

NIT

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

IT & ITES

COMPANY DETAILS

Market cap:	Rs. 5,232 cr
52-week high/low:	Rs. 488/300
NSE volume: (No of shares)	1.5 lakh
BSE code:	543952
NSE code:	NIITMTS
Free float: (No of shares)	9.0 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	34.2
FII	17.1
DII	24.3
Others	24.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-9.3	15.6	21.1	-18.8
Relative to Sensex	-6.5	18.7	18.9	-26.4

Source: Mirae Asset Sharekhan Research, Bloomberg

NIIT Learning Systems Ltd

Organic and Inorganic growth to drive earnings

Reco/View: **BUY**

CMP: **Rs. 381**

Price Target: **Rs. 450**

Quick Snapshot

- Revenue grew 5.0% q-o-q (19.3% y-o-y) to Rs. 499.7 crore, largely on customer ramp-ups and wallet share gains along with strong inorganic contribution (MST Group). Revenue in CC terms rose 11% y-o-y (up 2.5% q-o-q).
- Company acquired SweetRush this quarter, with revenue contribution eyed from Q4. Combined with the recent MST acquisition, these moves strengthen NLSL's growth outlook through organic and inorganic momentum, wallet share gains, new client wins, and cross-selling opportunities.
- Revenue estimates have been increased to include SweetRush, conservatively capped at ~\$22 million based on its recent performance for FY28. EBIT margins have been moderated due to SweetRush's low double-digit margins partly offset by NLSL's efficiency improvements.
- With a solid deal pipeline, revenue visibility and inorganic accretion, company is well-positioned for sustained growth. We roll forward valuations to Dec-27; maintain PT at Rs 450 at 18x P/E multiple with a buy rating.

Result overview

- Deal wins:** NIIT Learning Systems Ltd (NLSL) added four new MTS contracts during the quarter, one in lifesciences, one in energy and rest in the BFSI vertical. It has completed four contract renewals and one contract expansion. Number of MTS customers at 107; Revenue Visibility at \$415 million vs \$409 million q-o-q.
- Guidance:** Q4 revenue growth eyed at 10-12% CC, supported by a strong contract pipeline, continued ramp-up of new clients, and smooth integration of the SweetRush acquisition. For FY26, CC growth to be in the range of 14.5%-15.0%. Margins are expected to remain in the range of 20-22% for Q4 and FY26.

Our Call

NLSL offers a compelling investment case with sustained double-digit, strong visibility (\$415 mn), and balanced organic + inorganic momentum from strategic acquisitions (MST Group, SweetRush). Company benefits from high-margin vertical focus (Tech/Telecom, BFSI, Life Sciences), predictable regulatory training demand, extended-enterprise solutions via SweetRush, and accelerating AI-led L&D transformation. Despite temporary margin dilution from acquisitions, efficiency gains and annuity-style contract conversions position NLSL for margin recovery and disproportionate sector share in a consolidating, AI-driven outsourcing market supporting the maintained Buy rating and Rs 450 target (18x Dec-27).

Key Risks

Slower than expected AI adoption, INR appreciation, failure to realize growth from acquired entities

Valuation

Particulars	FY25	FY26E	FY27E	Rs cr
Total Revenue	1,653	1,981	2,461	2,808
EBITDA	355	385	486	568
EBITDA margin %	21.50	19.40	19.80	20.20
EBIT Margin %	17.70	15.60	16.30	17.00
Adjusted Net Profit	239	234	300	355
% YoY growth	9.2	-2.1	28.3	18.4
EPS (Rs)	17.5	17.2	22	26.1
PER (x)	23.3	22.2	17.3	14.6
P/BV (x)	4.6	3.7	3.2	2.7
EV/EBITDA	14.8	12.9	9.8	7.9
ROE (%)	21.8	18	19.9	20.1
ROCE (%)	22.3	19.9	22	23

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 28, 2026

Concall Highlights

- **Q3 result:** Organic revenue growth was 14% y-o-y. EBIT stood at Rs 77.1 crore, up 3.8% q-o-q (+2.0% y-o-y), resulting in EBIT Margin at 15.4%, down 18bps q-o-q (down 256 bps y-o-y). APAT stood at Rs. 63.4 crore, up 19.7% q-o-q (down 3.8% y-o-y), resulting in Adj. PAT Margin at 12.7%, up 156 bps q-o-q (down 305bps y-o-y). Net Exceptional gain of INR 109 million, comprising of Gain of INR 298 million due to fair-value adjustment in future acquisition liability, One-time impact of increased provisions of INR 135 million due to the New Labour Code and transaction related expenses of Rs. 5.4 crore.
- **Robust & intelligent AI architecture:** NLSL has developed a sophisticated, secure infrastructure that enables the safe deployment of both large language models and proprietary AI models. This setup intelligently selects the most appropriate LLM for each specific query or use case, ensuring optimal performance while maintaining the highest standards of data security and compliance. Architecture is designed to support enterprise-grade AI adoption with full control and confidentiality.
- **Acquisition:** NIITMTS has acquired SweetRush Inc, a leader in strategic training interventions and high-end bespoke learning solutions for Fortune 1000 enterprises and professional associations with a consolidated turnover of \$22.4 million. The purchase price is upto \$26 million including earnout amount payable over the next five years based on company's performance. The acquisition drives NIITMTS' growth by diversifying the service portfolio to capture greater wallet share and converting project-based revenue into long-term, annuity-style managed contracts. Q3FY26 is typically the strongest quarter for the company contributing about 35% to 38% of the revenue. Early double digits revenue, margin accretive in 6-8 quarters. EBITDA margins are in early double-digit numbers. SweetRush derives a significant portion of its revenue from developing custom learning materials that train clients' extended enterprises such as customers, partners, and franchisees rather than just internal employees.
- **Industry dynamics:** The L&D sector is expected to see sustained demand for cost optimization and large-scale outsourcing, driven by persistent market uncertainty and elongated decision cycles. Clients continue to prioritize cost takeout and vendor consolidation deals, while accelerating structural transformations across industries on digitisation, decarbonization, biopharma innovation, and especially AI are creating multi-year growth opportunities. AI's impact on learning & development is now visible and gaining traction, with early adopters leveraging agentic and generative AI solutions to deliver measurable outcomes and efficiency gains. NLSL is well-positioned to capture a disproportionate share through continued investments in AI capabilities, consulting/advisory services, sales & marketing, and go-to-market strength, backed by its strong brand as a trusted market leader.
- **Other Details:** DSO stood at 74 days (66 days q-o-q/ 62 days y-o-y) reflecting business mix seasonality and forex movement. Capex stood at Rs 12.6 crore (Rs 9.9 crore q-o-q) on account of ongoing investments in AI and infra refresh accomplished during the quarter.
- The Tech and Telecom verticals are performing strongly due to the rapid technological change, which creates ongoing, inherent needs for employee, customer, and partner training. NLSL targets segments with high regulatory or mandatory training requirements, as these generate predictable, recurring annual demand. Examples include BFSI, Life Sciences, and Industrials (e.g., heavy manufacturing, automotive, energy, mining, aerospace). It focuses on verticals with historically high per-employee training spend, avoiding low-spend sectors.

Vertical Mix

Particulars	Q3FY26	Q3FY25	Q2FY26	Y-o-Y (%)	Q-o-Q (%)
Technology & telecom	154.4	105.1	142.7	46.9	8.2
Management consulting & professional services	46.0	42.3	45.2	8.7	1.7
Life science and Healthcare	74.5	59.1	67.6	26.1	10.2
Industrials	113.9	85.5	98.5	33.3	15.7
BFSI	59.5	55.7	57.1	6.7	4.2
Others	51.5	71.2	64.7	-27.7	-20.4

Source: Company; Mirae Asset Sharekhan Research

Q3FY26 Result Snapshot

Particulars	Q3FY26	Q3FY25	Q2FY26	Y-o-Y (%)	Rs cr Q-o-Q (%)
Net Sales	499.7	418.9	475.7	19.3	5.0
Employee benefit expenses	219.9	201.7	208.8	9.0	5.3
Professional and technical outsourcing expenses	124.9	81.1	125.3	54.0	-0.3
Other expenses	58.5	44.4	49.0	31.6	19.4
Total Operating Cost	403.2	327.3	383.0	23.2	5.3
EBITDA	96.5	91.6	92.7	5.3	4.1
Depreciation	19.4	15.9	18.4	21.4	5.2
EBIT	77.1	75.7	74.3	2.0	3.8
Other income	10.4	10.3	8.3	1.2	25.2
Finance Costs	3.6	0.5	7.3	698.9	-50.1
PBT before EO	83.9	85.5	75.3	-1.9	11.4
Exceptional item	10.9	-4.2	-6.0	-357.8	-280.7
PBT after EO	94.8	81.3	69.3	16.7	36.8
Tax	20.5	19.5	22.3	4.7	-8.3
Reported PAT	74.3	61.7	47.0	20.4	58.3
Adjusted PAT	63.4	66.0	53.0	-3.8	19.7
Reported EPS	5.5	4.4	3.5	25.0	58.3
Margin (%)				Bps	Bps
EBITDA	19.3	21.9	19.5	-256	-18
EBIT	15.4	18.1	15.6	-263	-19
NPM	12.7	15.7	11.1	-305	156
Tax Rate	24.4	24.1	32.2	35	-783

Source: Company; Mirae Asset Sharekhan Research
Additional Data
Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Nippon Life India AMC Ltd	9.30
2	Massachusetts Institute of Technology	5.64
3	UTI AMC Ltd	4.88
4	SBI Funds Management Ltd	3.41
5	Marathon Edge India Fund I	3.00
6	AKM Systems Pvt Ltd	2.93
7	Vanguard Group Inc	2.13
8	Dimensional Fund Advisors LP	1.33
9	ICICI Prudential AMC Ltd	1.29
10	Blackrock Inc	1.09

Source: Bloomberg
Key management personnel

Name	Designation
Sanjay Mal	CFO
Sapnesh Lalla	CEO & Executive Director
Vijay K Thadani	Co-founder, Vice Chairman, MD

Source: Company Website

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