

Top IT Cos' Contract Value Rise Signals Stronger Deal Pipeline

Large deal win surge at Infosys, TechM and HCLTech underscores improving order flows

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Bengaluru: Three of India's top five IT companies—Infosys, HCLTech and Tech Mahindra—posted higher deal values in the third quarter to indicate a strong order pipeline and likely resumption of client discretionary spending the \$283-billion industry has been seeking for several quarters.

Infosys posted its large deal bookings at \$4.8 billion, up from \$2.5 billion a year ago, while Tech Mahindra posted an annual growth of 48% in deal wins to reach \$1.1 billion. HCLTech recorded a 17% growth in bookings to \$3 billion. Although TCS and Wipro recorded a decline in their total contract values (TCV), management commentary in the post-earnings calls pointed to a recovery of demand for tech and

On Track

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TCS's contract value edged down to **\$9.3 billion** from **\$10.2 billion** a year earlier

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Pricing pressure during renewals will keep FY27 growth in check: Analysts

AI-led services. TCS's contract value edged down to \$9.3 billion from \$10.2 billion a year earlier, while Wipro's bookings contracted 5.7% YoY to \$3.3 billion.

"The TCV numbers are slowly increasing, and it is a healthy indicator that the spending is coming back and that their ability to create (revenue) opportunities is increasing. However, it remains to be seen whether these bookings actually convert into revenue," said Praveen Bhadada, chief executive at consulting

firm Neovay Global.

Hence, the focus will be on execution, said analysts.

"AI is appearing to be a lot more stable, leading clients to make more of those investments, but the problem is that the technology is still evolving. That might not have much of a material impact in the next 12 months.

Maybe in the long-term, but in the short-term, the impact of AI is being overestimated," Bhadada added.

"While deal bookings are healthy, increased demand for productivity gains by clients and pricing pressure during renewals will keep FY27 growth in check,"

analysts at Jefferies noted on TCS. Meanwhile,

Motilal Oswal highlighted that they await more short-cycle AI deals to signal a durable demand recovery. It said the return of large deals for Tech Mahindra was a positive sign, and an early indicator that AI services spending will inflect in mid 2026.

Similarly, analysts noted that Infosys' AI services implementation projects should eventually pick up across more sectors in CY26, increasing revenue visibility for fiscal year 2027. With Wipro, market participants are less confident. ICICI Securities said the company's "weak outlook and a cautious demand commentary are in contrast to the optimism in AI-led discretionary demand uptick commentary by large-cap peers."

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EXPERTS SAY...

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