

DIRECTORS' REPORT

To the Members,

On behalf of the Board of Directors ('the Board') of the Company, it gives me immense pleasure to present the 51st Directors' Report, along with Balance Sheet, Profit and Loss Account and Cash Flow Statements, for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

Key highlights of the financial performance of your Company for the financial year 2020-21 is summarized below:

(INR in lakhs)

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2021	For the year ended 31.03.2020	For the year ended 31.03.2021	For the year ended 31.03.2020
Gross Income	28,791.24	20,606.61	43,242.01	35,163.10
Profit Before Interest, Depreciation and Tax (Excluding Exceptional Income)	10,172.20	7,851.40	11,664.75	9,893.39
Finance Charges	136.05	138.01	203.77	214.87
Provision for Depreciation	1,245.99	744.72	2,121.58	1,536.66
Profit Before Tax (Excluding Exceptional Item)	8,790.16	6,968.67	9,339.39	8,141.86
Exceptional Cost	-	-	-	-
Provision for Tax	2,736.79	1,691.80	3,483.43	2,156.02
Net Profit After Tax	6,053.37	5,276.87	5,855.96	5,985.84
Other Comprehensive Income	(155.46)	(15.67)	(220.59)	646.66
Total comprehensive income for the year, net of tax	5,897.91	5,261.20	5,635.37	6,632.50
Retained Earnings brought forward from previous year	14,876.42	26,652.53	16,526.88	27,638.06
Transition impact of Ind AS 116 in Retained Earnings	-	(204.55)	-	(224.56)
Retained Earnings available for appropriation	20,931.75	31,709.18	22,434.79	33,359.64
Surplus Carried to Balance Sheet	20,931.75	14,876.42	22,434.79	16,526.88

OPERATIONAL HIGHLIGHTS

Standalone

Revenue from operations for the year ended March 31, 2021 stood at INR 279.02 crores as against INR 187.65 crores for the previous year. Profit after tax and before other comprehensive income for the year ended March 31, 2021 was INR 60.53 crores and EPS INR 33.00 per share as against INR 52.77 crores and INR 28.34 per share respectively for the previous year.

Standalone Ind AS Financial Statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian accounting standard) rules as amended from time to time and other relevant provisions of the Act.

Consolidated

Revenue from operations for the year ended March 31, 2021 stood at INR 422.55 crores as against INR 331.65 crores for the previous year. Profit after tax and before other comprehensive income for the year ended March 31, 2021 was INR 58.56 crores and EPS INR 31.92 per share as against INR 59.86 crores and INR 32.15 per share respectively for the previous year.

Consolidated Ind AS Financial Statements ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian accounting standard) rules as amended from time to time and all other relevant provisions of the Act are separately disclosed in the Annual Report.

As per the requirements of Section 129 of the Act read with Rule 5 of the Companies (Account) Rules, 2014, a statement containing salient features of the financial statements of subsidiaries in Form AOC - 1, is attached to the Consolidated Financial Statement.

DIVIDEND

The Board of Directors has not recommended any dividend on the equity shares for the FY 2020-21.

SHARE CAPITAL AND BUY BACK

During the financial year 2020-21, your Company has bought back 5,66,666 (Five Lakhs Sixty Six Thousand Six Hundred and Sixty Six) fully paid equity shares of face value of INR 10 each at a price of INR 600 (Rupees Six Hundred only) for an amount not exceeding

INR 34,00,00,000 (Rupees Thirty Four Crores only) under tender offer route, representing 3.04% of the paid up share capital of the Company.

The Buyback was completed on 7th October, 2020. Pursuant to the completion of buyback, paid up share capital of the company stands reduced from INR 18.62 crores to INR 18.05 crores.

ACQUISITION & NEW SUBSIDIARY

During the financial year ended 31st March, 2021, your Company acquired the business of HighWire.

The acquisition of US Business of HighWire was carried out through the Company's US branch and newly incorporated wholly owned subsidiary namely HighWire North America LLC, Delaware USA, by way of forward merger at a purchase price consideration of USD 6,100,000 (US Dollars six million and one hundred thousand only).

The HighWire business at Northern Ireland and United Kingdom was carried out by way of purchase of 100% shares of HighWire Press Limited based at Northern Ireland ("NI Entity") through its wholly owned subsidiary company MPS North America LLC, USA ("MPS NA LLC"), at a purchase consideration of USD 1,000,000 (US Dollars One Million only). NI Entity owns 100% shareholding of Semantico Limited ("UK Entity"). Pursuant to this acquisition, NI Entity has become subsidiary of MPS NA LLC and UK Entity has become the step down subsidiary of MPS NA LLC.

STATUTORY AUDITORS AND AUDIT REPORT

At the 46th Annual General Meeting ("AGM"), M/s. BSR & Co. LLP, Chartered Accountants, (firm registration no. 101248W/W-100022) had been appointed as the Statutory Auditors of the Company for a term of 5 years to hold office till the conclusion of the 51st AGM of the Company to be held in the calendar year 2021.

The Audit Report on the Financial Statements of the Company for the financial year ended March 31, 2021 read with relevant Notes thereon is self-explanatory and does not call for any further explanations. The Auditor's Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Statutory Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

SUBSIDIARIES

MPS North America, LLC (MPS North America), wholly owned subsidiary of the Company, is focused on content creation and development, project management, and media asset development for K12, Higher Education, Academic and STM publishers.

The revenue of MPS North America LLC for the year ended March 31, 2021 was INR 84.16 crores compared to INR 65.70 crores during the previous year. The Profit before tax for the year was INR 7.25 crores and Profit after tax and before other comprehensive income was INR 5.35 crores as compared to the previous year's Profit before tax of INR 7.88 crores and Profit after tax and before other comprehensive income of INR 5.85 crores respectively.

MPS Interactive Systems Limited, wholly owned subsidiary of your Company is focused on high end custom digital learning delivery including web-based learning, simulations, serious games, custom apps, and micro learning.

The revenue of MPS Interactive Systems Limited for the year ended March 31, 2021 was INR 47.38 crores compared to INR 64.32 crores during the previous year. The loss before tax for the year was INR 0.79 crores and loss after tax and before other comprehensive income was INR 6.54 crores as compared to the previous year's profit before tax of INR 4.86 crores and profit after tax and before other comprehensive income of INR 3.06 crores respectively.

TOPSIM GmbH: The Company is focused on multiplayer workshop-based simulations platform for management education.

The revenue of TOPSIM GmbH for the financial year ended March 31, 2021 was INR 15.59 crores compared to INR 17.32 crores during the previous year. The profit for the financial year ended 31st March, 2021 was INR 0.62 crores as compared to the loss for the period ended 31st March, 2020 of INR 3.14 crores.

MPS Europa AG: The Company is focused on Assessment Engine, Learning Management Platform for management education.

The revenue of MPS Europa AG for the year ended March 31, 2021 was INR 11.07 crores compared to INR 12.09 crores during the previous year. The loss before tax for the year was INR 3.17 crores and loss after tax and before other comprehensive income was INR 3.03 crores as compared to the previous year's Profit before

tax of INR 0.71 crores and Profit after tax and before other comprehensive income of INR 0.72 crores respectively.

Highwire North America LLC: This wholly owned subsidiary Company was incorporated for acquisition of HighWire US Business as detailed above.

The Company also has two downstream subsidiaries named as Highwire Press Limited and Semantico Limited. Highwire Press Limited is a wholly owned subsidiary of MPS North America LLC. Semantico Limited is a wholly owned subsidiary of Highwire Press Limited.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents, and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

BOARD MEETINGS

The Board met Five (5) times during the financial year 2020-21, to transact the business of the Company. Details of the Board Meetings, including the attendance of Directors at these meetings are covered in the Corporate Governance Report forming part of the Annual Report. The maximum interval between any two consecutive Board meetings did not exceed 120 days.

AUDIT COMMITTEE

Audit Committee of your Company is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Composition, role, terms of reference, and details of meetings of the Audit Committee are provided in the Corporate Governance Report forming part of the Annual Report.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The Performance of the Individual Directors was reviewed based on inputs from the Board Members, covering the inputs on the contribution of the individual Director to the Board and Committee meetings.

The performance of the Committees was evaluated based on inputs from the Committee Members, covering the inputs on the composition of Committees, effectiveness of Committee meetings, degree of fulfillment of key responsibilities, Committee dynamics, quality of relationship of the Committee with the Board and the management.

The performance of the Board was evaluated based on inputs from the Board Members, on composition of the Board, effectiveness of Board processes, information and functioning, areas and quality of review, establishment and delineation of responsibilities to Committees.

The performance of the Chairman was evaluated based on inputs from the Board Members, on his leadership, stakeholder management, vision and strategy.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board in its meeting reviewed the performance of the Independent Directors and the performance of the Committees.

DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

Director Retiring by Rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Nishith Arora, retires by rotation at the ensuing AGM. Accordingly, a resolution is included in the Notice of the forthcoming 51st Annual General Meeting of the Company.

Changes in the Board

The Board of Directors in its Meeting held on November 10, 2020, re-appointed Dr. Piyush Kumar Rastogi (DIN: 02407908) as an Independent Director of the Company, not liable to retire by rotation for a term of three (3) years with effect from January 29, 2021 to January 28, 2024.

Board opinion in regard to integrity, expertise and experience of Dr. Piyush Kumar Rastogi, Independent Director who was appointed during the year 2020-21

The Board of Directors is of the opinion that, with the expertise & experience of Dr. Piyush Kumar Rastogi in accounting, taxation, legal and financial management, the Company would continue to get his advice in

growth of the Company, best accounting practices and regulatory compliances.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Company.

A resolution seeking shareholders' approval for the above appointment forms a part of the Notice. The brief details of expertise and other Directorship/Committee memberships held by the above Director form part of the Notice convening the 51st Annual General Meeting of the Company.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2021 are: Mr. Rahul Arora, CEO & Managing Director and Mr. Sunit Malhotra, Chief Financial Officer and Company Secretary.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s R Sridharan and Associates, Practicing Company Secretaries, carried out the Secretarial Audit of the Company for the financial year 2020-21.

Pursuant to the provisions of Regulation 24A of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, the Secretarial audit report of material unlisted subsidiary is also to be annexed with the Annual Report of the Company.

The Secretarial Audit Report of the Company and its material unlisted subsidiary, MPS Interactive Systems Limited for the financial year 2020-21 is annexed to this Report as **Annexure A**.

The Secretarial Auditors have not expressed any qualification or reservation in their report and their report is self-explanatory.

Secretarial Auditors have not reported any matter under Section 143 (12) of the Act, and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

DEPOSITS

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT

Details of Loans, Guarantees, advances, Securities and Investments covered under the provisions of Section 186 of the Act are given in the Notes to the Standalone Financial Statements. All the investments made by the Company were in accordance with the provisions of Section 186 of the Act and the rules made thereunder.

NOMINATION AND REMUNERATION POLICY

To comply with the provisions of Section 178 of the Act and Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's updated Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Senior Management Personnel is available on website of the Company at www.mpslimited.com. The Policy includes, inter alia, the criteria for appointment and remuneration of Directors, KMPs and Senior Management Personnel of the Company.

PARTICULARS OF DIRECTORS AND EMPLOYEES

Pursuant to Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details/information's related to the remuneration of Directors, Key Managerial Personnel and Employees are set out in **Annexure B** to this Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm the following:

- a. In the preparation of the Annual Accounts for the financial year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors have prepared these Annual Accounts on a going concern basis;
- e. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Act emphasizes the need for an effective Internal Financial Control system in the companies which should be adequate and shall operate effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's Report.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely covered by Internal Auditors and cover all offices and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

RISK MANAGEMENT

The Company has in place, a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Identification of the business risks and their mitigation is a continuing process. Based on the

diversified scale of business operations, your Company has formulated a Risk Management Policy to assist the Board in:

- overseeing and approving the Company's enterprise wide risk management framework; and
- overseeing that all the risks that the organization faces, such as strategic, financial, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company's management systems, organizational structure, processes, standards, code of conduct, and behavior together form a system that governs how the Company conducts its business and manage the associated risks.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year 2020-21, were on arm's length basis and in the ordinary course of business. The Audit Committee reviews all the related party transactions and approves wherever such approval is required as per the provisions of Section 188 of the Act, rules made thereunder, Regulation 23 of the Listing Regulations, and applicable Accounting Standards. The Company has not, during the year, entered into any related party transaction that may have a potential conflict with that of the Company at large. During the year, the Company has not entered into any material related party transactions, as specified in Section 188(1) of the Act, with any of its related parties. Accordingly, the disclosure of related party transactions as per Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The details of related party transactions of the Company are disclosed in financial statements of the Company.

Your Company has formulated a Policy on Related Party Transaction disseminated on the Company's website viz. www.mpslimited.com.

VIGIL MECHANISM

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy. This Policy provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistleblower Policy of the Company is available on the website of the Company and can be accessed at the web link: <https://d12ux7ql5zx5ks.cloudfront.net/wp-content/uploads/Signed-Whistle-Blower-Policy.pdf>

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has a zero tolerance towards sexual harassment at the workplace and has adopted a Policy on Prevention and Prohibition of Sexual Harassment at Workplace and has also put in place a redressal mechanism for resolving complaints received with respect to sexual harassment. Internal Complaint Committees have been constituted at all the locations of the Company in India to redress the complaints, if any, received.

The details of the complainant are kept confidential. During the year under review, no complaint was received from any employee of the Company involving sexual harassment and thus, no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 is annexed to this Report as **Annexure-C**.

CORPORATE SOCIAL RESPONSIBILITY

MPS has been an early adopter of Corporate Social Responsibility (the "CSR") initiatives. In terms of the provisions of Section 135 of the Act the Company has constituted a CSR Committee. The composition and terms of reference of the CSR Committee are provided in the Corporate Governance Report forming part of this Annual Report. The Company has also formulated a CSR Policy which is available on the website of the Company viz. www.mpslimited.com.

During the year under review, your Company spent INR 163 Lakhs on CSR activities i.e. 2% of the average of the net profits of the Company for the past three financial years. In accordance with the provisions of Section 134(3)(o) of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, a report on Corporate Social Responsibility covering brief extract of the CSR policy of the Company and the CSR projects undertaken during the financial year 2020-21, is annexed as **Annexure - D** to this Report.

Composition, role and terms of reference of the CSR Committee are stated in the Corporate Governance Report forming part of this Annual Report.

CORPORATE GOVERNANCE

Your Company believes in adopting best practices of corporate governance and adheres to the standards set out by the Securities and Exchange Board of India. Corporate governance is about maximizing shareholder's value legally, ethically and sustainably. Our Board exercises its fiduciary responsibilities in the widest sense of the term. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

A detailed report on Corporate Governance, pursuant to the requirements of Regulation 34 of the Listing Regulations, forms part of the Annual Report together with a certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the Listing Regulations is presented in a separate section forming part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report for the year under review, as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations, is presented in a separate section forming part of the Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUT-GO

Pursuant to Section 134(3)(m) of the Act read with the Rule 8 of the Companies (Accounts) Rules, 2014, the following information is provided:

A. Conservation of Energy

The provisions regarding disclosure of particulars with respect to Conservation of Energy are not applicable to the publishing services industry as the operations are not energy-intensive. However, constant efforts are being made to make the infrastructure more energy-efficient.

B. Technology Absorption

Particulars regarding Technology Absorption are annexed to this Report as **Annexure E**.

C. Foreign Exchange Earnings and Outgo

During the year under review, foreign exchange earned through exports was INR 276.68 crores as against INR 186.38 crores for the previous year ended March 31, 2020. Foreign exchange outgo was INR 65.23 crores as against INR 16.50 crores for the previous year. Thus, the net foreign exchange earned by the Company during the year ended March 31, 2021 was INR 211.45 crores.

SIGNIFICANT DEVELOPMENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Except for the events disclosed elsewhere in the Annual Report, no significant change or development, that could affect the Company's financial position, has occurred between the end of the financial year and the date of this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY ANY REGULATORS OR COURT

During the year under review, no significant material order was passed by any regulator or court that would impact the going concern status or future business operations of the Company.

APPRECIATION

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners / associates and Central and State Governments for their consistent support and encouragement to the Company. We place on record our appreciation for the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors

Place: Gurugram

Date: May 26, 2021

Nishith Arora

Chairman