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TRAINING
SERVICES

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July 30, 2026

The Manager
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

The Manager
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051

Subject: Transcript of Investors/analysts Call - Unaudited Financial Results for the quarter ended June 30, 2026

Scrip Code: BSE - 543952; NSE - NIITMTS

Dear Sir,

Pursuant to the requirement of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of Investors/analysts Call organized on July 23, 2026, post declaration of Unaudited Financial Results of the Company (Consolidated & Standalone) for the quarter ended June 30, 2026.

The same is also available on our website i.e. www.niitmts.com.

This is for your information and records.

Thanking you,

Yours sincerely,

For **NIIT Learning Systems Limited**

Deepak Bansal
Digitally signed by Deepak Bansal
Date: 2026.07.30 15:19:29 +05'30'

Deepak Bansal
Company Secretary &
Compliance Officer

Encls.: a/a

"NIIT Learning Systems Limited

Q1 FY27 Earnings Conference Call"

July 23, 2026

MANAGEMENT: **MR. VIJAY THADANI – VICE CHAIRMAN AND MANAGING DIRECTOR**
MR. SAPNESH LALLA – CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR
MR. SANJAY MAL – CHIEF FINANCIAL OFFICER
MR. KAPIL SAURABH – VICE PRESIDENT, M&A AND IR

Moderator: Ladies and gentlemen, good day, and welcome to the NIIT Learning Systems Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation.

Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Vijay Thadani, Vice Chairman and Managing Director of the company. Thank you, and over to you, sir.

Vijay Thadani: Thank you. Good evening, everyone. Thank you very much for joining the NIIT Learning Systems Limited's Quarter 1 FY27 Earnings Call. I want to start by thanking you for your continued interest in the company and making yourself available at this time of the day in a busy results season where there will be multiple meetings happening at the same time.

So truly appreciate your presence and truly take that as a sign of your commitment to help us grow NIIT as well. Our agenda today is to discuss the quarter 1 FY27 financial and operating performance. Most importantly, we are very excited on our AI-first strategy and AI-enabled revenues and we would like to talk a lot about that.

We have been fairly busy with inorganic activity in the last 12 months. And in that process, we acquired two companies, MST Group in Germany and SweetRush, Inc. in Costa Rica and West Coast. And both these companies are becoming part of the NIIT family, and we are excited about how they are contributing, how we are contributing to their future.

And then, of course, we have had some new customer wins, which we would love to talk to you about as well as in this very new world, discuss the path forward that the company is taking. This, of course, will be done by Sapnesh Lalla, who is the CEO and Executive Director, after which we'll open it for question and answers.

Before we begin, I just do want to say that some comments in this discussion may be forward-looking and subject to risks and uncertainties, and actual results may differ materially, and this should be taken note of.

With that, I hand you over to Sapnesh Lalla.

Sapnesh Lalla: Thank you, Vijay, and thanks, everyone, for joining. Like Vijay pointed out, we know the fact that it's a busy season for you and appreciate the fact that you've joined us as we discuss our performance from the last quarter. I will review our performance and share our view on the path ahead, as Vijay pointed out.

Revenue came in at INR5,651 million. It grew at 25% year-on-year. Excluding the contribution from MST and SweetRush, the two acquisitions we made in FY26, the revenue growth was 11% year-on-year. Revenue growth in constant currency was 11.4% year-on-year and 2.9% quarter-on-quarter. As a reminder, our Q1 FY26 base figure had a significant revenue contribution from the North American real estate training contract that we concluded in FY26.

Normalizing for that, our overall constant currency growth for Q1 FY27 came in at 18% and the organic constant currency growth is 5% year-on-year. I did want to spend a few minutes on how we have performed across different market segments that we service. And I'll take you through our performance in each of these market segments in the next couple of minutes.

This is not something that we have done or had a discussion about in the past. So, this is net new for those of us who have looked at our commentary in the past. Our industrial sector, which contributes about 20% of our revenue, grew 35% year-on-year in Q1, partly driven by MST joining the NIIT family.

As you might be aware, MST has significant strength in industrials and energy sectors, and we found both of them in industrials. The BFSI sector, which makes up 12% of our revenue, grew 33% year-on-year. Life Sciences and Healthcare, which contributes 15%, grew 29% year-on-year.

The growth in our largest sector, that's technology and telecom, which contributes 23% of our revenue was slightly muted at 8% year-on-year. The management consulting and professional services sector, which contributes 9% of our revenue degrew 16% year-on-year.

These two sectors, technology and telecom as well as management consulting and professional services sectors were affected by two large clients who had pulled back L&D budgets sharply in the previous quarter in response to business uncertainties.

We had called that out in our earnings discussion last quarter as well. The good news is that both clients grew well sequentially in Q1, but are yet to get back to last year's run rate. And we expect that over time, they will get back to that run rate. I did want to also provide a quick update on MST and SweetRush, who became part of the NIIT family in FY26.

As you are aware, MST Group joined the family in July of 2025. MST is a leading managed learning services provider in the DACH region, specifically based in Germany with deep long-standing client relationships across automotive, industrial and energy sectors.

As you are aware, these sectors are undergoing some of the most consequential workforce transformations in Europe today as Germany and countries in the DACH region transform their economies from predominantly industrial-focused to technology-focused economies. It helped us establish our presence in Germany, Europe's largest economy and is a meaningful step in helping us build our European platform.

MST contributed approximately INR231 million to our quarter 1 revenue. SweetRush, who joined the NIIT family in January of 2026 is an award-winning provider of human-centered AI-enabled learning experiences to Fortune 1000 corporations and professional associations. Their offerings span strategic training interventions, certifications, AR, VR and XR immersive forms of training. SweetRush helped us move our revenue mix up the value chain to become more outcome-led, performance critical and inclusive of strategic learning interventions.

SweetRush contributed approximately INR431 million to the Q1 revenue. Both SweetRush and MST are delivering early synergy benefits. Previous quarter, a leading European automotive OEM and their battery gigafactory became a new client for MST and long-term annuity client overall.

This quarter, one of SweetRush's long-standing clients, a major global hospitality group has since converted into a long-term managed services engagement, directly validating the project to annuity thesis we established at the time of SweetRush joining the NIIT family. Both of these developments are in line with our thesis for these two organizations becoming part of the NIIT family.

I now wanted to spend a few minutes on reporting back on progress on our AI-enabled learning opportunity and the progress that we have made in pursuing that opportunity. One of the most exciting growth vectors in our business is AI-enabled learning tools, technologies as well as solutions.

Let me share some details with you on the progress that we've made so far. In the last earnings call, I spoke about the three components, self-improving learning platform that our AI learning practice is developing. the AI coach engine, the simulation manager and the sensing engine. This platform has now been deployed as a solution by multiple clients, and we are getting very good feedback from users.

In June, we launched our AI-ready L&D Enterprise portfolio, which brings together four integrated solution areas that together equip corporate learning organizations to operate, scale and lead in an environment increasingly shaped by AI. Our AI-enabled services contributed 13% of the revenue in Q1FY27.

As a reminder, this has two components, solutions where AI components are embedded into the offering as well as engagements where our AI studio and tools materially contribute to creating and form part of the delivery.

NIIT Learning Systems were independently recognized, as you may have noticed, as a market leader in the Fosway AI Market Assessment 2026 for digital learning. The assessment ranked us the highest in our peer group on our say-do ratio.

And what's the say-do ratio? Say-do ratio is the features and benefits that we promise, we are able to deploy. So, all the features that we had promised are now in deployment and our clients are able to take full benefit of these features, AI-enabled features in their engagements with us.

We were also named to the Training Industry's 2026 Top 20 companies in AI coaching and learner support tools for the second consecutive year. and to its Top 20 staffing and temporary resources companies list this year as well, underscoring our breadth across AI-enabled and traditional managed learning services.

At this time, I wanted to talk through a very interesting case study, where we worked on a strategic engagement with one of our key clients, among our largest clients and how this solution was aligned with their strategy and how we executed upon it and the results that they have seen over the last 6 months.

One of our large clients, as I mentioned, a global system integrator saw a large opportunity to transform some of their mainframe clients using AI. To address this opportunity, they needed to train their go-to-market team on the opportunity and how to present this opportunity to key CIOs and CTOs across their customer set.

They also needed to train their consultants on how to analyze and consult with their key clients and come up with custom solutions tailored to each client's unique landscape. Lastly, they also wanted to create a large carder of forward deployed engineers who would get forward deployed into their clients and work consultatively with their clients and client organizations to enable the transformation.

So, three dimensions to the opportunity, go-to-market, consulting and creation of an FDE Cadre who could do the execution. Our learning consultants worked closely with the client subject matter experts to come up with hyper-realistic simulations and deployed our AI-enabled training framework across the three opportunity streams, namely go-to-market, consulting and execution. The solution was fully aligned with business scale to make material difference and performed in a matter of months.

Like I pointed out, we were able to see not just implementation and execution, but also see significant benefits that the client has gone on and posted publicly on LinkedIn. Our client is thrilled with the outcomes, including the doubling of the total contract value for go-to-market team that was trained as part of this process.

Stepping back, as you can see, we are able to now respond to strategic initiatives that our clients want to take and respond at scale and in a time frame and at a pace that makes a difference to their business. While this is one case study and it's of significant size, we think that as we look ahead, we will see more such opportunities and we'll see clients benefiting from more such opportunities.

These are the opportunities which are aligned with business delivered at scale and speed and visibly driving business outcomes. This and other opportunities such as this constitute a very significant scaling opportunity for NIIT. Opportunities such as this will significantly expand the TAM multifold as it expands the buyer set to include business leaders and owners of business strategy within the enterprise.

So we are super enthused by the results that we've gained from this opportunity, and we see this opportunity or such opportunities being replicated across a number of our clients. Coming back to a report out on the financials. We covered revenue a minute ago. Let me spend a few minutes on profitability.

Q1 EBITDA was INR1,032 million. It was up 8.5% year-on-year and 3% quarter-on-quarter at a margin of 18.3%, which is within the framework that we had guided for Q1 when we met last. The year-on-year margin movement reflects the phased margin buildup of SweetRush together with the continued investment in AI as well as the sunsetting of the North American real estate contract.

Normalized for these investments, the EBITDA margin are in line with our long-term margin expectations of 20%. We expect as business scales, we should be able to get back to close to 20% at the overall level. Depreciation and amortization was at INR215 million versus INR205 million last quarter and INR181 million a year ago.

Net other expense was INR37 million, which comprises of other income of INR166 million, which includes INR154 million in treasury income and INR12 million of miscellaneous income due to profit from sale of assets, provision reversal etc.

These are offset by other expenses that include net finance cost of INR88 million, comprising of INR46 million in fair value adjustment in future acquisition liability, INR31 million due to interest on loans taken for financing the acquisitions and INR10 million due to interest charge on long-term leases.

Our forex loss stood at INR62 million, bank and other charges of INR18 million, CSR-related contributions of INR22 million and an exceptional expense of INR11 million towards professional fees towards inorganic initiatives. The profit before tax was INR781 million. Tax was INR207 million.

Effective tax rate was 26.5% versus 18% last quarter, which had benefited from no tax on the Q4 fair value gain that we experienced last quarter. Profit after tax was INR574 million, was up 16.4% year-on-year with EPS of INR4.17.

Balance sheet and cash flows remain strong. The trade receivable days improved to 62 days from 65 in the previous quarter and 68 days a year ago. Cash and cash equivalents were INR9,954 million. They were up from INR9,366 million at the end of FY26. Net cash was at INR7,364 million compared with INR6,692 million at the end of FY26.

Operating cash flow for the quarter was INR758 million, representing 73.4% of the EBITDA this quarter. The free cash flow was INR616 million. The capex was at INR144 million, ROCE at 31% and ROE at 18% for the quarter. The employee headcount was 2,496. It was down 50 quarter-on-quarter.

I also wanted to spend a couple of minutes on the strategic market opportunity that we are chasing. The market opportunity, as you are aware, is immense. It's $400 billion in global spend on corporate training. As you are aware, and we have mentioned, only about $10 billion of this is currently outsourced and represents a very small level of penetration. We expect this to change in the coming years as companies look for improved efficiency, greater variability in their fixed costs and growing focus on training outcomes.

Additionally, the accelerating adoption of AI-enabled learning is throwing into sharper focus, the inadequacies of in-house training organizations, as a consequence, we believe the propensity to outsource will only increase, spurring market expansion and a multiyear or even a decadal growth opportunity.

We believe that NIIT Learning is well positioned to capture a disproportionate share of these opportunities, underpinned by our proprietary learning methodologies and leadership in the use of latest technologies, including AI, our continued investments in deepening our capabilities in AI, advisory and consulting services and in our go-to-market with a focused effort on wallet share expansion across our existing clients as well as a strong brand as a trusted and reliable market leader.

Our sales momentum and revenue visibility remains strong. During the quarter, we signed three new long-term annuity contracts, taking our long-term annuity client tally to 113 from 95 a year ago. New clients for the quarter included a leading quantum computing technology company, which has outsourced their customer education to us, a global clinical research organization serving the biotech and pharmaceutical sectors as well as a global hospitality company.

This I mentioned earlier, is an early example of cross-selling of corporate learning group services into SweetRush's family of clients. We also expanded the scope of our engagement with one of the world's largest professional services firms. In addition, we completed three renewals that came up for renewal in the previous quarter, two of them leading global pharmaceutical companies and one with a large U.S. bank.

Our contract pipeline continues to be strong. The revenue visibility improved to USD462 million. It was up 19% year-on-year from USD388 million a year ago. As far as our guidance is concerned, we've started FY27 with greater revenue visibility, which gives us a strong foundation heading into the year. We remain watchful of the macro environment and the pace of client decision-making, which can influence timing of new ramp-ups in the near term.

In Q1, as I've mentioned, we delivered 11.4% growth in constant currency, in line with what we had guided in May. For the full year, we expect the revenue to grow in high single digits. On margins, we delivered 18.3% in Q1 within the framework we had guided for this quarter. For the full year, we continue to expect an EBITDA margin of 18% to 20%, reflecting continued delivery discipline and phased margin build in SweetRush. For Q2, we expect 9% to 11% year-on-year growth with margins around 18%.

With that, Vijay, I wanted to return it back to you.

Vijay Thadani: Well, I think that was quite comprehensive, and I'm sure there are many more questions that we would like to answer. So, operator, may I open it up for Q&A, please.

Moderator: Sure, sir. We have first question from the line of Divyansh Jaju from Trinetra Asset Managers. Please go ahead.

Divyansh Jaju: Good evening, sir, and thank for the opportunity. So my first question was that company is continually investing aggressively in AI-enabled learning solutions. So, the management, at what stage they are expecting that this investment will be start contributing meaningful to their revenue?

Sapnesh Lalla: Sorry, do you have another part to your question? I didn't want to interrupt.

Divyansh Jaju: Yes. Another question was just to...

Sapnesh Lalla: Go ahead.

Divyansh Jaju: Yes. The another question was just to confirm that in the commentary, I'm not sure that you speak on this, but the EBITDA margin, the guidance has been same or any changes are there?

Sapnesh Lalla: So, on AI, I pointed out that 13% of our revenue came from AI-enabled solutions. And we expect that this percentage will grow over time. The investments that we are making are starting to show significant early promise, and we think that the returns from these investments will start becoming even more material than they are today as we look ahead. In terms of our margin, the margin stood at 18% -- I'm sorry, 18.3%.

Divyansh Jaju: Any change in guidance?

Vijay Thadani: Any change in the guidance.

Sapnesh Lalla: In guidance, we are looking at margins in the 18% to 20% range for the fiscal FY27.

Divyansh Jaju: Okay, sir. Thank you for sharing.

Sapnesh Lalla: No change from what we guided last quarter.

Divyansh Jaju: Okay. Thanks. No, no, thank you sir for guiding.

Moderator: Thank you. We have a next question from the line of Bharat Gulati from Dalal & Broacha Stock Broking. Please go ahead.

Bharat Gulati: Yeah, hi. Thank you for the opportunity. Congrats on the great set of numbers. Just on the uptick that we've seen on Y-o-Y revenues on organic basis, what would have that turned-out ex of RECO? And what would have been Q-o-Q organic growth on a CC basis?

Sapnesh Lalla: So our organic growth quarter-on-quarter would not be affected by the North American real estate client. It would have stayed at 2.9% quarter-on-quarter. On a year-on-year basis, net of the real estate client, our Y-o-Y organic growth would be 5% in constant currency terms.

Bharat Gulati: Just trying to understand that number that we've lost the RECO contract and ex of that also, we've grown 5%. So then barring that, the growth should be slightly higher, right? Or how does that play out for us?

Sapnesh Lalla: So first, I wanted to say we did not lose the real estate contract in North America. The real estate business that we were pursuing by the act of the government of the province of Ontario became deregulated and the education became deregulated and the regulator stopped offering that education. So that's the first thing I wanted to mention.

The second thing that I wanted to mention was that the overall growth after netting out the real estate contract from last year would have been approximately 19% in constant currency terms -- 18%, sorry, 18% in constant currency terms.

Bharat Gulati: So 18% Y-o-Y growth in constant currency terms on the overall business, right? But I'm just trying to understand that our organic business has grown 5%, which is including the RECO contract. So what could have been ex of Rico, because it should be higher, right? Because we have tried to sort of sort out...

Sapnesh Lalla: It is ex of RECO. Ex of real estate business is 5%.

Bharat Gulati: Okay. Got it. And -- so then why hasn't been translated out to Q-o-Q growth? Is there any particular ramp down in terms of customers on a Q-o-Q basis? Or what exactly has happened in the organic business on a quarter-on-quarter basis?

Vijay Thadani: See, overall, RECO was not there in last quarter, RECO is not there in this quarter.

Sapnesh Lalla: Yeah.

Vijay Thadani: So, the real estate contract has not affected quarter-on-quarter growth. The quarter-on-quarter growth is 2.9%.

Bharat Gulati: Yeah. No, I understand that. But that is including our inorganic, right? Or is that just organic growth that we witnessed a 3% quarter-on-quarter growth?

Sapnesh Lalla: It is overall.

Bharat Gulati: So, what would have been just the NIIT's organic business in that 3%, if you can help me with that. Because I understand that SweetRush would have had an acquisition sort of a timing mismatch where some numbers would have come in there as well.

Sapnesh Lalla: No. They were there previous quarter as well. So both MST and SweetRush were part of NIIT in the previous quarter. And the quarter-on-quarter growth will be more or less 3%.

Bharat Gulati: Got it. And just on the margins, so ex of SweetRush, what margins would we be at right now? And how do we see these margins ramping up? Should we hit the 20% mark this year? Or is it a little bit of a longer time period where it would take to reach that 20% EBITDA again?

Sapnesh Lalla: So like I said that we think that the margin will be somewhere in the 18% to 20% range.

Bharat Gulati: Got it. And just on the high single-digit guidance for the full year, given that we're growing 3% quarter-on-quarter, do we see some headwinds coming on to this growth going forward? Just trying to understand the sustainability of this growth. How much are we seeing any slowdown in clients in the recent month, which is what Q2? And how are we seeing spends given that revenue visibilities are also up?

Sapnesh Lalla: So, we think that I mean, first, we are entering a vacation quarter, especially in Europe. July, August, September is a vacation quarter. So we'll see dampening of quarter-on-quarter growth as we enter Q2. We will see a revival in Q3 and then some flattening as far as Q4 is concerned. So given all of that, we think that we will have high single digit.

I think it's mostly seasonal. We think that some of our wins have the opportunity to contribute to accelerating growth. But given the environment and the cautious decision-making that several of our clients are doing, we want to ensure that we talk about it once we are more certain.

Bharat Gulati: Got it. And just lastly, on capital allocation, given the free cash that we're generating and the net cash on our balance sheet, is there some plan of a buyback that is in place? Or are there further acquisitions being evaluated? Or is there a plan to increase dividend payout to any extent? Yeah, that's it.

Sapnesh Lalla: So, I'll make a couple of comments and then hand off to Vijay for more commentary. A, we are actively looking at acquisitions. Second, as we have mentioned in the past and I mentioned earlier, we have a significant investment going into AI and AI-related build-out of infrastructure. So those are two significant areas that will consume capital.

Vijay Thadani: Yes. So, I think we got this capital and we created this capital kitty, and we have also used it fairly well, if you would see. Since we created this, I think we have had three acquisitions, and there are more in the pipeline.

Also the investment required for AI, and at this point of time, I think we are completely aligned on making sure that we invest in these two parts, and you would keep hearing about how each one of them is resulting.

In today's call, I think Sapnesh talked to you about the work that we have done in AI-led L&D enterprise. And that's very unique and positions us extremely well and very well acknowledged. I think in the coming quarters, you will also see some inorganic activity.

We keep listening to your voice and we will act accordingly as and when we see some opportunity, we will in future. But at this point of time, we are following the conservative, not conservative, but consistent dividend payment policy as well as investing the money or keeping the money for exactly the purpose that it is meant for.

Moderator: Thank you. The next question is from the line of Dishant Jain from Quasar Capital. Please go ahead.

Dishant Jain: Yeah. Am I audible, sir?

Moderator: Yes.

Dishant Jain: Yeah. Thanks for the opportunity. Sir, can you just provide a Y-on-Y organic growth CC number on revenue?

Sapnesh Lalla: 5%.

Dishant Jain: So that is net of real estate RECO contract, right, 5%.

Sapnesh Lalla: Yes.

Dishant Jain: So, if you include the real estate contract, then what is the Y-o-Y growth, organic?

Sapnesh Lalla: Rico had a 6% contribution to our numbers last year. It would be about...

Vijay Thadani: Negative 1.7%.

Dishant Jain: Negative 1.7%.

Vijay Thadani: Yes. One moment. I think if I look at the last 7 or 8 questions, they are all pointing in the same direction. One is what exactly is the organic growth. I think organic growth numbers we have declared, and we are separating out RECO because that is an outlier and standing there and affecting both revenue and margin. And that is a contract which got over, not lost, and that's a business which got over, not lost.

So I think that is, should I say, the odd thing which has happened in the last 12 months. So we appreciate your questions. If you think it will be nice for us to reconcile and give it to you as numbers, we can just send out one communication and that should put this argument.

We'll be very happy to discuss this. No objection at all. But we would also be very happy to discuss strategy and things which we are very excited about the future, and we think you should be too.

Dishant Jain: Sure, sir. Sir, another question would be on the acquisition of MST and SweetRush. So, is it possible to provide some color like how are they doing? Like how can we get a last year numbers for this Q1, just to get a sense of how they are performing after we acquired them?

Sapnesh Lalla: So last year's numbers are not audited. So we would prefer not to discuss.

Vijay Thadani: Last year they had different revenue recognition.

Sapnesh Lalla: And they had different revenue recognition models, so we prefer not to discuss. Like I pointed out earlier, both have contributed to revenue. Both have contributed to the synergy thesis that we had created at the time of them becoming part of the NIIT family.

Dishant Jain: Fair. Sure, sir. Thank you.

Moderator: Thank you. The next question is from the line of Pranaya Jain from Banyan Tree Advisors. Please go ahead.

Pranaya Jain: Hi. Am I audible?

Sapnesh Lalla: Yes.

Pranaya Jain: Thank you so much for the opportunity. So, I have a few questions. The first one is we saw three large annuity deal wins this quarter. Despite that, our revenue visibility has grown by less than 1% Q-o-Q. Can you highlight what is the reason behind it? Like ideally, when we are winning these large deals, shouldn't the Q-o-Q growth on revenue visibility be higher?

Sapnesh Lalla: So, let me correct you there. I said that we won three annuity deals in this past quarter. We did not talk about large deals. Just by reference, large deals for us are deals that are greater than $5 million. These three were average deals for us.

The visibility is net of revenue consumed during the quarter as well as new order intake. And that has grown both quarter-on-quarter and more importantly, significantly on a year-on-year basis, I think 19% year-on-year.

Pranaya Jain: Understood. Got it. Thank you for the clarification. And second question is on the AI revenues that we are booking. Can you talk about what kind of margin profiles do these AI-related revenue that we are generating tend to have?

Sapnesh Lalla: Like I said that the AI revenue comes in two or three different dimensions. What I can state is that the margin profile is better than the average margin profile for our business.

Pranaya Jain: Understood. Got it. So, does that have an element of, say, like a SaaS type of model where we are building products and providing those solutions in that format?

Sapnesh Lalla: Yes, indeed. So, I talked about coaching. I talked about simulation. For a number of our clients where we conduct training, we also provide in the flow of work simulations and coaching for a long period of time after the training is done. So, for example, for some, it's a year, for some, it's 6 months.

And during that time, our clients pay us a subscription fee, which you could say is like what a SaaS contract would be. Several of our clients also renew this beyond the initial period. So for example, one of our clients who has almost 12,000 folks who are consuming AI-enabled contract content and coaching and simulation services, several of those subscribers have renewed their contract as they hit their first year.

Pranaya Jain: Okay. Understood. Just last question. The Top 5 customer revenue contribution on a quarter-on-quarter basis, that has gone from 31% to 35%. Can you just comment on what has driven this? Like in which segment was this customer? Is it like one customer who is driving this? Or is it all Top 5 who have grown? And which segment would they be part of?

Sapnesh Lalla: So we mentioned in our Q4 commentary that we had added a large client, and that large client has improved the percentage of Top 5 clients.

Pranaya Jain: Got it. Understood. That’s it from my side. Thank you and all the best.

Sapnesh Lalla: Thank you.

Moderator: Thank you. We have next question from the line of Ganesh Shetty, an Individual Investor. Please go ahead.

Ganesh Shetty: Good evening, sir, and congratulations for a steady set of numbers. Just want to ask one question regarding our new segment and new geography penetration. Now we have acquired customer in automobile and one in hospitality as our managed training services offering. So can you please throw some light on these two segments where we can further expand our client base and strategic marketing initiative we are doing for this, sir?

Sapnesh Lalla: Thanks, and that's a very interesting question, Ganesh. You always bring very insightful questions and encouraging commentary. The first one on automotive and industrial. So as you might imagine, automotive clients, while their own employees are significant, but they also have very significant extended enterprise.

So an automobile manufacturer in addition to having several employees of their own also have a significant number of dealerships where they do sales and services. The MST Group team that became part of NIIT in July of last year had significant penetration across the automotive landscape in the DACH region, especially in Germany.

And the client who became an annuity -- long-term annuity client for us is the gigafactory of one of the automotive majors in Germany. We see a very significant opportunity to convert a number of automotive clients of MST in the DACH region into long-term annuity clients going forward, and we have a steady pipeline for doing that, both in automotive, energy and industrials, which are key market segments for MST in the DACH region.

Likewise, SweetRush has significant penetration with companies as well as associations who have significant extended enterprise. So, if you think of professional associations, professional associations have large memberships and often professional associations provide education and training products as part of benefits or for sale to their membership.

Likewise, large hospitality chains have a significant number of business partners who carry their franchisees -- who are their franchises of -- who are the franchises of the brand. And the brand often uses training as a product and as part of the franchisee fee to ensure that the brand guidelines, the customer service, the operations are in line with the brand guidelines. And one of those clients for SweetRush became an annuity client for us this quarter.

Ganesh Shetty: Thank you, sir, for a detailed answer. My second question is regarding the challenging macro, which we continue to face for a very long time, and I think we will be facing it for further period. And during this period, the discretionary spend is limited by our clients, new clients as well as the clients also.

But our offerings are very attractive and we have upgraded our attractive -- our offerings with AI-related offerings and how we are going to win this race by challenging bad macros with our enhanced capabilities. Can you throw some light on this, sir?

Sapnesh Lalla: That's again a very interesting question. See, bad macro is bad macro for all of us, our competitors as well as our clients. Our clients are trying to become more efficient. Our competitors are struggling as well. And in that, the investments that we've made in AI enable us to become more competitive.

They enable us to bring better solutions for our clients who embrace those and like the case study that I pointed out, are able to move the needle on business outcomes. And I think that's what's going to help us win.

So, to summarize, the investments that we've made in AI, the improvements that we are able to make using AI to training, achieving significant business outcomes at scale as well as at a pace that was not possible without AI will enable us to win the backlog. And like I pointed out, the environment is bad for everyone. I think we will win because we see opportunity in that.

Ganesh Shetty: Thank you very much, sir. And all the best for the future.

Sapnesh Lalla: Thank you.

Moderator: Thank you.

Vijay Thadani: Okay. If there are no questions, then we can -- I can make some closing comments and close the call.

Moderator: Sure, sir.

Vijay Thadani: Okay. So first of all, I think all of you were very interested in our AI initiatives ranging from margin to what exactly do we do to which industries do we change. And we've been getting this feedback over the last 2 or 3 months.

So, I wanted to inform you that in the month of September, most probably on 10th of September, we would be doing an Investor Day in Mumbai. And more details about venue, timings, we will be sharing with you as well as the date once -- as of now that date is tentative, and we would love to have all of you join us on that day.

Most significant thing that we would like to do is to showcase and show you exactly how we have made difference to our customers through our AI-led initiatives. And we will have our senior team from across the world available there to not only show you but also talk to you and demonstrate to you by making you one of those participants in those programs. So, we hope you will find it very exciting, and we'll accept our invite as and when Kapil and his team will send that out shortly.

Other than that, the fact that you decided to be with us, we truly appreciate. We know it's a very busy season. And at this time, there may be other important meetings happening and you decided to give your time to NIIT, we are really, really grateful to you. We truly appreciate all the questions you asked. And other than answering those -- answering your questions, I think it opens new doors in our mind and therefore, creates new opportunities. So, we appreciate that part as well.

And we also have a takeaway that maybe we should give you a little more clarity so that we don't have to reconcile numbers. We need to spend some time. Of course, the results are complex. So, to that extent, it is perfectly understandable. So, thank you once again, and wishing you the very best of the day for whatever it is left and look forward to seeing you in September.

Moderator: Thank you very much, sir. On behalf of NIIT Learning Systems Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.