

MPS MANAGEMENT QUALITY INSIGHTS

Insight	Attribute(s)	Positively Re-inforcing Evidence/Observations over few years	Negatives
On top of their Job	Firm grip on Success Metrics Operational Execution Strategic Execution	<p>1. Taking over an ailing business - Turning it around Biggest challenge was customer retention, besides solving pressing operational issues. Management has done an extra-ordinary job in retaining the confidence of large customers, deepening the process-platform integrations, and driving huge incremental business from Large Key Customers. Elsevier business increasing 100% YoY, MacMillan business increasing 40% YoY</p> <p>2. Missing Gaps in Product Portfolio - Danger of Losing Core Vendor status Successfully managed by smart acquisitions at attractive valuations - with customer blessings ensuring continued business. The acquisitions have helped acquire New Customers</p> <p>3. Investor Confidence A razor sharp focus on cash flow based and operating costs success metrics, clarity of keeping the wage bill between 40-45%, consolidating workforce, shifting to low cost location. Management was bang on, in its assessment of quality of earnings and earnings growth - decision of high dividend payout to shareholders</p> <p>4. Growth Funding - Assessing right time to raise further Capital Having stabilised and strengthened the business, again bang on with the timing of raising fresh Funds vis QIP for Acquisitions at attractive Terms</p>	
Special DNA	Unique Skill/Trait or, Energising Passion or, Relentless Focus that drives the Mgmt	<p>1. Razor sharp focus on cash flow based operating success metrics Successful turnaround, accelerating business with large key customers, high dividend payout</p> <p>2. Doing all the Right Things to saty in the Game profitably - Continouous Learning Machine "Who moved my Cheese" to "Move my Cheese" paradigm shift. Enhancing leaning every year at Harvard. Relinquishing Executive CEO role to focus on Strategic role (Bigger Ticket smart acquisition is the need of the hour)</p>	
Capital Efficiency	Return on Capital Incremental Return on Capital Free Cash Flow	<p>1. The Balance Sheet remains very lean. Business requires very little capital investments. And as the cash flows are being paid out as dividends, the ROCE has been very impressive at 50-70%+.</p> <p>2. Debtor days has seen a consisent improvement from 82 in 2010 to 62 in 2015</p>	
Capital Allocation Track Record	Dividend Payout Buybacks Acquisitions Premium Dilutions	<p>1. Very high and consistent div payout of about 60%</p> <p>2. Smart value-accretive acquisitions done till now Management paid about 17 Cr for two acquisitions and has got turnover of about 20 Cr and NP of 2.75 Cr in 2015.</p> <p>3. Recent QIP - Smart move at the rigt time Management showing lot of patiance to deploy money. Seems to have the right traits needed for Negotiations to pull a good acquisition. Mr. Nishith (before MPS) - has been a seriel entrepreneur.</p>	<p>The past acquisitions were small. Chances of error will increase with size.</p> <p>There has been criticism around raising of money via QIP while maintaining high payout</p>

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<p>Growth Mindset</p>	<p>2-3 yr current product/market visibility: Strong 3-5 yr visibility: New plants 5-10 yr : Seeds being sown</p>	<ol style="list-style-type: none"> 1. Acquisitions - continous drive to complete the missing pieces in the business 2. Knows the game well and is ready to take volumes for lower pricing 3. Stationed his son and dil in US to be closer to the customer 4. Lot of focus on deeper client mining - we can see increasing contribution from top customers 	<p>Despite several efforts the growth has been in single digits if we remove the positive currency impacts</p>
<p>Self Confidence</p>	<p>Unique Business Model Ability to do things "differently" from Industry</p>	<ol style="list-style-type: none"> 1. Want to be in top 3 - have already moved up from 5th or 6th position earlier 2. Confident and aim to double the size of business and catch up with the leader in next 3-4 years 3. Move my Cheese - Continuous investments in building blocks for the future 4. Has always believed that the Business Value is much higher - eg - when the stock was at 100-150 levels and people used to question his dividend policy, he used to be confident that he can raise money if some attractive acquistions comes in 	
<p>Distinctive Capability</p>	<p>Business Architecture/ Process Skill/ Relationships</p>	<ol style="list-style-type: none"> 1. Good relationship with the biggest names in the publishing industry 2. Core vendor status with several big players 3. Efficiency results from process improvement/automations. MPS legacy gave them lot of IP and good people 	<p>Risk of co not being able to catch up with the technological innovations</p>
<p>Institutionalized</p>	<p>Key-Promoter driven Induction of Key Professionals</p>	<ol style="list-style-type: none"> 1. Professionally managed company - business heads for individual functions 2. Very good reviews/feedback by employees on glassdoor - people want to stay in the company 	<p>Son and DIL were given to head the US operations</p>
<p>Empowerment Culture</p>	<p>Employees talking like Owners Same Vision/Fire in Employees</p>	<ol style="list-style-type: none"> 1. Nishith is known to be extremely hands-on, a great leader and motivator. 2. Employee attrition is very low. Senior employees in key positions are al fired-up, especially when contrasted with their experience with earlier Management. 3. Bottled-up talent/passion getting nurtured and unleashed, is what we hear 	