

# IT Cos Motoring on Growth Path

Outlook strong with probability of sustained momentum: HDFC Securities

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**Pune:** Indian IT services providers are expected to perform well going forward despite challenges in sourcing talent, a new report by HDFC Securities showed. According to the report — titled 'Hit Refresh' — the growth outlook for the sector remains strong with improving probability of sustained momentum.

The strong momentum/resilience in mid-tier IT is also likely to continue, based on deal bookings, with a slight moderation in the share of Tier 1 Total Contract Value (TCV) in the June quarter compared to global peers, said HDFC Securities analysts Amit Chandra and Vinesh Vala in the report.

Over the last few quarters, IT services companies have been reporting an uptick in large deal wins, as clients across sectors kick off their digital transformation initiatives.

The drivers for software product development and ER&D (engineering research and development supported by IT-OT (operation technology) integration, digital twin and ESG (environmental, social and governance) are leading to increase in deal size and industry consolidation, it said. "Our deal tracker data indicates an uptick in the energy and utilities vertical and continuity of strong bookings across the BFSI (banking, financial services and insurance), healthcare and manufacturing verticals and an increasing number of larger (multi-year) cloud deals (Azure, AWS), channel expansion (Google Cloud) and strong growth in leading cloud platforms," Chandra said.

HCL Technologies saw acceleration in its Cloud business during the quarter, reflected in the multi-year deals covering areas like migration and implementation of Cloud smart stra-



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tegy and management of large hybrid Cloud landscapes. The healthcare vertical has consistently outperformed over the past four quarter with double-digit year on year growth following the pandemic.

Retail, which had slumped in the early days of the pandemic, has rebounded during the first quarter, growing at 23% yoy, while manufacturing too grew at 17.3% yoy after flat-ish growth in the previous quarter.

Tata Consultancy Services (TCS) witnessed a mix of deals of all sizes and distributed across industry verticals and geographies.

Of the new deal wins worth \$8.2 billion, BFSI had a TCV of \$2.2 billion, while the retail vertical achieved an all-time high order book of \$1.5 billion for a second consecutive quarter.

Wipro secured a multi-year, multi-million-dollar contract from a US-based healthcare company in the quarter, to consolidate its entire on-premise and cloud infrastructure operations, as well as end-user services.