

3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✗
RQ	✗	↔	✗
RV	✗	↔	✗

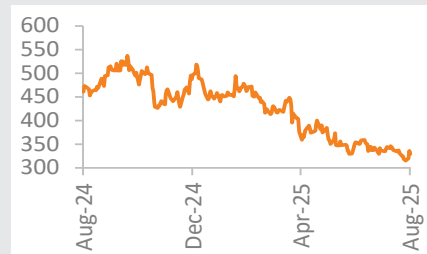
Company details

Market cap:	Rs. 4,491 cr
52-week high/low:	Rs. 542 / 307
NSE volume: (No of shares)	1.7 lakh
BSE code:	543952
NSE code:	NIITMTS
Free float: (No of shares)	8.96 cr

Shareholding (%)

Promoters	34.4
FII	17.5
DII	22.2
Others	26.0

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-2.4	-11.0	-30.1	-28.6
Relative to Sensex	1.1	-10.9	-33.3	-31.1

Source: Mirae Asset Sharekhan Research, Bloomberg

NIIT Learning Systems Ltd

Resilient Q1, well placed to navigate learning transformation globally

IT Consulting & Software	Sharekhan code: NIITMTS		
Reco/View: Buy	↔	CMP: Rs. 329 (as on Aug 06, 2025)	Price Target: Rs. 450 ↓

Summary

- Reported revenue stood at Rs. 451 crore, up 5% q-o-q/ 11% y-o-y, beating our estimates of Rs.447 crore.
- EBITDA margin improved ~140 bps q-o-q to 20% but was below our estimates of 20.4%. Company added 2 new MTS customers and signed 3 contract renewals.
- The company has guided for revenue growth of over 10% organic growth in constant currency and targets EBITDA margin of 20-21% for FY26.
- We maintain BUY with a revised PT of Rs.450. At CMP, the stock trades at 22.5/18.6x its FY26/27E EPS.

Reported revenue stood at Rs. 451 crore, up 5% q-o-q/ 10.8% y-o-y, beating our estimates of Rs. 447 crore. Revenue growth in CC terms rose 5% q-o-q / 8% y-o-y, respectively. EBITDA margin grew ~140 bps q-o-q to 20% but fell short of estimates of 20.4%. Adjusted PAT stood at Rs 56 crore, up 12.4% q-o-q / down 11.7% y-o-y missing our estimates of Rs 60 crore. Revenue visibility stood at \$388 million (versus \$350 million in Q1FY25). During the quarter, company added two new MTS customers and signed three contract renewals. The company has guided for revenue growth of over 10% in constant currency and targets EBITDA margin of 20-21% for FY26. The company acquired Germany firm MST Group in July which is expected to bolster margins and be EPS accretive from year 1, adding new clients while expanding presence across Europe, and boosting industrial, automotive, and energy customer portfolios. With sustainable growth levers, high client stickiness, expanding global footprint, and improving profitability, the company remains well-positioned as a leading play on global enterprise learning transformation in FY26 and beyond. We maintain Buy rating with a revised PT of Rs.450. At CMP, the stock trades at 18.2/14.7x its FY26/27E EPS.

Key positives

- Company added two new Managed Training Services (MTS) contracts and three renewals
- Revenue visibility increased to \$390 million compared to \$350 million in Q1FY25
- Technology & telecom verticals grew 15% q-o-q.

Key negatives

- Energy & Commodities vertical declined 3% q-o-q.

Management Commentary

- Company expects over 10% organic growth in constant currency for FY26.
- For Q2, the management expects an 8% y-o-y growth in constant currency. The MST acquisition to add 3-4% by way of inorganic growth.
- Margins are expected to be 20- 21% range for the full year while the Q2 margins would be 20%.
- MST Group acquisition is expected to be margin accretive
- Deal pipeline remains robust with active opportunities across large outsourcing, full spanning technology, professional services, automotive, life sciences, and other sectors.
- The company implemented wage increases effective July 1, 2025
- Effective tax rate for FY26 to be at 27-28%.

Revision in earnings estimates – We have revised our estimates to factor in Q1FY26 performance.

Our Call

Valuation – Maintain Buy with revised PT of Rs. 450: NIIT Learning Systems delivered a resilient Q1 in a tough operating environment, reaffirmed its FY26 guidance, and strengthened its outlook via the MST acquisition and leadership in AI-led learning services. Bolstered by MST acquisition, NIITMTS's global scale and AI enabled learning solutions, makes them well positioned to lead as the partner of choice for large enterprises navigating learning transformation globally. With sustainable growth levers, high client stickiness, expanding global footprint, and improving profitability, the company remains well-positioned as a leading play on global enterprise learning transformation in FY26 and beyond. We maintain a Buy with a revised PT of Rs.450. At CMP, the stock trades at 18.2/14.7x its FY26/27E EPS.

Key Risks

Prolonged economic uncertainty could impact the recovery of spending and lead to cutbacks and/or deferral of expenditure for the near term. Regulation changes can render the training content obsolete.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	1,554	1,653	1,869	2,171
OPM (%)	23.3%	21.5%	20.4%	20.8%
Adjusted PAT	218	237	246	305
YoY growth (%)	3.6	8.4	4.0	24.1
Adjusted EPS (Rs.)	16.1	17.4	18.1	22.4
P/E (x)	20.5	18.9	18.2	14.7
P/B (x)	4.6	3.7	3.1	2.5
EV/EBITDA	11.8	11.8	9.8	7.4
ROE (%)	25.0	21.6	18.5	19.0
ROCE (%)	26.2	22.3	20.6	21.1

Source: Company; Mirae Asset Sharekhan estimates

Key result highlights

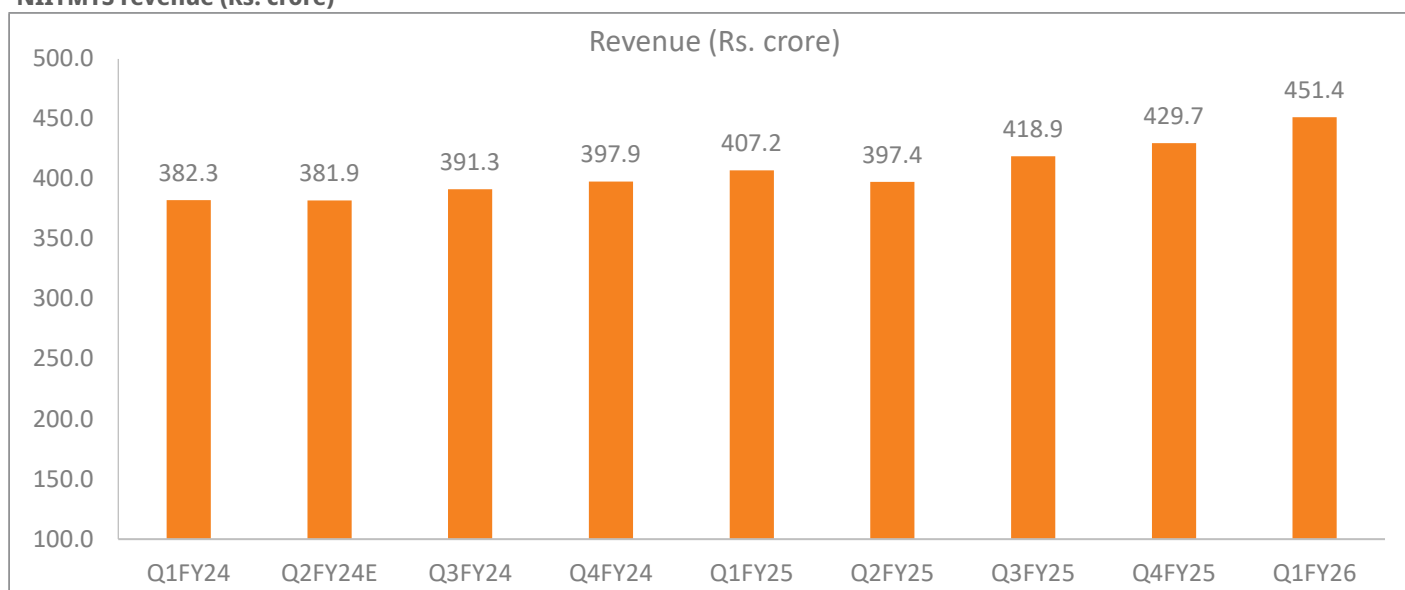
- ♦ **Revenue growth:** Reported revenue stood at Rs. 451 crores, up 5% q-o-q/ 10.8% y-o-y, beating our estimates of Rs.447 crore. Revenue growth in constant currency was up 5%q-o-q / 8% y-o-y basis respectively.
- ♦ **Margin:** EBITDA margin improved ~140 bps q-o-q to 20% but fell short of estimates of 20.4%.
- ♦ **Revenue visibility:** Revenue visibility stood at \$388 million vs \$ 350 million in Q1FY25. The company added two new MTS contracts added during the quarter which included a major pharma and a leading hospitality client and signed three contract renewals.
- ♦ **Vertical-wise performance:** Technology & Telecom, Management Consulting & Professional services, LifeSciences & Healthcare, Aviation & Aerospace and Others grew 15%/4%/8%/4% and 1% q-o-q respectively. BFSI, and Energy & commodities fell 4%/3%q-o-q, respectively.
- ♦ **Cash flow:** Net Cash stood at Rs 770.4crore, up 18.7% y-o-y while Cash and cash-equivalents stood at Rs. 835 crore.
- ♦ **Employee metrics:** Headcount stood at 2,390 flat sequentially and up 1.4% y-o-y.
- ♦ **MST Group Acquisition:** The company acquired 100% stake in Germany based MST Group in July25. Acquisition of MST Group is expected to be margin and EPS accretive from year 1, adding new clients while expanding presence across I Europe, and bolstering industrial, automotive, and energy customer portfolios. The acquisition adds 7 new Global 1000 clients and over 100 L&D experts to NIIT, bringing total MTS customers to over 100.

Results table

Particulars	Rs cr				
	Q1FY26	Q1FY25	Q4FY25	YoY (%)	QoQ (%)
Net Sales	451.4	407.2	429.7	10.8	5.0
Employee benefits expense	200.9	195.0	201.2	3.0	-0.1
Other expenses	45.0	41.2	44.6	9.3	0.9
Professional & technical outsourcing expenses	115.0	75.0	103.8	53.3	10.8
Total Operating Cost	360.9	311.2	349.6	16.0	3.3
EBITDA	90.4	96.0	80.2	-5.8	12.8
Depreciation	18.1	14.0	16.7	29.4	8.4
EBIT	72.3	82.0	63.4	-11.8	14.0
Interest & Other Financial Cost	6.1	7.2	6.0	-15.8	0.5
Other Income	13.1	9.3	12.6	39.9	3.5
Profit Before Tax	73.0	81.2	69.3	-10.1	5.4
Tax Expense	23.7	21.2	20.6	11.7	15.3
Reported PAT	49.3	60.0	48.7	-17.9	1.2
Adjusted PAT	55.6	62.9	49.5	-11.7	12.4
EPS (Rs)	3.6	4.0	4.8	-9.6	-25.0
Margin (%)					
				Bps	Bps
EBITDA	20.0	23.6	18.7	-355	138
NPM	12.3	15.5	11.5	-314	80
Tax rate	32.5	26.1	29.7	635	279

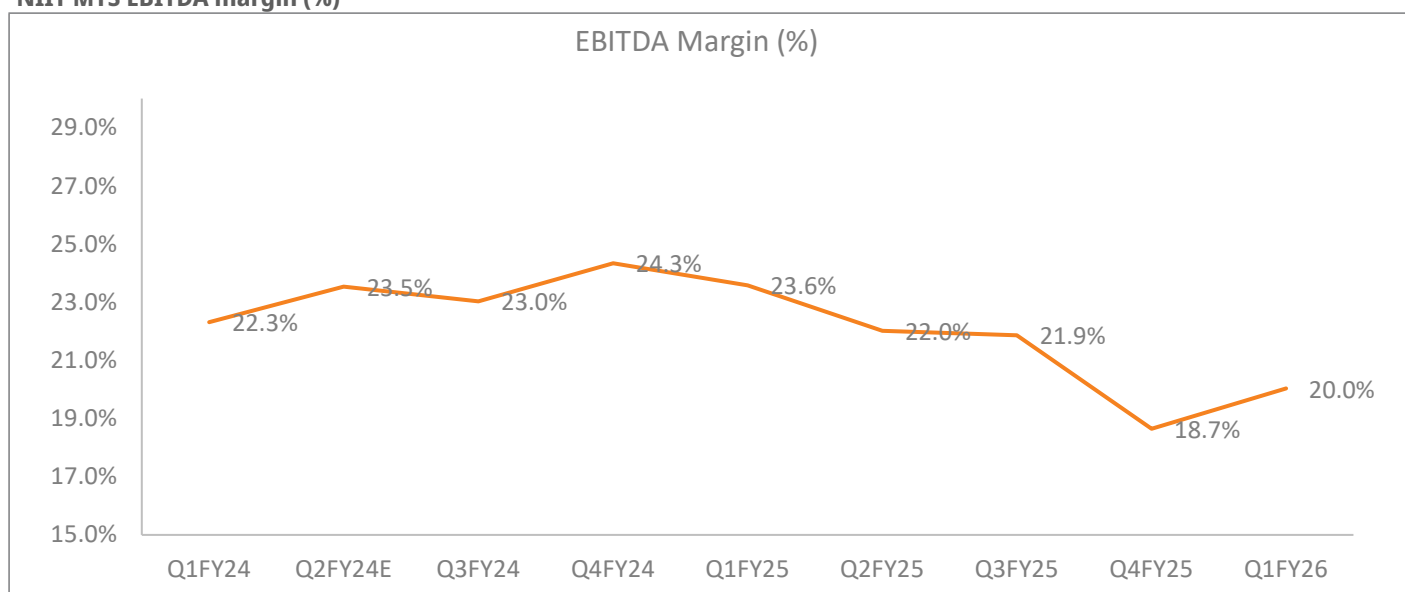
Source: Company; Mirae Asset Sharekhan Research

NIITMTS revenue (Rs. crore)

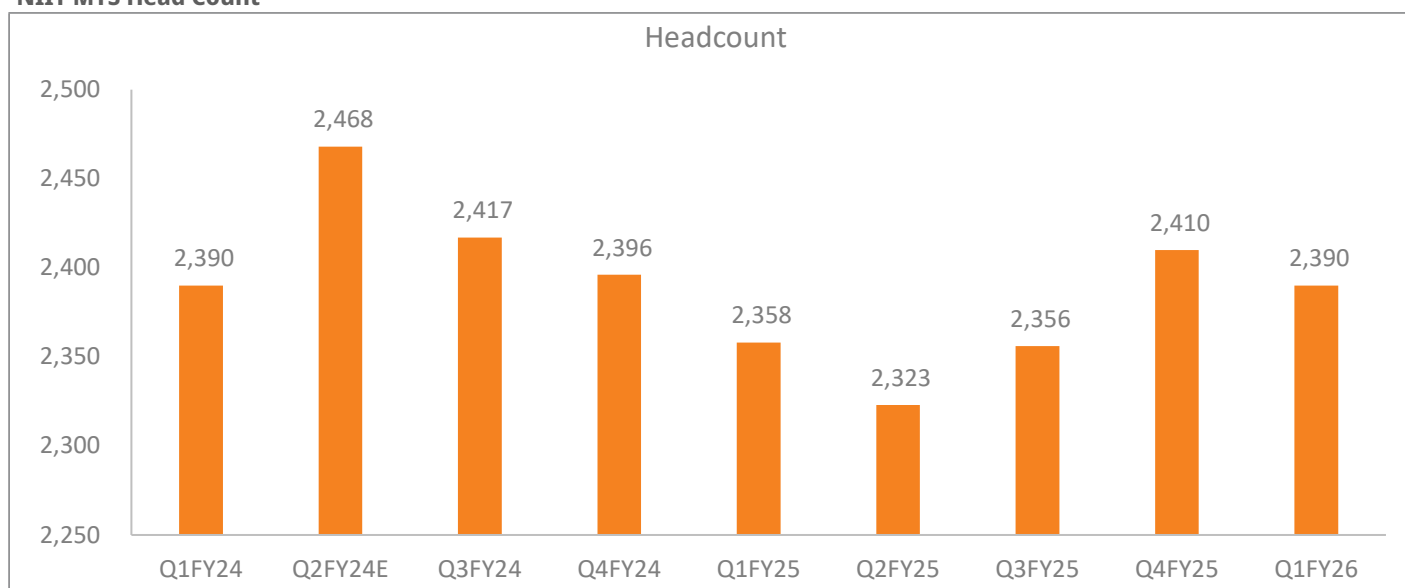


Source: Company; Mirae Asset Sharekhan Research

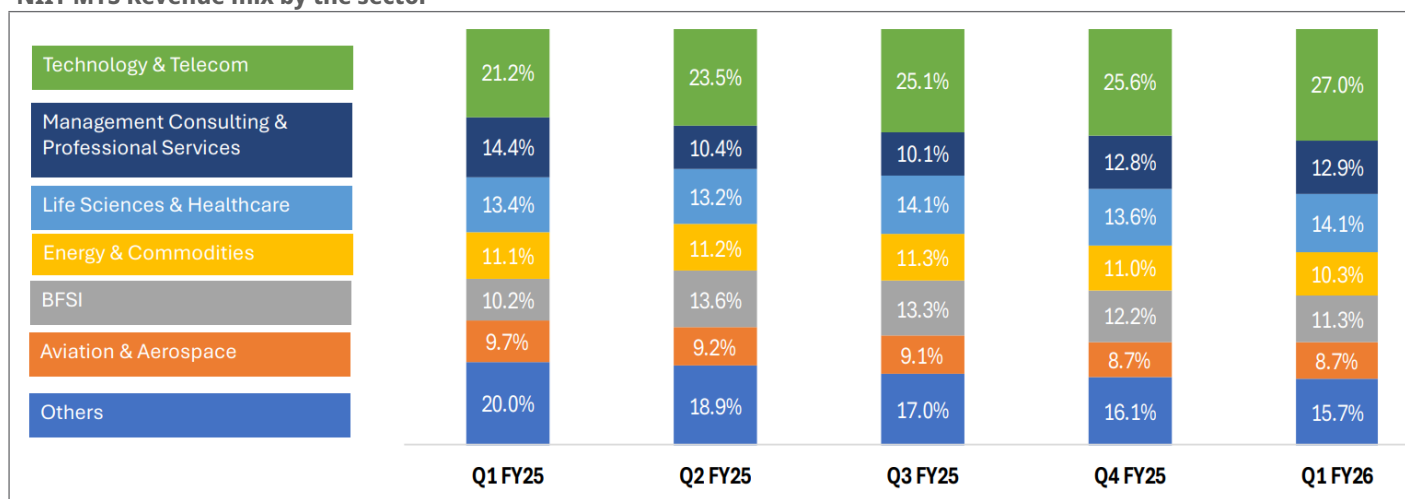
NIIT MTS EBITDA margin (%)



Source: Company; Mirae Asset Sharekhan Research

NIIT MTS Head Count


Source: Company; Mirae Asset Sharekhan Research

NIIT MTS Revenue mix by the sector


Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Multi-year opportunity in the corporate learning space

Corporate training can boost employee productivity, engagement, and motivation. Furthermore, effective corporate training programmes can help attract and retain talent, reduce employee turnover, and ultimately contribute to the achievement of business goals and objectives. Global companies spend over \$370 billion per year on training, with about two-thirds of the spending on proprietary training. The global corporate training market is expected to grow to \$460.04 billion in 2027. The current penetration of outsourced learning services, accounting for less than 5% of the addressable learning and development (L&D) market, signals a multi-year growth potential.

■ Company Outlook – Cautiously optimistic amidst volatile macros

Company has guided for revenue growth of over 10% organic growth in CC terms and targets an EBITDA margin of 20-21% for FY26. It eyes a revenue \$400-500 million by FY28, led by acquisitions and organic growth. The outlook in FY26 remains cautiously optimistic, with volatile macros impacting training budgets, but a robust tech deal pipeline, lifesciences, and BFSI sectors signals strong outsourcing opportunities. Generative AI and XR-based training solutions are expected to drive transformation, enhancing efficiency and outcomes, positioning NIITMTS to lead amidst volatile and uncertain environment.

■ Valuation – Maintain Buy with revised PT of Rs. 450

NIIT Learning Systems delivered a resilient Q1 in a tough operating environment, reaffirmed its FY26 guidance, and strengthened its outlook via the MST acquisition and leadership in AI-led learning services. Bolstered by MST acquisition, NIITMTS's global scale and AI enabled learning solutions, makes them well positioned to lead as the partner of choice for large enterprises navigating learning transformation globally. With sustainable growth levers, high client stickiness, expanding global footprint, and improving profitability, the company remains well-positioned as a leading play on global enterprise learning transformation in FY26 and beyond. We maintain a Buy with a revised PT of Rs.450. At CMP, the stock trades at 18.2/14.7x its FY26/27E EPS.

About company

NLSL is an established leader in managed learning training services and ranks among the top-5 global players in terms of revenue from training outsourcing. NIIT Learning Systems Ltd. offers managed training services to Fortune 1000 and Global 500 corporations across North America and Europe. The company has over 84 global customers, serviced in over 30 countries. NIIT Learning Systems was demerged from NIIT on May 24, 2023. Consequent to the demerger, each shareholder of NIIT has been allotted one share of NIIT Learning Systems for every NIIT share held as on the record date of June 8, 2023. As a result of the demerger, NIIT's Corporate Learning Business has been transferred to NIIT Learning Systems Limited (NLSL) from the appointed date of April 1, 2022.

Investment theme

Global companies spend over USD370 billion per year on training, with about two-thirds of the spending on proprietary training. A majority of this cost is for internal learning and development resources, which are fixed in nature and inefficient due to less-than-optimal utilisation. The penetration of learning outsourcing is low, at less than 5%. This implies that a significant portion of the training costs is being borne by the companies themselves without leveraging external providers for more efficient and cost-effective training solutions. The global corporate training market is expected to grow to USD460.04 billion in 2027.

Key Risks

Prolonged economic uncertainty could impact the recovery of spending and lead to cutbacks and/or deferral of expenditure for the near term. Regulation changes can render the training content obsolete.

Additional Data

Key management personnel

Name	Designation
Sapnesh Lalla	Chief Executive Officer
Sailesh Lalla	Chief Business Officer
Sanjay Mal	Chief Financial Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Nippon Life India As	9.35
2	Massachusetts Instit	5.66
3	SBI Funds Management	3.64
4	UTI Asset Management	3.60
5	MARATHON EDGE INDIA	3.01
6	Vanguard Group Inc/T	2.29
7	Dimensional Fund Adv	1.29
8	Kacholia Ashish	1.14
9	Blackrock Inc	1.00
10	ICICI Prudential Ass	0.89

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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