

# Information Technology

**Sector Update**

June 19, 2026

## Coverage Universe

Name of the Company	Rating	TP (INR)	CMP (INR)
Coforge	Buy	2,020	1,483
Cyient	BUY	950	873
Fractal Analytics	Hold	1,040	966
HCL Technologies	Reduce	1,300	1,162
Infosys	BUY	1,570	1,128
KPIT Technologies	BUY	880	746
L&T Technology Services	Hold	3,610	3,408
Latent View Analytics	Buy	450	309
LTM	HOLD	4,560	3,998
Mphasis	BUY	3,000	2,337
Persistent Systems	Buy	6,400	4,940
Tata Consultancy Services	BUY	3,450	2,203
Tata Elxsi	HOLD	4,800	4,116
Tata Technologies	HOLD	560	754
Tech Mahindra	Buy	1,660	1,448
Wipro	HOLD	200	183

## Weak result cloud FY27 start for Indian IT peers

### Quick Pointers

- Miss on revenue & deal bookings due to ME conflict impact
- Dedicated strategy to focus on mid-market client could impact mid cap IT companies

Accenture's (ACN: NYSE) Q3FY26 revenue growth came in below consensus estimates, while bookings were weaker than anticipated due to delayed closure of large deals amid disruptions caused by the Middle East conflict. Management highlighted a ~US\$100mn revenue impact in Q3FY26 from the Middle East conflict, with continued disruption expected in Q4FY26, leading to a 100bps reduction in the upper end of its FY26 revenue growth guidance. The impact was also visible in bookings, particularly within Managed Services, where several large deals were deferred into FY27, highlighting elongated decision-making cycles. The company also announced a dedicated strategy to target mid-market enterprises (US\$300mn–US\$3bn revenue), which it estimates represents a US\$ 240 bn addressable market. For Indian IT services companies, the read-through is incrementally negative as the results suggest a softer start to FY27, with limited direct revenue exposure to the Middle East but potential indirect impact through delayed deal closures, slower project ramp-ups and prolonged client decision cycles. Further, Accenture's increased focus on the mid-market segment could intensify competitive pressures for mid-cap Indian IT companies, while weaker Managed Services bookings and the guidance cut suggest that discretionary spending weakness & delayed decision making, pointing to a weaker H1 for Indian IT peers.

- **Demand & Outlook:** Accenture reported Q3 revenue growth of 3% YoY in CC, below consensus estimates. The growth was driven by CMT segment and APAC region. The demand environment was subdued, with management indicating a USD 100mn impact on revenue from geopolitical uncertainty in the Middle East conflict & an indirect global impact in Products and resources verticals. ACN lowered the top end of its FY26 revenue guidance to 2–4% YoY CC (vs. 2–5% earlier) excl. US Federal business as it expects demand uncertainty from ME conflict to continue in Q4.
- **Weak Managed Services bookings:** Managed services growth moderated at 5% YoY CC, with deal wins softening to USD 9.1bn, down 15% YoY (vs. USD 10.8bn, up 3.5% YoY in Q2). Overall bookings saw marginal degrowth at USD 19.3bn, down 3% YoY CC (down 2% reported), while consulting bookings were strong at USD 10.3bn, up 13% YoY. ACN expects managed services to grow at mid-single digits for FY26.
- **CMT momentum continues, FS moderates:** ACN growth was broad based across segments & geographies (excluding healthcare which is impacted by Federal services business). Growth was driven by CMT segment which grew by 9% YoY CC after reporting 10% growth in Q2. FS growth moderated to 3% while Healthcare was flat.

- **AI investments for newer opportunities:** ACN continues to see strong momentum in GenAI, with clients investing in the foundations needed to scale AI, including cloud, data, security and operating model transformation. Management highlighted that data remains a critical enabler, with at least one out of every two advanced AI projects continuing to lead to a data project. Management further highlighted plans to scale investments in the OT cybersecurity platform & the Midmarket Segment, where it identifies a TAM of USD 240bn.
- **Increase in net employee:** Net headcount rose by 12.3k, marking a third consecutive quarter of additions.

#### Accenture 3Q-2026 first take:

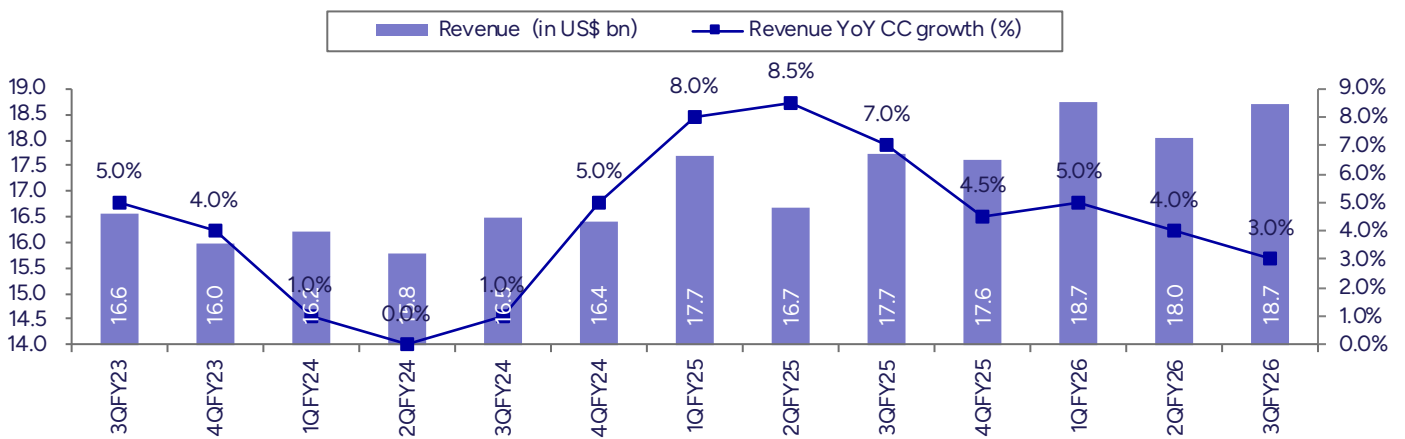
- Revenue at US\$ 18.7 bn, up 5.6% YoY (3% CC YoY) was below street estimates of 3.5% YoY growth was weakest in last 8 quarters.
- Outsourcing revenue (51% of mix) came at US\$ 9.4 bn, up 7.7% YoY in reported & 5% YoY in CC term (street estimate of 4.8%) while Consulting revenue came at US\$ 9.3 bn, up 3.6% YoY (+1% CC YoY).
- **FY26 revenue guidance reduced to 2-4% from earlier 2-5% excluding the US Federal Business impact of 1%**
- Reported EBIT margin came at 17.0% (up 20 bps YoY). **FY26 adjusted Margin is now expected at 15.8% at midpoint of earlier guidance.**
- **New booking win of USD 19.3bn down 3% CC terms & 2% YoY in reported terms. Reported weak Outsourcing bookings of US\$ 9.06 bn, down 15% YoY. Consulting booking grew by 13% YoY to US\$ 10.26 bn.**
- Segment wise FS growth moderated for second successive quarter with growth of 3% YoY CC, while Healthcare was flat and CMT reported growth of 9%.
- Geography wise Americas & Europe grew by 1% & 4% YoY CC respectively while APAC grew by 8%.
- **Net employee grew sequentially by 12.3k bringing the total headcount to ~799k employees**

#### Other KTA's

- **Geography- & sector-wise performance:** In the Americas, growth was primarily driven by the US, supported by strength in Software & platforms, hi tech and industrials, partially offset by a decline in public service. In EMEA, key growth drivers was public services and platforms with the UK and Italy as the leading geographies, while Germany and middle east saw weakness. In APAC, growth was underpinned by Banking & Cap markets, & public service, with Japan, Singapore & Australia leading the regions.
- Management highlighted a clear shift in client maturity, with those having more advanced digital cores now graduating to larger, enterprise-wide AI transformation programs rather than isolated use cases. Management views this transition as the next major wave of demand, supported by its depth of long-standing client relationships.
- ACN highlighted that over 60% of revenues are now on fixed-price commercial models, a proportion that continues to increase across both consulting and managed services segments. Management emphasized this shift as part of the broader strategy to move away from pure FTE-based billing toward outcome and value-based models, which it views as structurally more aligned with the AI era and more defensible from a competitive standpoint.

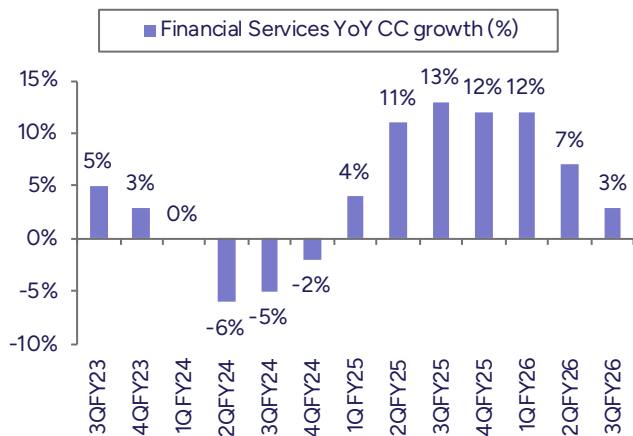
- Management pointed out data centers as one of the key "AI enablers" the company has been investing in, grouping them alongside cybersecurity and capital projects as areas of strong demand that are structurally linked to the scaling of AI. Additionally, ACN mentioned that it is on track to more than double bookings from key emerging AI and data partners as compared to FY25, including Anthropic, Databricks, Gemini, Mistral AI, Nvidia, OpenAI, Palantir, and Snowflake.
- Management stated that the company is developing a Tokenomics platform, built internally to optimize AI token usage across models and use cases which it is now taking to clients as a commercial offering. Drawing a parallel to the cloud FinOps practice, ACN sees a growing client need to manage and optimize AI token costs, positioning this as a new advisory and platform revenue stream as enterprise AI adoption scales.

Exhibit 1 : Revenue growth in Q3 below consensus estimate of 3.5%



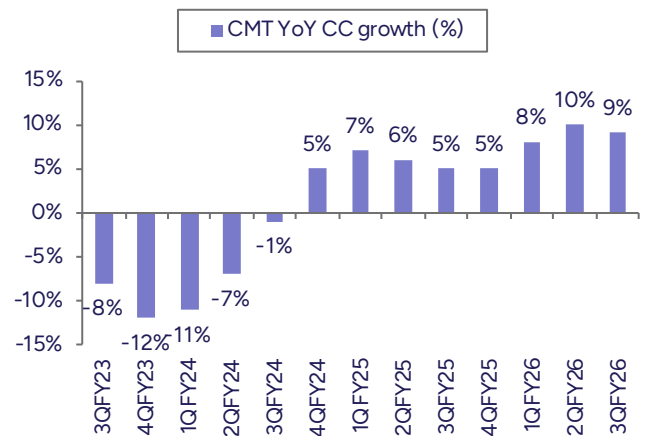
Source: Company, PL

Exhibit 2 : FS growth moderates on high base



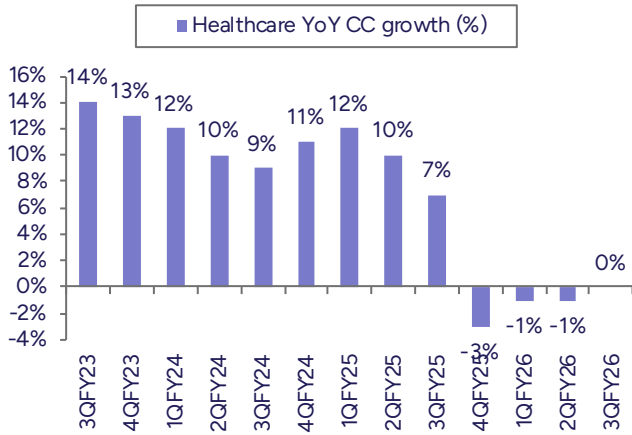
Source: Company, PL

Exhibit 3 : CMT growth also start to moderate



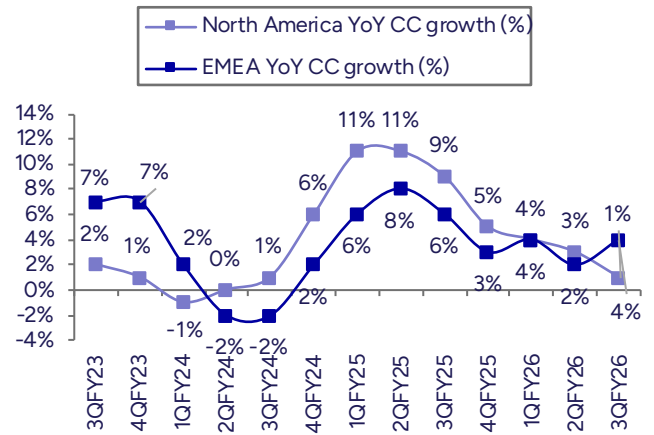
Source: Company, PL

Exhibit 4 : Healthcare impacted by policy changes



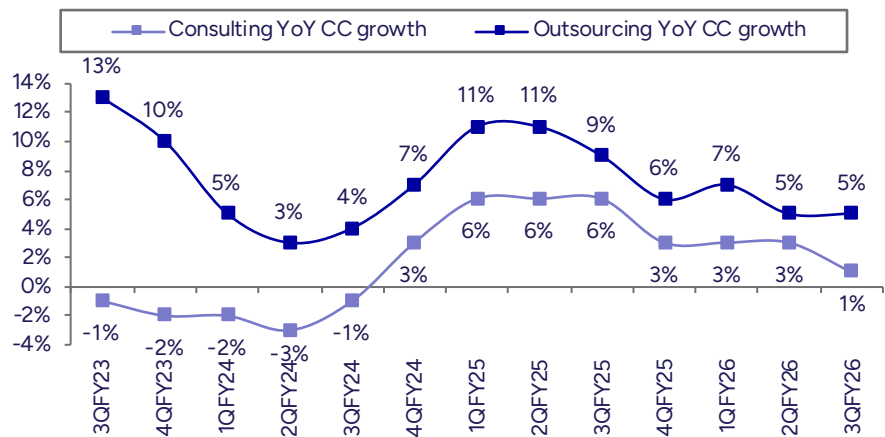
Source: Company, PL

Exhibit 5 : Growth moderates in key geographies



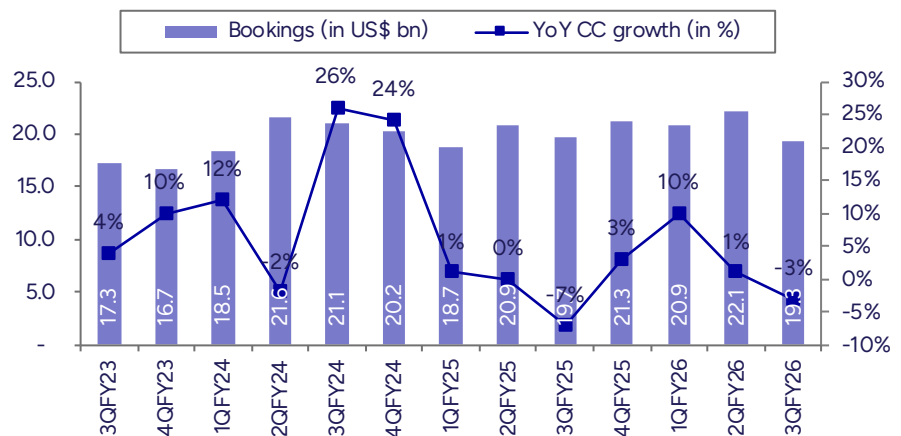
Source: Company, PL

Exhibit 6 : Outsourcing growth continues to moderate



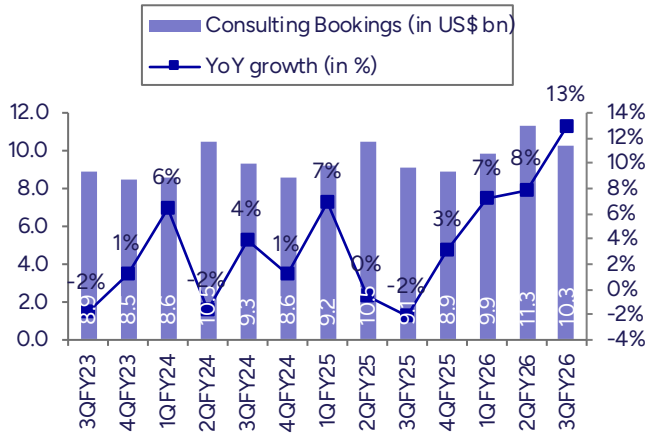
Source: Company, PL

Exhibit 7 : Bookings fell marginally in Q3



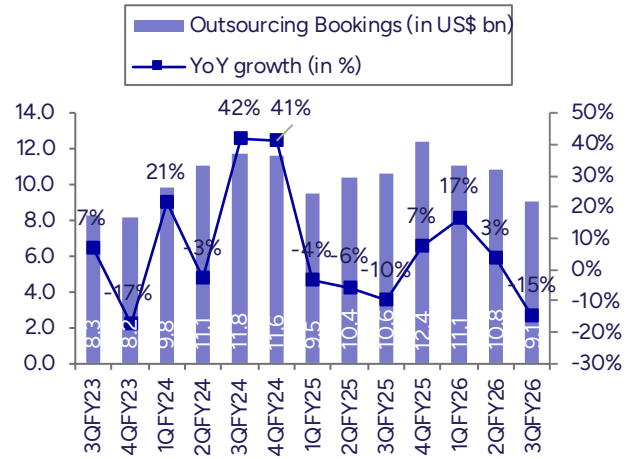
Source: Company, PL

Exhibit 8 : Consulting grew by 13% YoY CC



Source: Company, PL

Exhibit 9 : Outsourcing bookings were weakn in Q3



Source: Company, PL

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Coforge	Buy	2020	1466
2	Cyient	BUY	950	780
3	Fractal Analytics	Hold	1040	1034
4	HCL Technologies	Reduce	1300	1441
5	Infosys	BUY	1570	1241
6	KPIT Technologies	BUY	880	723
7	L&T Technology Services	Hold	3610	3550
8	Latent View Analytics	Buy	450	309
9	LTM	HOLD	4560	4342
10	Mphasis	BUY	3000	2233
11	Persistent Systems	Buy	6400	5330
12	Tata Consultancy Services	BUY	3450	2589
13	Tata Elxsi	HOLD	4800	4651
14	Tata Technologies	HOLD	560	591
15	Tech Mahindra	Buy	1660	1463
16	Wipro	HOLD	200	210

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>BUY</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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