



NIIT Learning Systems Ltd (NLSL) delivered a steady Q4FY25 performance with revenue of ₹4,297 Mn, growing 6% YoY and 1% QoQ in cc terms, supported by new client additions and expanding managed services footprint. However, Adj EBITDA declined 14% YoY with margins contracting to 20% due to unfavorable mix and underutilization of fixed costs from the North American real estate contract. The company added 3 MTS clients during the quarter, taking the total to 93, while revenue visibility improved to \$390 Mn. Despite near-term macro uncertainties and a muted FY26 guidance (10%+ CC growth, 20–21% margins), NLSL's long-term aspiration of reaching \$400–500 Mn revenue by FY28, aided by strategic GenAI-led initiatives and a strong renewal pipeline.

- **INR Revenue came in at INR 4,297 Mn**, +2.6% QoQ / +8 YoY and 1% above our estimates.
- CC Revenue growth at +1% QoQ / +6% YoY
- **EBITDA at INR 802 Mn**, -12.5% QoQ / -17.2% YoY and -14% below our estimates.
- **EBITDA margins stood at 18.7%**, vs 21.9% / 24.3% in Q3FY25 / Q4FY24 327 bps below our estimates.
- **PAT came in at INR 487 Mn**, -21.1% QoQ / -10.5% YoY and 21% below our estimates.
- **Adj PAT came in at INR 492 Mn**, -24.2% QoQ / -9.5% YoY and 24% below our estimates.
- **EPS at INR 3.58** in Q4FY25 vs 4.54 / 4.02 in Q3FY25 / Q4FY24 respectively.
- **Adj EPS at INR 3.62** in Q4FY25 vs 4.78 / 4.02 in Q3FY25 / Q4FY24 respectively.
- **Revenue Visibility during the quarter stood at USD 390 Mn**, -0.3% QoQ / +16.4% YoY.

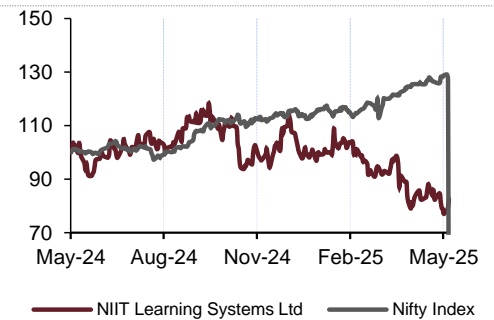
Rating	TP (Rs)	Up/Dn (%)
BUY	438	17

Market data

Current price	Rs	375
Market Cap (Rs.Bn)	(Rs Bn)	51
Market Cap (US\$ Mn)	(US\$ Mn)	599
Face Value	Rs	2
52 Weeks High/Low	Rs	542 / 341.55
Average Daily Volume	('000)	516
BSE Code		543952
Bloomberg		NIITMTS

Source: Bloomberg

Performance



% Shareholding	Mar-25	Dec-24
Promoters	34.45	35.48
Public	65.55	65.52
Total	100.00	101.00

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	11,323	13,618	15,535	16,533	18,657	21,776
EBIDTA	2,916	2,920	3,622	3,553	3,685	4,417
Margins	25.8	21.4	23.3	21.5	19.8	20.3
PAT (adj)	2,021	1,922	2,132	2,275	2,482	2,979
Growth (%)	-	-4.9	10.9	6.7	9.1	20.0
EPS	3.50	15.45	16.02	17.32	18.24	21.88
P/E (x)	107	24	23	22	21	17
P/B (x)	40	7	5	4	4	3
EV/EBITDA (x)	-2	16	12	12	12	9
RoE (%)	37	27	22	19	18	18
ROCE (%)	48	29	31	26	24	25
RoIC (%)	200	67	55	45	44	48

Source: Dalal and Broacha

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Concall Highlights

- **Business Highlights:**
 - a. **Revenue:** INR 4,297 Mn, constant currency growth at +6% YoY / +1% QoQ.
 - b. **Adj EBITDA:** INR 857 Mn (-14% YoY, -9% QoQ), margin at 20% (down 505 bps YoY, 262 bps QoQ) due to unfavorable mix, class cancellations, and underutilization of fixed headcount.
 - c. **Net Cash Position:** INR 7,036 Mn (up INR 37 Mn QoQ). DSO at 56 days.
 - d. Signed 3 new MTS contracts in Q4 (2 new logos, 1 renewal), bringing the total customer base to 93. FY25 included 10 MTS contract wins (9 new logos), 6 scope expansions, and 9 renewals.
 - e. Revenue visibility increased to \$390 Mn (-0.3% QoQ, +16.4% YoY).
- **Sectoral Performance:**
 - a. **Technology & Telecom** (+3.8% QoQ / +27% YoY in Q4FY25): Continues to benefit from reskilling demand and centralization of training.
 - b. **Life Sciences & Healthcare** (-1.7% QoQ / +8% YoY in Q4FY25): Stable growth with large pharma client win in Q4.
 - c. **Management Consulting & Professional Services** (+30.7% QoQ / -3.2% YoY in Q4FY25): Saw volume recovery sequentially aided by seasonality and L&D budget recovery.
 - d. **BFSI** (-5.1% QoQ / +42.5% YoY in Q4FY25): Robust performance with increased wallet share and top-tier client additions.
 - e. **Real Estate:** North American real estate training contract impacted volumes, now non-exclusive due to regulation and is assumed to ramp down in FY26.
- **AI & Technology:**
 - a. NIIT LS signed its first Managed Training Services contract fully powered by Generative AI, reflecting progress in embedding AI into delivery models.
 - b. Investments are being made to move from Level 1 content to high-impact, personalized, coaching-oriented training experiences.
 - c. AI initiatives include enhanced compute capabilities and immersive simulation environments. These contracts are expected to yield similar or better margins.
 - d. Investment in StriVR Labs (\$ 1 Mn) to accelerate VR/XR-based immersive learning, enhancing GenAI-backed offerings.
 - e. While customer adoption remains cautious, early AI deployments are showing encouraging results and positioning the company as a differentiated player in the training space.

- **Market Conditions:**

- Macro headwinds—including inflation, interest rate fears, and regulatory uncertainties—impacted Q4 training volumes, especially in North America.
- Ontario’s regulatory changes affected the real estate training contract, which is transitioning from an exclusive to a non-exclusive model and is assumed to wind down in FY26 (unless renewed).
- Clients are increasingly focused on cost optimization and outsourcing, creating wallet share consolidation opportunities.
- Despite these challenges, management sees long-term tailwinds for managed learning services due to structural shifts in enterprise L&D.

- **Other Highlights:**

- Headcount increased by 54 QoQ and 14 YoY to 2,410 employees.
- The company maintains a 100% contract renewal rate, with key client expansions driving growth.
- Effective tax rate rose due to notional adjustments related to acquisition earnouts and other end-of-year true-ups.
- Dividend of INR 3/share recommended for FY25, up from INR 2.75 in FY24, in line with NIIT Group’s consistent payout approach.

- **Net Other Income/ (Expenses) for Q4FY25 includes:**

- Treasury income increased due to MTM gain.
- Scheme-related ESOP cost: INR 5 Mn (NIIT Ltd legacy ESOPs).
- Strategic & acquisition expenses: INR 55 Mn
 - INR 35 Mn fair value charge (earnout liability)
 - INR 12 Mn interest on acquisition loans
 - INR 7 Mn exceptional M&A expenses
- Other expenses: INR 56 Mn
 - Forex loss INR 36 Mn
 - Lease liability interest INR 9 Mn
 - Bank charges INR 9 Mn
 - Misc. income INR 2 Mn

Outlook

- FY26 revenue growth guided at 10%+ in constant currency terms; margin expected in the 20–21% range.
- Business expected to stabilize by Q4FY26 after a transitional first half.
- Long-term growth and margin trajectory remains intact; confident of achieving \$400–500 Mn revenue by FY28.
- Inorganic initiatives, GenAI-led learning, and strong contract pipeline support medium-term acceleration.

Valuation & Outlook

NIIT Learning Systems is currently trading at 21.7x / 20.6x / 17.1x FY25 / FY26e / FY27e EPS respectively.

NIIT Learning Systems Ltd (NLSL) delivered a steady Q4FY25 performance, with revenue growing 8% YoY (+6% in constant currency) and 3% QoQ, aided by the ramp-up of new customers and stable execution across managed training services. The company expanded its MTS base to 93 customers, improved revenue visibility to \$390 Mn (vs. \$335 Mn YoY), and reinforced customer stickiness with multiple renewals and expansions. However, macroeconomic headwinds, particularly in North America, and lower-than-expected volumes in certain verticals impacted near-term profitability.

EBITDA margins declined to 20% (down 262 bps QoQ and 505 bps YoY), largely due to an unfavorable product mix, cancellation of fixed-cost classes, and margin dilution from the sunseting North America real estate contract.

While the company's focus on GenAI has resulted in strategic wins—including its first fully GenAI-driven MTS contract and a strategic investment in StriVR Labs—adoption remains gradual. Sectoral tailwinds from BFSI, Technology, and Life Sciences offer long-term growth drivers, and early signs of a rebound in management consulting are encouraging.

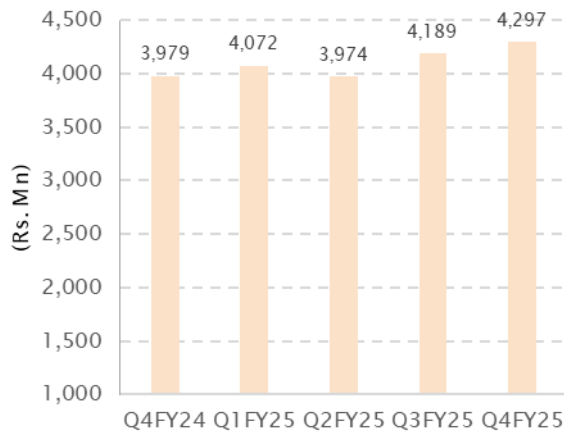
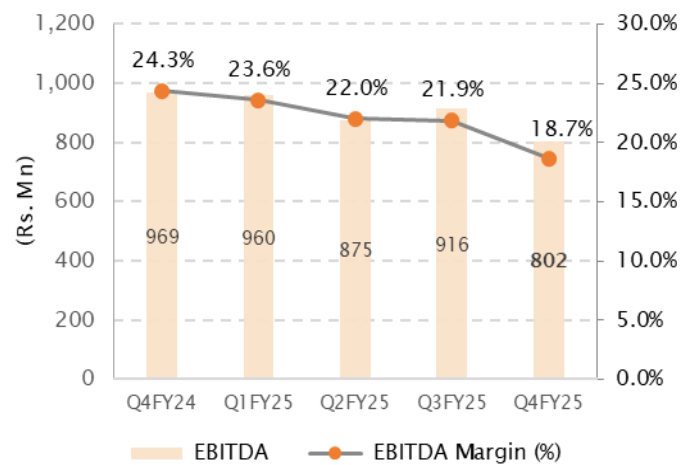
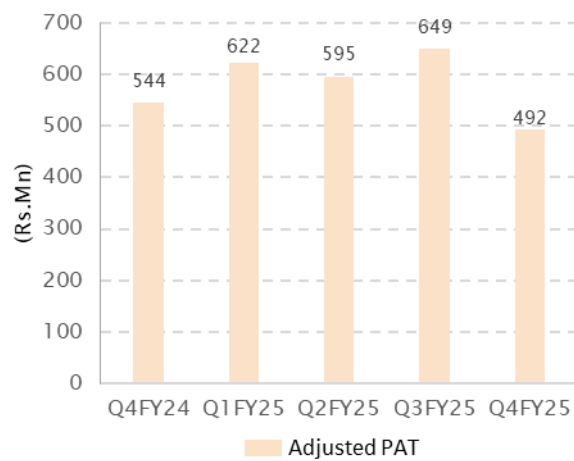
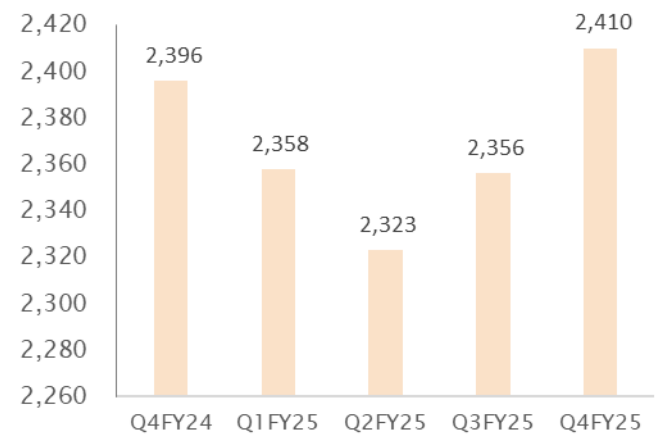
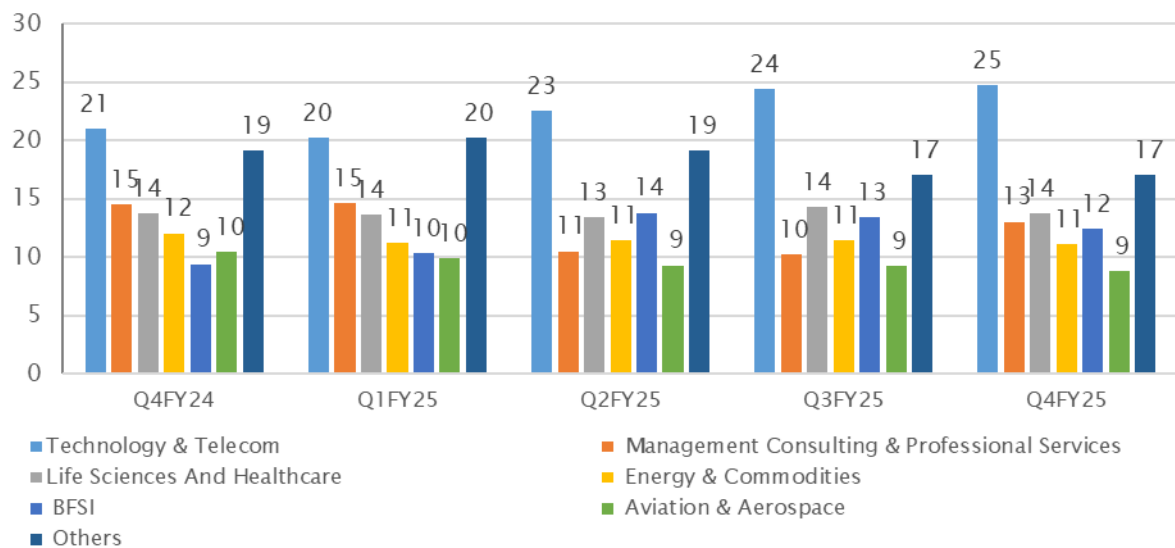
That said, given the **muted FY26 guidance of 10%+ revenue growth in CC and margins in the 20–21% range**, along with continued **macroeconomic uncertainty and transitional quarters ahead**. **Taking the above factors into consideration**, we revise **our estimates downwards** while maintaining our **BUY** rating, assigning a **target multiple of 20x FY27e EPS to arrive at a TP of INR 438**.

While the long-term aspiration is to reach \$400–500 Mn in revenue by FY28, we believe the stock is likely to consolidate in the near term until greater visibility emerges on macro stabilization, margin recovery, and GenAI monetization at scale.

Quarterly Deviation Sheet

(Rs.Mn)	Q4FY25	Q3FY25	QoQ Growth (%)	Q4FY24	YoY Growth (%)	Q4FY25E	Diff
Revenue from Operations	4,297	4,189	2.6%	3,979	8.0%	4,252	1%
Other Income	126	103	22.6%	99	27.1%	103	
Total Income	4,423	4,292	3.1%	4,079	8.5%	4,355	2%
COGS	4	7		4		8	
Employee Benefits Expense	2,012	2,017	-0.3%	1,899	5.9%	2,070	-3%
Professional & Technical outsourcing	1,038	811	27.9%	719	44.4%	808	28%
Other Expenses	442	437	1.2%	389	13.7%	434	2%
Total Expenses	3,496	3,273	6.8%	3,011	16.1%	3,320	5%
EBITDA (Excluding Other Income)	802	916	-12.5%	969	-17.2%	932	-14%
Depreciation and Amortisation	167	159	4.8%	127	31.8%	159	
EBIT / PBIT	761	860	-11.5%	941	-19.2%	876	
Finance Costs	60	5	1224.8%	102	-41.0%	20	
EBT/ PBT (Before Exceptional items)	700	855	-18.1%	839	-16.5%	856	-18%
Exceptional Items	7	42		-		42	
Tax Expense	206	195	5.2%	294	-30.1%	195	
Net Profit after Tax	487	617	-21.1%	544	-10.5%	618	-21%
Adj. PAT	492	649	-24.2%	544	-9.5%	650	-24%
Earning Per Share	3.58	4.54	-21.2%	4.02	-11.0%	4.5	
Adj Earning Per Share	3.62	4.78	-24.3%	4.02	-10.0%	4.8	-24%
No of Shares Diluted (mn)	136.1	136.0		135.4		136.0	
Margins Analysis (%)			bps		bps		
Gross Margins	28.9%	32.3%	-336	34.1%	-518	32.1%	-318
EBITDA Margins (Excl Other Income)	18.7%	21.9%	-321	24.3%	-569	21.9%	-327
PAT Margins	11.3%	14.7%	-340	13.7%	-234	14.5%	-320
Effective Tax Rate %	29.7%	24.1%	564	35.1%	-541	24.0%	569
Cost Analysis (%)			bps		bps		
COGS as a % to sales	0.1%	0.2%	-8	0.1%	1	0.2%	-9
EE Cost as a % to sales	46.8%	48.2%	-135	47.7%	-92	48.7%	-188
Outsourcing Expenses as a % to sales	24.2%	19.4%	479	18.1%	608	19.0%	515
Other exps as a % to sales	10.3%	10.4%	-15	9.8%	51	10.2%	9

Source: Dalal & Broacha Research, Company

Net Sales Trajectory

EBITDA Trajectory

PAT Trajectory

Headcount Trajectory

Revenue Mix by Sector


Source: Dalal & Broacha Research, Company

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	11,323	13,618	15,535	16,533	18,657	21,776
Operating Expenses	-7,489	-9,418	-10,464	-11,271	-13,061	-15,208
Other Expenses	-918	-1,280	-1,449	-1,709	-1,911	-2,151
Operating Profit	2,916	2,920	3,622	3,553	3,685	4,417
Depreciation	-423	-471	-592	-619	-665	-710
PBIT	2,493	2,449	3,030	2,934	3,021	3,707
Other income	139	151	319	449	556	556
Interest	-10	-129	-327	-208	-176	-182
PBT	2,622	2,471	3,023	3,175	3,401	4,081
Profit before tax (post exceptional)	2,622	2,285	2,971	3,064	3,401	4,081
Provision for tax	-601	-363	-839	-789	-918	-1,102
Profit & Loss from Associates/JV	-	-	-	-	-	-
Reported PAT	2,021	1,922	2,132	2,275	2,482	2,979
MI	-	-	-	-	-	-
Owners PAT	2,021	1,922	2,132	2,275	2,482	2,979
Adjusted Profit (excl Exceptionals)	2,021	2,079	2,170	2,357	2,482	2,979

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	1,156	269	271	272	272	272
Reserves	4,296	7,434	9,504	11,827	13,863	16,305
Net worth	5,452	7,703	9,774	12,100	14,135	16,577
MI	-	-	-	-	-	-
Non Current Liabilites	23	3,068	2,568	1,902	1,832	1,852
Current Liabilites	4,008	6,298	7,989	7,879	8,220	8,653
TOTAL LIABILITIES	9,483	17,069	20,331	21,881	24,187	27,083
Non Current Assets	1,468	6,445	7,108	7,085	7,300	7,537
Fixed Assets	834	1,630	1,602	1,566	1,769	1,992
Goodwill	344	4,342	4,408	4,519	4,519	4,519
Right of Use Assets	37	120	386	300	300	300
Financial Assets	25	27	332	469	472	475
Deferred Tax Asset	160	192	148	93	96	98
Long Term Loans and Advances	-	-	-	-	-	-
Other Non Current Assets	68	134	231	138	145	152
Current Assets	8,015	10,624	13,224	14,796	16,886	19,546
Current investments	994	2,826	3,474	3,843	4,228	4,651
Inventories	5	1	1	1	1	1
Trade Receivables	1,394	2,155	2,250	2,515	2,838	3,313
Cash and Bank Balances	3,526	2,786	2,844	3,425	4,586	6,116
Short Term Loans and Advances	-	-	-	-	-	-
Other Financial Assets	1,942	2,653	4,202	4,429	4,650	4,883
Other Current Assets	153	202	453	583	583	583
TOTAL ASSETS	9,483	17,069	20,331	21,881	24,187	27,083

Cashflow (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
PBT	2,622	2,285	2,971	3,064	3,401	4,081
Depreciation	423	471	592	619	665	710
Net Chg in WC	-517	-1,150	-1,346	-180	-166	-286
Taxes	-466	-625	-729	-805	-918	-1,102
Others	704	635	1,298	-227	178	184
CFO	2,766	1,617	2,786	2,471	3,159	3,587
Capex	-190	-407	-473	-479	-303	-323
Net Investments made	-557	-471	-389	-322	-	-
Others	82	-1,776	-957	-491	-	-
CFI	-665	-2,654	-1,819	-1,292	-303	-323
Change in Share capital	-	-	-	-	-	-
Change in Debts	-129	1,090	-249	-254	-120	20
Div. & Div Tax	-744	-	-336	-372	-447	-536
Others	-17	-70	-108	-99	-1,076	-1,217
CFB	-890	1,020	-693	-726	-1,643	-1,734
Total Cash Generated	1,211	-18	274	453	1,213	1,530
Cash Opening Balance	1,320	2,577	2,569	2,920	3,373	4,586
Cash Closing Balance	2,531	2,560	2,843	3,373	4,586	6,116

Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	25.8	21.4	23.3	21.5	19.8	20.3
NPM	17.6	15.1	13.7	13.9	12.9	13.3
Tax rate	-22.9	-15.9	-28.2	-25.7	-27.0	-27.0

Growth Ratios (%)

Net Sales	-	20.3	14.1	6.4	12.8	16.7
Operating Profit	-	0.1	24.0	-1.9	3.7	19.8
PBIT	-	-1.8	23.7	-3.2	3.0	22.7
PAT	-	-4.9	10.9	6.7	9.1	20.0

Per Share (Rs.)

Net Earnings (EPS)	3.50	15.45	16.02	17.32	18.24	21.88
Cash Earnings (CPS)	4.23	17.79	20.12	21.26	23.12	27.10
Dividend	-	-	2.75	3.00	3.28	3.94
Book Value	9.44	57.24	72.19	88.89	103.84	121.78
Free Cash Flow	2.83	7.24	8.54	16.97	17.64	20.62

Valuation Ratios

P/E(x)	107	24	23.4	21.7	20.6	17.1
P/B(x)	40	7	5	4	4	3
EV/EBIDTA(x)	-2	16	12	12	12	9
Div. Yield(%)	-	-	0.73	0.80	0.88	1.05
FCF Yield(%)	0.76	1.93	2.28	4.53	4.70	5.50

Return Ratios (%)

ROE	37%	27%	22%	19%	18%	18%
ROCE	48%	29%	31%	26%	24%	25%
RoIC	200%	67%	55%	45%	44%	48%

Source: Dalal & Broacha Research, Company

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