

NIITMTS delivered a strong quarter despite the RICO contract roll-off, with the impact offset by healthy organic momentum and the YoY contribution from MST. Ex-RICO, revenue grew ~9% QoQ and ~28% YoY, underscoring robust execution and effective integration of MST. Growth visibility remains strong, with expansion expected to be driven by higher wallet share within existing clients, continued conversion from project-based engagements to annuity-style MTS contracts, and incremental contribution from the MST-led Industrials vertical.

NIIT MTS is seeing a gradual demand recovery, driven by strength in Tech & Telecom (+47% YoY) and Healthcare +31% YoY), alongside incremental contribution from the Industrials (+33% YoY) vertical added via MST. Management expects L&D spending to improve amid macro uncertainty, as enterprises increase outsourcing to optimize costs—reflected in continued traction in the Learning Delivery vertical and sustained growth in highly regulated and fast-evolving sectors where upskilling and reskilling remain critical.

AI-enabled revenue accounted for 11% this quarter, with adoption broad-based across services. A ramp up being seen at enterprise scale in the lifesciences vertical.

Guidance for 4Q implies ~10% QoQ growth in constant currency, supported by contribution from the Sweet Rush acquisition. Adjusted EBITDA margins (ex-forex) are guided at 20–21% for the year, with the YoY decline primarily attributable to the RICO contract roll-off.

FY27 is expected to be a strong year, supported by the Sweet Rush acquisition driving inorganic growth, expanding capabilities, and adding new clients that enhance cross-sell opportunities. Additionally, normalization in the effective tax rate and currency movements normalising could provide further support to margin improvement.

Financial Summary (Rs. Mn)

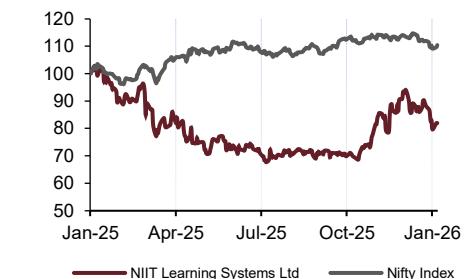
Y/E March	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Sales	11,323	13,618	15,535	16,533	19,819	26,056	29,460
EBITDA	2,916	2,935	3,622	3,555	3,865	5,081	5,745
Margins	26%	22%	23%	22%	20%	20%	20%
PAT	2,021	1,922	2,132	2,277	2,138	3,130	3,722
Growth	N.A	-5%	11%	7%	-6%	46%	19%
EPS (Rs.)	17.5	14.3	15.8	16.7	15.6	22.7	26.7
P/E (x)	20.9	25.6	23.2	21.8	23.4	16.1	13.7
RoCE (%)	48%	30%	31%	26%	23%	26%	26%
RoE (%)	37%	25%	22%	19%	15%	19%	18%
RoIC (%)	88%	41%	43%	36%	31%	36%	36%

Source: Dalal & Broacha Research, Company

Rating	TP (Rs)	Up/Dn (%)
BUY	480	26
Market data		
Current price	Rs	381
Market Cap (Rs.Bn)	(Rs Bn)	52
Market Cap (US \$ Mn)	(US \$ Mn)	570
Face Value	Rs	2
52 Weeks High/Low	Rs	488.45 / 300.05
Average Daily Volume	('000)	42
BSE Code		543952
Bloomberg		NIITMTS

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	34	34
Public	66	66
Total	100	100

Source: Bloomberg

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Key Quarterly Updates:

Strong Organic Growth:

NIITMTS, despite the RICO contract roll-off, reported resilient dollar revenue growth of ~3%, driven by steady organic momentum and strong execution across high-change verticals such as Tech & Telecom, Lifesciences, and Industrials and high regulatory verticals which have training as mandate such as BFSI and Aviation

The company added four new MTS clients (2 BFSI, 1 Lifesciences, 1 Energy), enhancing revenue visibility, alongside improved utilization levels with AI-enabled revenue contributing 11% of topline.

Growth is expected to be further supported by cross-sell opportunities from the two recent acquisitions, expansion in contract scope, and rising wallet share within existing clients.

Acquisition Related Benefits: (Sweet Rush & MST)

NIITMTS completed two acquisitions during the fiscal—MST in ~2QFY26 and Sweet Rush in 4QFY26—aimed at expanding service capabilities, geographic reach, and client base.

The MST acquisition led to the creation of the Industrials vertical, adding automotive-focused clients and strengthening presence in the DACH region, which enhances nearshore delivery for the MTS client base; additionally, seven MST clients have been transitioned into MTS relationships. .

Sweet Rush has added capabilities in strategic learning interventions, certification solutions, and talent solutions, along with a portfolio of ~70 clients, creating meaningful cross-sell opportunities and potential to convert project-based engagements into long-term MTS contractual revenues.

AI starting to become meaningful part of Contracts:

AI-enabled revenue accounted for 11% of total sales, comprising AI-led service delivery that drives efficiency gains, along with an emerging contribution from AI-based product offerings—indicating potential for more recurring and predictable revenue streams over time.

While product-led AI revenue remains at a nascent stage, the Sweet Rush acquisition, which brings similar solution-oriented capabilities, strengthens this opportunity; AI integration is expected to enhance service efficiency and improve revenue visibility as enterprise adoption scales.

Utilization levels have improved, with enterprise-wide AI adoption visible particularly in the Lifesciences vertical, signaling a transition from pilot programs to full-scale deployment—positioning AI as a potential lever for revenue growth, operational efficiency, and margin expansion in the future.

Concall KTAs & Operational Highlights:

Strong underlying growth: Revenue at ₹4,997 Mn (+5% QoQ, +19% YoY CC); ex-real estate contract, growth strengthens to +9% QoQ and +28% YoY, highlighting solid core momentum.

Margins resilient: EBITDA at ₹1,038 Mn (20.8% margin) in line with guidance; revenue visibility improved to \$415 Mn vs \$409 Mn QoQ.

AI scaling meaningfully: AI-enabled revenue now ~11% of sales, with enterprise-grade deployments and a shift toward subscription/agentic AI models that can enhance long-term profitability and revenue predictability.

SweetRush acquisition strategic: Adds AI-led immersive learning (XR) and extended enterprise capabilities; deal valued up to \$26 Mn with earnout structure. Expected to be margin accretive in 6–8 quarters and EPS accretive from FY27.

Client momentum intact: 4 new MTS wins; total MTS clients at 107. Industrials momentum supported by MST and DACH presence; focus remains on high-regulation verticals with structurally higher training spends.

Demand environment supportive: Despite macro uncertainty, outsourcing demand remains steady as enterprises seek cost agility and productivity gains.

Efficiency improving: Headcount moderated (2,433), with AI leverage and targeted onshore investments supporting productivity.

Outlook: Q4 revenue guided at +10–12% QoQ (incl. SweetRush); FY26 margins expected at 20–21%, reinforcing stable profitability trajectory.

Valuation & Outlook

NIITMTS continues to demonstrate a return to a structurally stronger growth trajectory, supported by resilient organic execution, improving demand across key verticals, and incremental contribution from recent acquisitions. Despite the RICO contract roll-off, core growth momentum remains intact, with ex-RICO trends indicating healthy expansion driven by higher wallet share, conversion of project-based work into annuity-style MTS contracts, and scaling of the Industrials vertical via MST. AI-enabled delivery, now contributing ~11% of revenue, is improving service efficiency and positioning the company toward more recurring and predictable revenue streams over time.

Management guidance remains constructive, with ~10% QoQ CC growth expected in 4Q supported by Sweet Rush, and full-year margins guided at 20–21% on an adjusted basis. While margins have seen YoY pressure due to the RICO roll-off and acquisition-related costs, normalization is expected as integration benefits, operating leverage, AI-led efficiencies, and a favourable mix shift toward long-term MTS contracts play out. Sweet Rush strengthens capabilities in strategic learning, certification, and talent solutions while adding a large client base, enhancing cross-sell potential and long-term revenue visibility.

We maintain a positive outlook as demand recovery in Tech & Telecom, Lifesciences, and Industrials, steady outsourcing trends, and increasing AI adoption provide structural growth tailwinds. Supported by improving visibility, margin stability, and acquisition-led capability expansion, **we assign an 18x P/E multiple to FY28e EPS achieving a TP: Rs.480 and reiterate a BUY rating.**

Quarterly Result Analysis

Particular	3QFY26	2QFY26	QoQ Growth (%)	3QFY25	YoY Growth (%)
Revenue	4,997	4,757	5%	4,189	19%
Revenue (\$Mn)	56	54	3%	50	13%
Other Income	104	83	25%	103	1%
Total Income	5,101	4,840	5%	4,292	19%
Employee Cost	2,199	2,088	5%	2,017	9%
Outsourcing Expenses	1,249	1,253	0%	811	54%
Other Expenses	563	468	20%	437	29%
Total Opex	4,032	3,830	5%	3,265	23%
EBITDA (ex of OI)	965	927	4%	915	5%
Depreciation	194	184	5%	159	21%
EBIT	771	743	4%	756	2%
Finance Cost	36	73	-50%	5	699%
PBT (After Exceptional Item)	948	693	37%	812	17%
Tax Expenses	205	223	-8%	195	5%
Reported PAT	743	470	58%	617	21%
Reported EPS	5.4	3.4	58%	4.5	20%
Adjusted PAT	658	511	29%	649	1%
Adjusted EPS	4.8	3.7	28%	4.8	1%
Margins (%)			Changes in BPS		Changes in BPS
EBITDA (ex of Other Income)	19.3%	19.5%	-18	21.9%	-254
PAT Margins	14.9%	9.9%	501	14.7%	16
Tax Rate	21.6%	32.2%	-1064	24.1%	-247
Other Operational Matrix			Changes in BPS		Changes in BPS
Employee Cost as a % of sales	44%	44%	11	48%	-416
Outsourcing as a % of sales	25%	26%	-134	19%	563
Other Expense as a % of sales	11%	10%	142	10%	83

Source: Dalal & Broacha Research, Company

Financials

PNL Statement (Rs. Mn)

Particular	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Revenue	11,323	13,618	15,535	16,533	19,819	26,056	29,460
Cost	8,407	10,683	11,913	12,978	15,954	20,975	23,715
EBITDA	2,916	2,935	3,622	3,555	3,865	5,081	5,745
Depreciation & Amortization	423	471	592	619	775	873	931
EBIT	2,633	2,614	3,350	3,385	3,523	4,717	5,373
Interest Cost	10	144	327	208	395	360	206
PBT (After Exceptional Item)	2,622	2,285	2,971	3,066	3,064	4,287	5,098
Tax Rate	22.9%	15.9%	28.2%	25.7%	30.2%	0	0
PAT	2,021	1,922	2,132	2,277	2,138	3,130	3,722
Adjuestd PAT	2,021	2,079	2,170	2,360	2,183	3,181	3,773
EPS (Rs.)	17.5	14.3	15.8	16.7	15.6	23	27
Adjuestd EPS	17.5	15.4	16.0	17.3	15.9	23	27

Balance Sheet Statement (Rs. Mn)

Particular	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Non Current Assets							
Fixed Assets	160	470	727	600	544	468	383
Intangible Assets	712	1,280	1,262	1,266	1,714	1,695	1,626
Goodwill	344	4,342	4,408	4,519	6,069	6,069	6,069
Other Non current Assets	253	353	712	699	736	976	1329
Total Non current Assets	1,468	6,445	7,108	7,085	9,063	9,208	9,408
Current Assets							
Receivables	1,394	2,155	2,250	2,515	2,973	3,908	4,419
Cash and Cash Equivalents	3,526	2,785	2,843	3,423	4,311	4,845	5,762
Investments	994	2,826	3,474	3,843	4,228	5,073	6,088
Other Current Assets	2,100	2,858	4,655	5,013	5,984	7,434	8,307
Total Current Assets	8,015	10,624	13,223	14,795	17,496	21,260	24,577
Total Assets	9,483	17,069	20,330	21,879	26,559	30,468	33,984
Equity							
Share Capital	1,156	269	271	272	274	276	277
Reserves	4,296	7,434	9,504	11,827	13,767	16,575	19,915
Total Equity and Reserves	5,452	7,703	9,774	12,099	14,042	16,851	20,192
Non Current Liabilities							
Borrowings	-	916	683	450	1,100	780	460
Other Non Current Liabilities	23	2,155	1,885	1,452	2,004	1,593	1,254
Total	23	3,071	2,568	1,902	3,104	2,373	1,714
Current Liabilities							
Payables	882	1,006	906	990	1,134	1,558	1,800
Borrowings	80	242	247	257	457	357	157
Other Current Liabilities	3,045	5,047	6,836	6,632	7,823	9,330	10,122
Total Current Liabilities	4,008	6,296	7,989	7,879	9,413	11,244	12,079
Total Equity and Liability	9,483	17,070	20,331	21,880	26,559	30,468	33,985

Source: Dalal & Broacha Research, Company

Cash Flow Statement (Rs. Mn)

Particular	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Cash Flow From Operations							
PBT		2,471	3,023	3,177	3,128	4,357	5,168
Non Operating Items							
Depreciation		471	592	619	775	873	931
Interest Income		151	319	449	433	509	560
Others		398	501	500	711	771	206
CFO Before WC Changes	3,189	3,868	3,877	4,181	5,492	5,745	
WC Changes	-1,015	-52	-484	-344	-420	-328	
CFO After WC Changes	2,174	3,816	3,393	3,837	5,072	5,417	
Tax	625	729	805	925	1,158	1,376	
CFO	1,617	2,786	2,471	2,912	3,915	4,040	
Cash Flow From Investing							
CAPEX	1,350	-485	-495	-392	95	153	
Investments	-5,291	-1,196	-767	87	-1,499	-1,668	
Others	2,358	-298	132	-521	-679	-144	
CFI	-2,654	-1,819	-1,292	-2,376	-2,083	-1,659	
Cash Flow from Financing							
Repayment/Proceeds of loans	1,159	-229	-224	850	-420	-520	
Proceeds from shares	-	102	102	-	-	-	
Interest Paid	-47	-97	-80	-186	-140	-77	
Payment of Lease Liability	-39	-93	-102	52	-17	-87	
Others	-53	-65	-39	-43	-252	-222	
CFF	1,020	-693	-726	352	-1,298	-1,464	
Opening Cash Balance	2,531	2,559	2,842	3,371	4,259	4,793	
Cash Added during the year	28	283	529	888	534	918	
Closing Cash Balance	2,559	2,842	3,371	4,259	4,793	5,710	

Key Ratios

Particular	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Profitability							
EBITDA Margins	26%	22%	23%	22%	20%	20%	20%
EBIT Margins	22%	18%	20%	18%	15%	16%	16%
PAT Margins	18%	14%	14%	14%	11%	12%	13%
Growth							
Sales Growth	N.A	20%	14%	6%	20%	31%	13%
EBITDA Growth	N.A	1%	23%	-2%	9%	31%	13%
PAT Growth	N.A	-5%	11%	7%	-6%	46%	19%
EPS Growth	N.A	-18%	10%	6%	-7%	46%	18%
Per Share (Rs.)							
EPS	17.5	14.3	15.8	16.7	15.6	22.7	26.7
Dividend	-	-	2.3	2.8	2.3	3.4	4.0
Free Cash Flow	N.A	2,966	2,301	1,976	2,520	4,010	4,194
Valuation							
P/E (x)	20.9	25.6	23.2	21.8	23.4	16.1	13.7
Div Yield	0%	0%	1%	1%	1%	1%	1%
Return							
RoE		25%	22%	19%	15%	19%	18%
RoCE		30%	31%	26%	23%	26%	26%
RoIC		41%	43%	36%	31%	36%	36%

Source: Dalal & Broacha Research, Company

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