that our actions are prudent and emphatic. We believe a better today can make for an even better tomorrow.

Reimagine

To imagine is to create. Our imagination is the tool that will shape the future for the better. We will keep innovating to better ourselves and our business environment.

MISSION **2020**

	Adapt	Resil	Reimagine	Now
Strategy	Change Management	Operational Stability	New Normal	Real time planning and analysis
Implementation	• Regular BCP & monitoring • Moved 95% of workforce, along with their equipment, to home offices • Configured VPN and IT security procedures to provide connectivity from home offices • Tightened information security measures to minimize risk of data breach data breach	• Supported customers in adapting their platforms to new business models • Scaled operations to manage rising volumes in research • Enhanced office safety protocols • Continuously monitored for signs of infection among the workforce	• Reduced travel to essential only • More content marketing through digital media • Content production in the Cloud • Identified functions for home-based operations • Selected locations for fully virtualized offices	• Active Cash management • Investments in fixed deposits and overnight funds • Quarterly planning with cost rationalization
Outcome	Minimal impact on delivery, quality, and speed	Operating capacity at near Pre-Covid levels	Reduced environmental footprint, cost savings	Financial stability
Impact Areas	Information Technology, Operations	Operations, Human Resources	Sales and Marketing, Operations	All of MPS

MPS Limited - Excellence • Empathy • Efficiency

OUR **VALUES**

EXCELLENCE
EMPATHY
EFFICIENCY

Our ambitions are powered by our core values that we call the Triple E. These Triple E values define who we are today and how we will shape our future. They are principles that we will not compromise on, and 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 not perfection, but rather simply committing our best to every interaction, deliverable, and decision.

Empathy is caring. It means understanding things deeply, absorbing the unwritten, and going the extra mile for people who depend on us. Although 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, and innovative operating models, and not allowing any job to be "grunt work" at MPS.

ABOUT
MPS LIMITED

>> Nine Reasons Why
MPS is the leading provider of content, learning, and platform solutions.

ACTIVE LEADERSHIP

MPS is led by a diverse team of talented and experienced managers who are members of the Senior Management Team. Branded as MPS One, this team developed the vision of *Making Learning Smarter* powered by the Triple E values of *Excellence, Efficiency, and Empathy*. MPS One is tasked with unlocking the potential of MPS and leveraging synergies across solutions that MPS offers. The leadership structure has allowed MPS to be customer-focused, operationally efficient, and ahead of its competitors. Currently, MPS One is leading the charge toward achieving Mission 2020 for MPS and overseeing its transformation for the new normal. Their active involvement has been critical in ensuring minimal disruption to MPS amidst the current uncertain macro-environment.

SMART ACQUISITIONS

MPS has an active inorganic growth strategy to augment its capabilities and to be a better partner to its customers. We have an active deal pipeline, which has resulted in six acquisitions from 2013 to 2018. Our focus has always been on acquiring industry-leading companies at attractive valuations. We ensure that every acquired asset gives us access to new customers and expands our capabilities, thereby enriching our value proposition. Our focused inorganic growth strategy has allowed us to get great Returns on Invested Capital and Steady Growth.

Acquisitions for Content Solutions

We made three acquisitions in the content solutions space in order to scale our interests in the educational publishing market through the addition of US-based services including, content authoring and development, rights and permissions, and high-end creative services.

1. 2013: Acquired Element, LLC to add capabilities to serve the K-12 segment through content development and design.

2. 2014: Acquired Electronic Publishing Services, located in Durham, North Carolina, to expand our presence in the Higher Education and Academic Publishing segments. We also gained significant capabilities in Rights and Permissions, Content Authoring, and high-end Media Asset development.

3. 2015: Acquired TSI Evolve to widen our capabilities in Reading Language Arts, World Languages, Translations, and Design/Media for the K-12 market

Acquisitions for Platform Solutions

MPS achieved Operational Excellence through automation and a systems-based approach, and architected the DigiCore platform to develop annuity-based revenue resulting in more strategic relationships with its customers. After gaining momentum in this higher quality of business, MPS committed to the approach and added a new business segment called Platform Solutions in 2015. To further enhance this business, MPS completed the following acquisitions:

1. 2016: Acquired Mag+ to augment our platform offerings and help our customers with their mobile content strategy. We strengthened the compelling pitch for Mag+ by offering creative services in conjunction with the platform, and providing operational support for complex and time-constrained projects.

2. 2017: Acquired THINK Subscription to enhance our content delivery platform framework with order management and customer service capabilities. We integrated THINK with leading MPS platforms, ScholarStor and MPS Insight, complementing the platform with content management, hosting, delivery, and data analytcis capabilities. The platform is now branded THINK360 and allows customers to select modules that are relevant to their businesses.

3. 2018: Acquired Tata Interactive Systems GmBH, now known as TOPSIM GmBH, to enter the adjacent market of Learning Platforms. Since the acquisition, we have expanded the capabilities of TOPSIM beyond Europe to major international markets.

Acquisitions for eLearning Solutions

MPS has 50 years of market leading experience in content solutions. We have supported global publishers at every stage of the value chain from content creation to delivery. We identified eLearning for the Corporate market as an opportunity where our content capabilities could be leveraged for rapid growth. To achieve this strategic objective, we completed two acquisitions in the eLearning space.

1. 2018: Acquired Tata Interactive Systems, the eLearning business of Tata Industries Limited through our wholly owned subsidiary, MPS Interactive Systems Limited. MPS Interactive enables its clients to address their learning and development needs through technology-enabled, futuristic, and highly scalable learning solutions. This acquisition provided MPS with new customer relationships and expanded our presence in North America, Europe, Middle East, APAC, and India.

2. 2018: Acquired Tata Interactive Systems AG, now known as MPS Europa AG, to gain onshore presence in Switzerland. In addition to gaining new capabilities in emerging technologies including AR, VR, and MR, we are now able to serve parts of continental Europe that require local presence.

EMPLOYER BRAND

MPS was established as a part of the Macmillan Group in 1970. Over the past 50 years, MPS has evolved from being a content services company to the enabler of digital transformation for its partners. Post change of ownership in 2012, MPS went through a phase of rapid growth that saw MPS acquiring six companies in six years. Over the past eight years, MPS has successfully expanded the scale and scope of the business while enhancing the value delivered to its customers. We enjoy the enviable position of being a strategic partner to our customers in the industry where competitors fight for business by entering into price wars and eroding margins. We have been able set industry standards because of the quality of talent that we attract. MPS is a sought-after employer in all the 14 global locations where it has presence. Currently, MPS employs over 2400 learning experts, all over the world, who are passionate to Make Learning Smarter. We have been able to reduce attrition by building a workplace that fosters growth and nurtures the wellbeing of each individual.

CONTINUOUS PROCESS IMPROVEMENT

Scale is one of the core drivers of efficiency. Our operations team supports our customers across the world by providing an efficient delivery model that heavily utilizes technology. MPS has a dedicated and independent Center for Operational Excellence to optimize operations, and to keep us responsive, agile, and future-proof. The Center for Operational Excellence makes recommendations to improve processes and our audit framework checks the implementation and compliance of these planned changes. We have integrated real-time analytics into our workflows, which enables us to measure and optimize our processes in real-time. MPS uses Machine Learning and Natural Language Processing in specific implementations including Content Profiling, Automated Content Production, and Cognitive Quality Control to further enhance Operational Excellence.

INTERNATIONAL PRESENCE

2400+ learning experts power MPS across seven delivery centers in India, two subsidiaries in Europe, and five client offices in the USA. These experts serve the world's leading organizations, publishers, and educational institutions to *Make Learning Smarter*. That our solutions are admired across the globe is reflected in the fact that we are generating more than 90% of our revenue from North America and Europe.

Global presence also requires us to work with world-class talent and we do so by utilizing freelancers and independent contractors on a case-by-case basis. We integrate them with our teams using smart workflows and our market-leading platforms. We have an experienced team of in-house project managers who work with these experts delivering quality learning solutions. A diversified operating model that leverages both in-house talent and contractors makes us more productive and resilient.

CERTIFICATIONS

MPS adheres to the highest internationally recognized standards of process, quality, and data security. We continuously upgrade our certifications to match the latest developments in the field. We are certified in the following:

1. **ISO 9001:2015** - Followed by our Journals Business, this international quality management system demonstrates our ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements.

2. **ISO/IEC 27001:2013** - Our production systems adhere to this information security management system. The standard specifies the requirements for establishing, implementing, maintaining, and continually improving an information security management system within the context of the organization.

3. **PCI-DSS** - As a card payment industry standard that protects the cardholder and reduces fraud, the PCS-DSS 1.2 standard is used across MPS' fulfillment services unit.

4. **COUNTER 5 Compliant** - The COUNTER initiative serves librarians, publishers, and intermediaries by facilitating consistent and credible recording and reporting of online usage statistics. The standard is applicable to our MPS Insight and ScholaryStats platforms.

FINANCIAL STABILITY

MPS boasts of robust finances and a healthy balance sheet. Our shares are listed on BSE and NSE, and as of March 31, 2020, our market cap stood at INR 390 crores. With our entry into the eLearning business, we have successfully diversified our revenue streams, with 61% of our revenues coming from Content Solutions, 16% from Platforms Solutions, and 23% from Learning solutions. In FY20, we generated operating cash flows of INR 52 crores and we continue to remain debt-free.

AN INTEGRATED VALUE CHAIN

Our vision is to *Make Learning Smarter* and we have worked continuously to ensure that we add the required capabilities to achieve our vision. We now provide leading solutions to cover the entire content value chain from designing content strategy to measuring content effectiveness. The world's leading publishers, corporates, educational institutions, and learning companies trust us with their content needs, ranging from content authoring to production to delivery to fulfillment to usage intelligence and increasingly for a variety of productions, with project management being the fulcrum of our engagements.

KNOWLEDGE CAPITAL

Over the period of 50 years, MPS has accumulated substantial capabilities and competencies. We have a multigenerational workforce with a track record for excellence in publishing and learning. Our workflows and operating procedures have been optimized to remove grunt work. Consequently, our teams stay focused on producing knowledge-driven outcomes. Through rigorous training and evaluation, we ensure that this organizational expertise is preserved and improved upon, year after year.

MPS is a technology-led company and our biggest assets are the people contributing to our success every day. Our workforce is a healthy combination of experience, talent, and drive. Our knowledge management processes are tailored toward leveraging everyone's strengths, ensuring that the intellectual capital is preserved. We promote active knowledge management by facilitating learning and collaboration across our multiple centers. With this practice, we have created extended teams for all our projects and competencies, which can be deployed in case of a business continuity event. We are powered by over 2400 learning experts who are passionate to *Make Learning Smarter*. We support them with an environment of constant learning and self-improvement. Our employees have recognized this opportunity for growth and we have improved our attrition rates over the years.

OUR **BUSINESS**

Learning Solutions

About the Business

MPS Interactive is driven by a passion to change the way the world learns. This passion drives our award-winning solutions with an unwavering focus on innovation, continuous improvement, and high quality. MPSi is synonymous with custom solutions focused on learning outcomes and enabled by efficient and immersive learning pathways.

Services and Products

- eLearning Solutions
- Simulations
- Games
- Augmented, Virtual, and Extended Reality
- Experience Centers
- Learning Platforms

Strengths

- Create solutions for the entire learning value chain
- Apply a scientific approach to learning to increase knowledge retention
- First mover in advanced learning modalities

Platforms

About the Business

MPS' platforms business was developed to solve inherently complex problems using intuitive yet sophisticated technologies. Our platforms combine domain expertise, cutting-edge engineering, and best practices in user experience to solve mission critical priorities for our customers. Our platforms are built with a modular approach to allow for customization based on needs.

Services and Products

- DigiCore
- MPSTrak
- Mag+
- THINK360
- Scholarstor
- ScholarlyStats
- MPSInsight
- TOPSIM

Strengths

- Product Leadership
- Scalable, cloud-hosted solutions
- Integrated data driven decision support systems

Content Solutions

About the Business

MPS powers the content services needs of leading publishers, societies, university presses and learning companies. Our global delivery model ensures the highest levels of quality standards and allows our teams to work as an extension of our client teams. In addition, our experts help our clients to create enriched digital user experiences that incorporate interactivity and creative design along with accessibility compliance.

Services and Products

- Content Authoring and Development
- Publishing Solutions
- Rights and Permissions
- Accessibility
- Creative Studio
- Content Production
- Digital Transformation
- New Media Solutions

Strengths

- 50 years of experience in developing, managing, and producing content across disciplines, languages, and global markets
- Cloud-based editorial platform, leveraging AI and ML
- Collaborative editing across author, client, and production teams