



MPS LTD (MPS)

Market Cap.
Rs.4,505 cr.
52 Week H/L
Rs. 3,072/1,763
CMP
Rs. 2,633
Target Price
Rs. 3,603
ENT
STOCK DATA
Recommendation **BUY**
Reuters Code **MPSL.BO**
Bloomberg Code **MPS IN**
BSE Code **532440**
NSE Symbol **MPSLTD**
Face Value **Rs.10**
Shares Outstanding **1.7 Cr**
Avg. Daily **39,873**
Volume (6m) **Shares**
Price Performance (%)
1M **3M** **6M**
(4) **(10)** **28**
200 Days EMA Rs. 2,359
SHARE HOLDING (%)
Promoters **68.3**
FII **2.0**
FI/MF **0.9**
Body Corporate **3.2**
Public & Others **25.6**
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Strategic acquisitions

Historically, MPS Ltd was known for identifying distressed assets available at attractive valuations, acquiring them, and revitalizing their operations through integration, efficiency improvements, and cost rationalization. However, since 2022, MPS Ltd has broadened its lens to include well-managed, high-growth companies. A key driver behind this change has been the company's increasing focus on future-ready businesses. MPS now classifies acquisition targets as either "core" or "non-core" based on their alignment with emerging technologies, especially artificial intelligence (AI).

Facilitating value via MPS Labs

MPS Labs' innovations have resulted in tremendous efficiency gains in specific implementation areas. The business's cutting-edge AI capabilities are creating new revenue streams in high-growth areas including content creation, real-time translation, accessibility, and intelligent language editing. MPS and its clients share the benefits of AI integration, which has enabled profitable development across company segments.

Notable industry shift

The educational publishing and eLearning industries are undergoing a significant and irreversible digital shift. Traditional printed resources, such as textbooks and physical learning modules, are quickly being replaced by digital-first formats. With attention spans shrinking and learner expectations evolving, companies that can deliver personalized, scalable, and accessible solutions are best positioned to lead. Companies like MPS Ltd. stand to gain a great deal in this setting based on their capacity to optimise learning solutions, platform delivery, and content solutions.

OUTLOOK & VALUATION

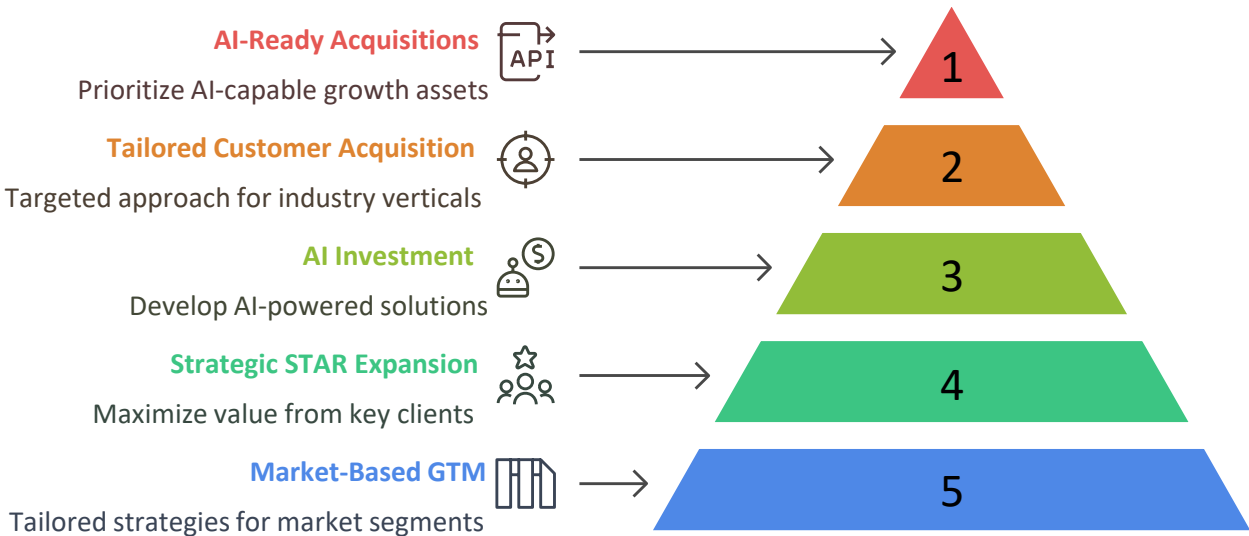
Factoring the various positive triggers for the stock in the medium to long term, we expect revenue at Rs.1194.2 cr, EBITDA at Rs.364.2 cr at an EBITDA margin of 30.5% and Adjusted PAT of Rs.256.8 cr. Given the strong revenue and margin outlook, we estimate FY28E EPS at Rs.150.1, and assign a PE multiple of 24x to arrive at a target price of Rs.3603, which is an upside of ~36.8% from its last traded price of Rs.2646. We initiate coverage for MPS Ltd. with a BUY rating, over an investment horizon of 24-30 months.

Y/E Mar	Revenue (Rs. Cr)	EBITDA (Rs. Cr)	EBITDA Margin (%)	PAT (Rs. Cr)	NPM (%)	A-EPS (Rs.)	P/E (x)	P/S (x)	P/B (x)
FY25	726.9	210.9	29.0%	143.0	19.7%	83.6	31.7	6.2	9.5
FY26 E	865.0	252.6	29.2%	176.0	20.3%	102.9	25.7	5.2	9.1
FY27 E	1,020.7	302.1	29.6%	211.7	20.7%	123.8	21.4	4.4	8.4
FY28 E	1,194.2	364.2	30.5%	256.8	21.5%	150.1	17.6	3.8	7.3

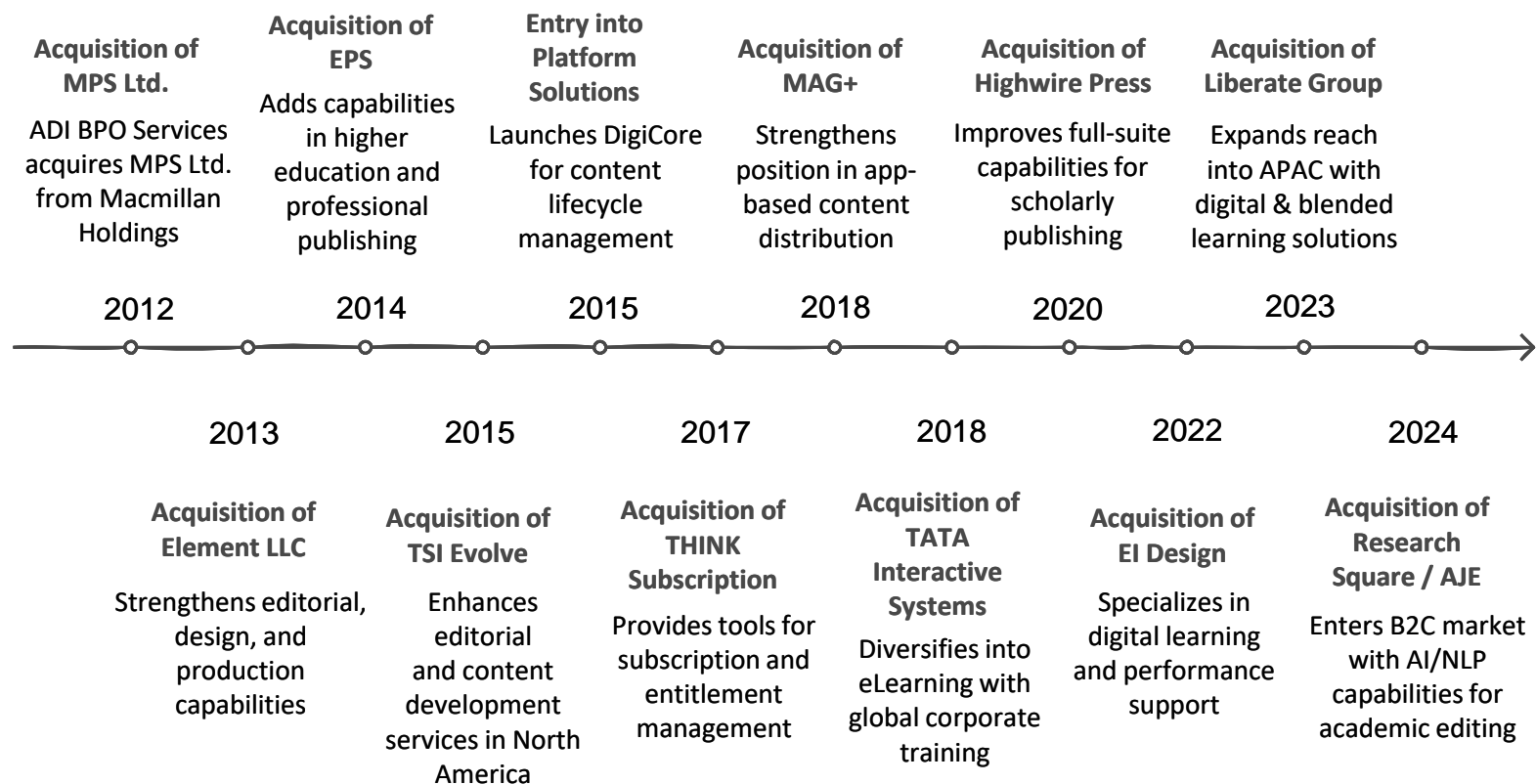
COMPANY OVERVIEW

MPS Ltd. is a leading global provider of content, platform, and eLearning solutions for the education, corporate learning, and research markets. Originally established as part of Macmillan Limited in 1970, MPS has transformed into a technology-forward company operating across three synergistic business segments: Content Solutions, Platform Solutions, and eLearning Solutions. The company's mission is to "make learning accessible to all" by delivering smarter, AI-enabled learning experiences across digital mediums. MPS operates 15 delivery centers across three continents and employs over 3,000 professionals. Its client base includes over 750 marquee customers, supported by strong relationships built over two decades on average. The company aims to become large and impactful, thereby enabling the world to learn more effectively. The objective of MPS is to become the key provider in their markets by utilizing the latest technological innovations to effectively facilitate experiential learning.

MPS's "Going Gestalt" Growth Strategy – Vision 2027



MPS LTD – KEY TIMELINES AND STRATEGIC ACQUISITIONS OVER THE YEARS



BUSINESS OVERVIEW

	CONTENT	PLATFORM	eLEARNING
Business offerings	MPS offers comprehensive End-to-End content solutions. The company serves clients in education, science, and intellectual fields.	Configurable SaaS solutions across content lifecycle. MPS generates 90% of its revenue from licensing fees.	High-Impact learning and performance support solutions. It serves more than 200 Fortune 500 companies.
Key Solutions	<ul style="list-style-type: none"> • Authoring, Development & Design • Rights and Permissions • Making client's content more accessible • Digital first Workflows • Transforming traditional content to digital 	<ul style="list-style-type: none"> • Submission, Peer Review, & Workflow • Hosting & identity Management • Insights and Analytics • Customer Service & Order Management 	<ul style="list-style-type: none"> • Custom eLearning • Situations & AR/VR/XR • Gamification • Training Delivery • Ready to implement learning platforms
Revenue Share (%)	53%	29%	18%
Value Proposition	Speed and efficiency	Innovation and agility	Differentiation and global delivery

Source: Company Presentation

INVESTMENT RATIONALE (1/3)

Strategic acquisitions

MPS Ltd has significantly evolved its acquisition strategy in recent years, reflecting a forward-looking approach aligned with technological transformation and market scalability.

Historically, the company was known for identifying distressed assets available at attractive valuations, acquiring them, and revitalizing their operations through integration, efficiency improvements, and cost rationalization. This value-driven model positioned MPS as a disciplined and opportunistic acquirer.

However, since 2022, there has been a notable strategic pivot. MPS Ltd has broadened its lens to include well-managed, high-growth companies — even those commanding premium valuations. This marks a shift from a purely opportunistic strategy to a more hybrid acquisition approach — blending value buys with strategic, long-term growth bets.

A key driver behind this change has been the company's increasing focus on future-ready businesses. MPS now classifies acquisition targets as either "core" or "non-core" based on their alignment with emerging technologies, especially artificial intelligence (AI). Companies building or adopting AI capabilities are prioritized as core to MPS's long-term vision. This deliberate emphasis on AI and future-readiness is central to MPS's ambition of building a technology-forward portfolio. It reflects a proactive stance to not just adapt to change but to stay ahead of disruption.

Going forward, MPS is expected to continue its refined acquisition strategy — focusing on growth assets with advanced tech capabilities, particularly those involved in AI, workflow automation, data analytics, and platform-based business models.

STAR Account Strategy: Scaling Strategic Partnerships

- ❖ MPS's STAR account strategy is centered on building high-value, long-term partnerships with customers based on three key criteria's: business scale, growth potential, and strategic alignment.
- ❖ This approach has already yielded strong results, including better revenue quality, volume growth, and diversification in lines of business.
- ❖ With plans to scale this initiative across all business segments by CY27, MPS anticipates expanding from 4–5 to 7–8 business lines per STAR customer, thereby, unlocking significant value.

INVESTMENT RATIONALE (2/3)

Facilitating value via MPS Labs

The mission of MPS Labs has significantly pivoted from merely being a productivity driver to also being a revenue generator for the company. In FY26, MPS intends to launch a dedicated Data and AI practice within MPS Labs that will operate as a profit centre and go to market as an independent entity, delivering specialised Data and AI solutions.

From a productivity and operational standpoint, MPS Labs' innovations have resulted in tremendous efficiency gains in specific implementation areas. The business's cutting-edge AI capabilities are creating new revenue streams in high-growth areas including content creation, real-time translation, accessibility, and intelligent language editing. For example, a large education organisation chose MPS as its principal translation partner because of its AI-powered workflows, which drastically cut costs and increase turnaround times.

MPS and its clients share the benefits of AI integration, which has enabled profitable development across company segments.

Notable industry shift

The global educational publishing market was valued at USD 17.20 billion in 2023 and is expected to increase at a CAGR of 17.2% reaching USD 54.19 billion by 2030. The educational publishing and eLearning industries are undergoing a significant and irreversible digital shift. Traditional printed resources, such as textbooks and physical learning modules, are quickly being replaced by digital-first formats. The COVID-19 pandemic expedited this trend substantially, forcing educational institutions and businesses around the world to adopt large-scale online models. With attention spans shrinking and learner expectations evolving, companies that can deliver personalized, scalable, and accessible solutions are best positioned to lead.

Companies like MPS Ltd. stand to gain a great deal in this setting based on their capacity to optimise learning solutions, platform delivery, and content solutions. With its integrated services and tech-forward strategy, MPS is strategically positioned to take advantage of the next decade of growth in digital education.

What is MPS Labs?

MPS Labs is the company's R&D and innovation hub, originally developed to boost internal efficiency and future-proof the company's operations.

It uses modern technologies, such as AI/ML/NLP (Natural Language Processing) and cloud-based solutions, to provide strong and scalable offerings.

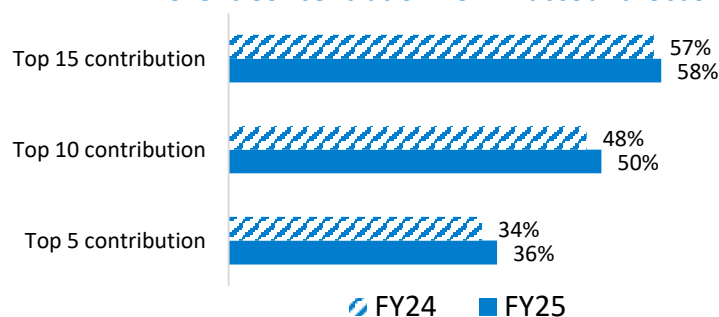
INVESTMENT RATIONALE (3/3)

Robust business outlook

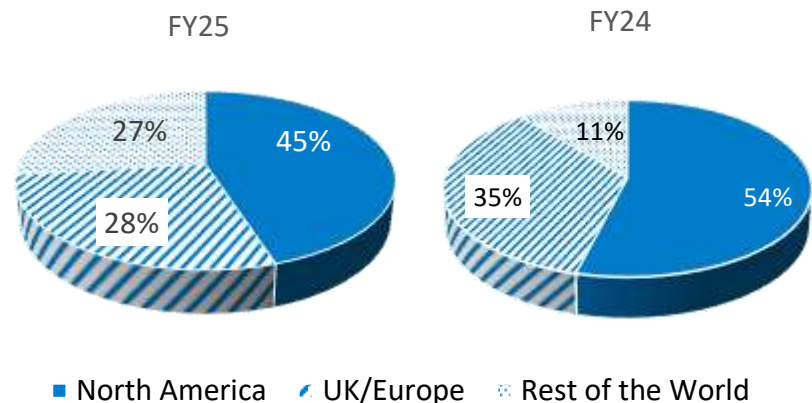
MPS Ltd. stands at a pivotal growth inflection point, backed by a decade of disciplined execution, a debt-free balance sheet, and a clearly defined dual-engine growth strategy. With its Vision CY27, the company aims to triple its topline to Rs.15Bn by FY28, led by strong organic growth (14–15% CAGR) and strategic inorganic expansion through high-potential acquisitions.

Segment-level momentum—platform solutions (18.7%, 3-year CAGR) and eLearning (16.7%, 3-year CAGR)—combined with operational excellence in content solutions, provides a well-diversified and synergistic business mix. The platform solutions business almost doubled in 3 years, posting the highest CAGR driven by SaaS-based offerings. MPS has evolved from value-driven acquisitions to a hybrid strategy, targeting both distressed and well-managed scalable assets (E.g.: AJE, Liberate Group), accelerating margin improvement and time-to-value. With advanced investments in AI/ML via MPS Labs, and a growing base of high-value STAR accounts, MPS is structurally positioned to deliver sustained value creation.

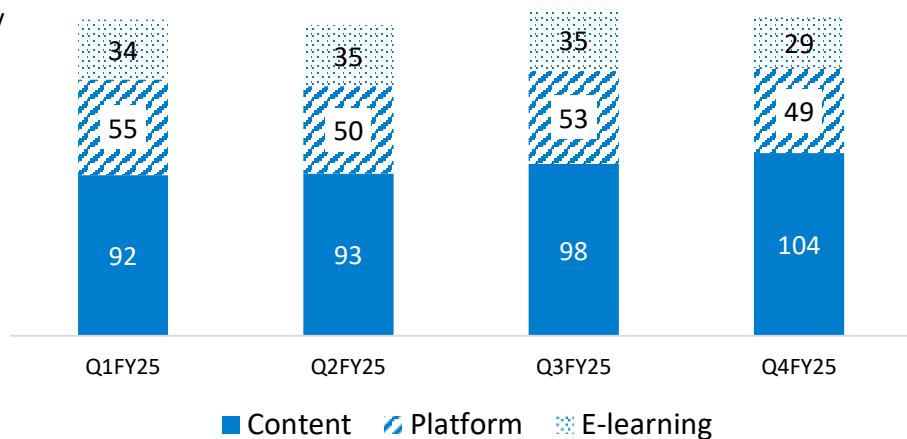
Client Concentration - STAR account focus



Geographic Diversification



Business Progression in FY25 (cr.)



INCOME STATEMENT

(Rs. Cr.)

Y/E Mar.	FY25	FY26E	FY27E	FY28E
Revenue	727	865	1,021	1,194
Raw Material Cost	0	0	0	0
Employee Cost	328	388	451	516
Other Expenses	188	225	267	314
EBITDA	211	253	302	364
<i>EBITDA Margin (%)</i>	<i>29.0%</i>	<i>29.2%</i>	<i>29.6%</i>	<i>30.5%</i>
Depreciation	27	30	33	36
EBIT	183	222	269	328
<i>EBIT Margin (%)</i>	<i>25.2%</i>	<i>25.7%</i>	<i>26.4%</i>	<i>27.4%</i>
Finance Costs	1	2	2	2
Other Income	13	14	15	17
Profit before Tax	201	235	282	342
Tax Expense	52	59	71	86
Net Profit	143	176	212	257
<i>Net Margin (%)</i>	<i>19.7%</i>	<i>20.3%</i>	<i>20.7%</i>	<i>21.5%</i>
EPS	83.6	102.9	123.8	150.1

Source: Company, Sushil Finance Research

BALANCE SHEET

(Rs. Cr.)

Y/E Mar.	FY25	FY26E	FY27E	FY28E
PP&E (incl. CWIP)	22	22	22	22
Right of Use Assets / Investment Property	5	5	5	5
Other Intangible assets	72	72	72	72
Goodwill	244	244	244	244
Other non-current assets	40	42	44	47
Other financial asset investments	21	21	17	15
Inventories	-	-	-	-
Trade Receivables	117	134	158	180
Cash and Bank Balances	84	62	71	114
Other Current Assets	89	105	121	140
Total Assets	695	707	755	839
Equity Share Capital	17	17	17	17
Reserves & Surplus	461	480	524	604
Borrowings (LT)	-	-	-	-
Other Non-Current Liabilities	64	63	65	67
Trade Payables	25	26	27	29
Other Financial Liabilities	14	16	17	19
Non current liability	3	3	3	3
Other Current Tax Liab & Provisions	110	103	102	101
Total Liabilities	695	707	755	838

Source: Company, Sushil Finance Research

CASH FLOW STATEMENT

(Rs. Cr.)

Y/E Mar.	FY25	FY26E	FY27E	FY28E
PBT	201	235	282	342
Depreciation	27	30	33	36
Interest	1	2	2	2
CFO before Working Cap chg	229	266	317	381
Chg in Inventories	-	-	-	-
Chg in Trade Receivables	(14)	(17)	(24)	(22)
Chg in Trade Payables	1	1	1	1
Chg in Current Assets & Liabilities	(73)	(43)	(19)	(17)
Income Taxes Paid	(52)	(59)	(71)	(86)
Other Adjustments	9	-	-	-
Cash Flow from Operations	101	148	205	258
Interest Paid	(1)	(2)	(2)	(2)
Dividend Paid	(153)	(157)	(167)	(177)
Other Adjustments	14	-	(0)	-
Cash Flow from Financing	(140)	(159)	(169)	(179)
Capital Expenditure	(28)	(30)	(33)	(37)
Other Adjustments	23	(1)	3	0
Cash Flow from Investing	(6)	(31)	(30)	(37)
Opening Cash	108	63	21	26
Total Cash Flow	(45)	(42)	5	42
Closing Cash	63	21	26	68

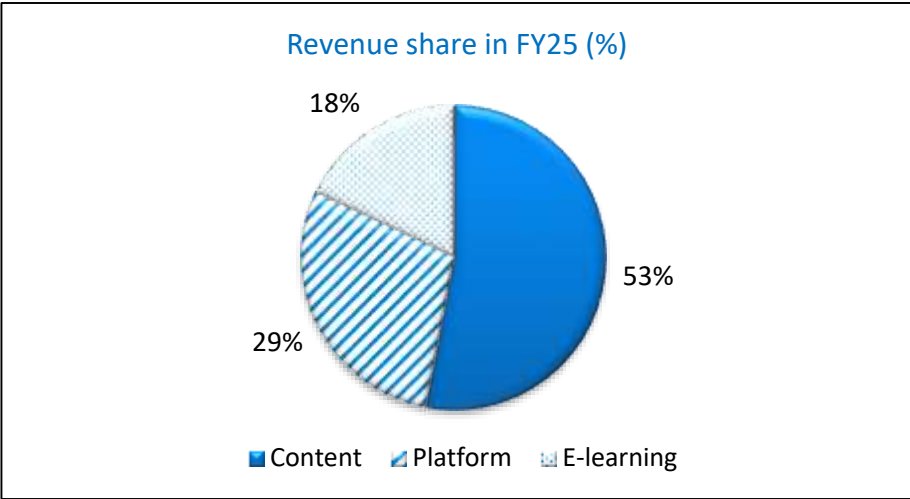
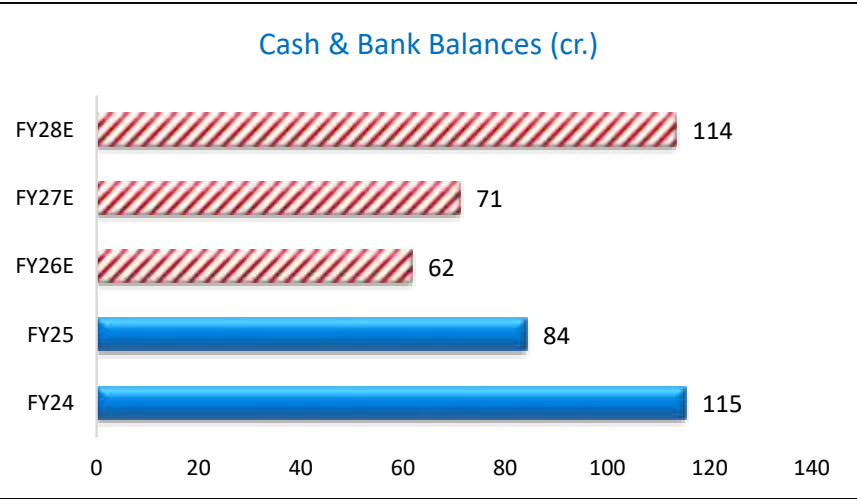
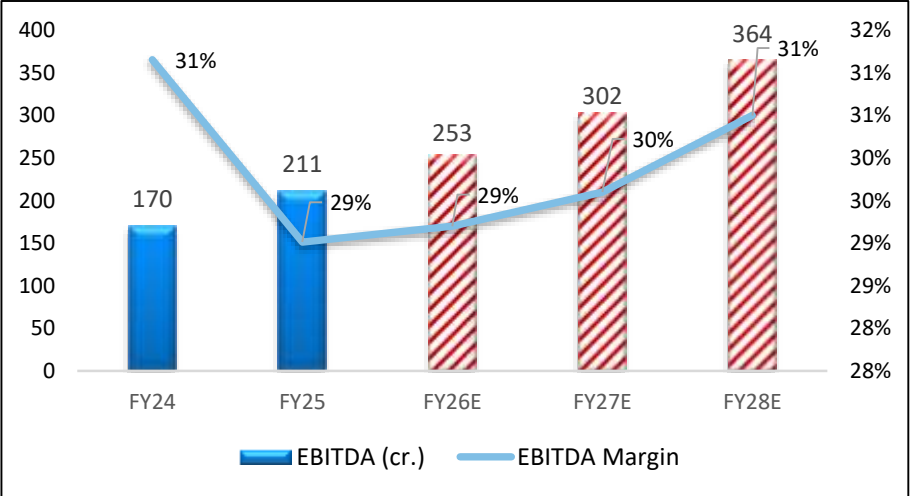
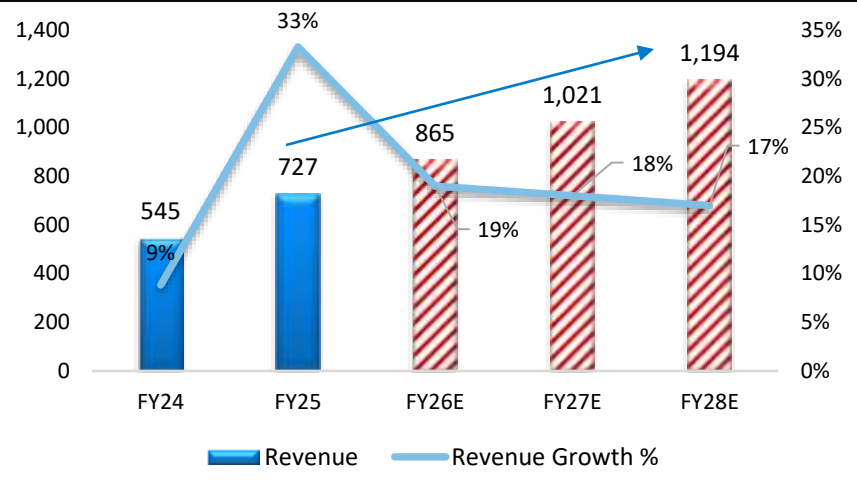
Source: Company, Sushil Finance Research

FINANCIAL RATIO STATEMENT

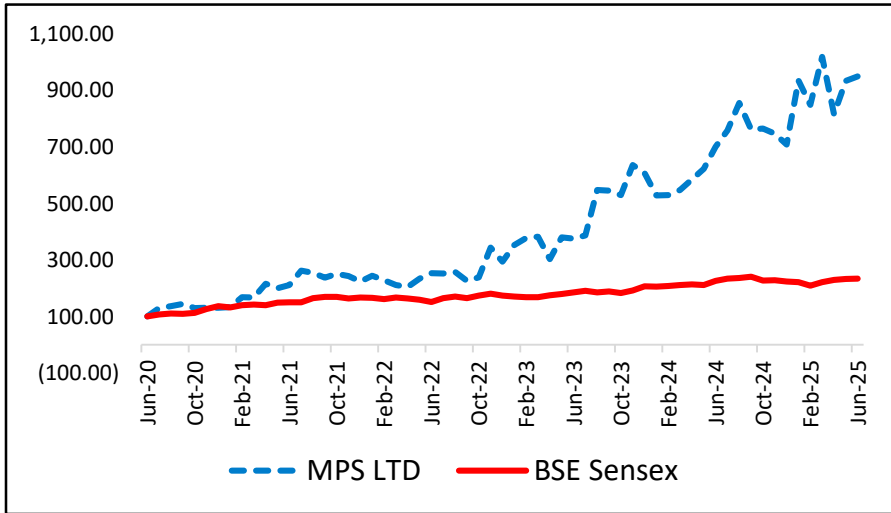
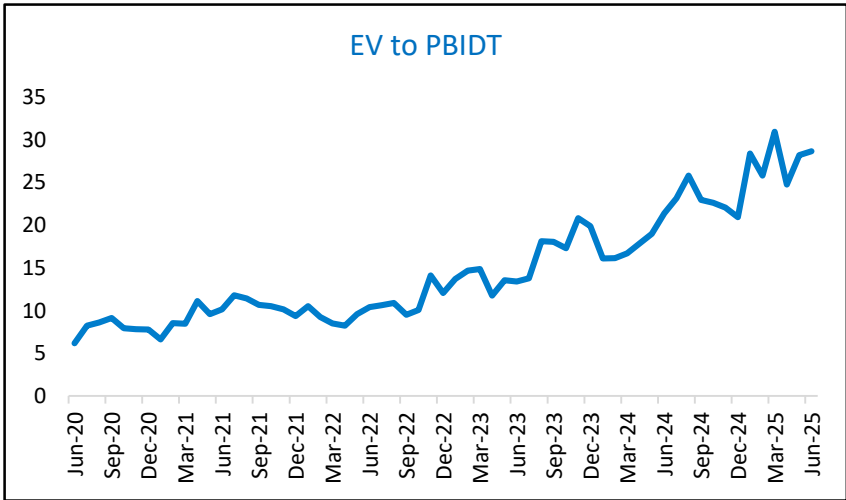
Y/E Mar.	FY25	FY26E	FY27E	FY28E
<u>Growth (%)</u>				
Revenue	33.3%	19.0%	18.0%	17.0%
EBITDA	24.1%	19.8%	19.6%	20.6%
Net Profit	20.4%	23.1%	20.3%	21.3%
<u>Profitability (%)</u>				
EBITDA Margin	29.0%	29.2%	29.6%	30.5%
Net Profit Margin	19.7%	20.3%	20.7%	21.5%
<u>Per Share Data (Rs.)</u>				
EPS	83.6	102.9	123.8	150.1
BVPS	279.7	290.6	316.6	363.2
CEPS	99.6	120.5	143.2	171.5
<u>Valuation (x)</u>				
P/E	31.7	25.8	21.4	17.7
P/BV	9.5	9.1	8.4	7.3
EV/EBITDA	21.1	17.6	14.7	12.2
P/Sales	6.2	5.2	4.4	3.8

Source: Company, Sushil Finance Research

BUSINESS OVERVIEW: FINANCIALS



KEY METRICS AND MARKET INFORMATION



Source: Company, Sushil Finance Research

Rating Scale : This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)

BUY : Over 12%

HOLD : -12% to 12%

SELL : Below -12%

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Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No