

# Accenture's FY23 guidance nudges caution on IT sector

Increasing wariness among clients suggests sharp moderation in IT services growth in FY24

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New Delhi, 19 December

Notwithstanding a revenue beat in the September-November quarter (first quarter, or Q1), Accenture Plc's results have nudged analysts to reaffirm their cautious stance on Indian information technology (IT) companies on expected moderation in revenue growth.

Accenture follows a September-August financial year cycle.

Evidently, shares of IT majors — Tata Consultancy Services, Infosys, and Coforge — dropped about 1 per cent each in Monday's firm trade. Except for Pharma, the Nifty IT Index was the only sectoral loser, which closed 0.5 per cent down.

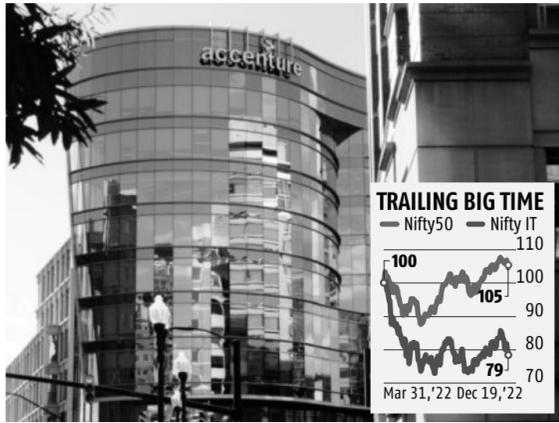
Accenture's revenue in the reporting quarter grew 15 per cent year-on-year (YoY) in constant currency (CC) terms to \$15.7 billion, higher than analysts' average estimate of \$15.58 billion. This was also above the company's upper-end guidance of 10-14 per cent YoY CC growth.

But the company pegged the next quarter's (second quarter, or Q2) revenue between \$15.20 billion and \$15.75 billion. The mid-point of the guidance is below analysts' estimate of \$15.61 billion, according to Refinitiv.

For 2022-23, the IT major has maintained its 8-11 per cent growth guidance. This is reportedly the first time since 2016-17 that the company has not upgraded its full-year guidance after Q1.

The unchanged guidance, when compared to 26 per cent growth of 2021-22, is indicative of a softening of demand for IT services, said analysts at Nomura in a note.

"Accenture noted that certain industries are facing higher impact from macroeconomic uncertainties and are reprioritising spending towards cost initiatives. We maintain our cautious stance on the demand outlook and think consen-



## IT's NOT WORKING

	Dec 19, '22	1-day	Change (%)	FY23*
Nifty50	18420	0.8		5.5
Nifty IT	28556	-0.5		-21.4
Mphasis	1923.1	0.5		-43.1
Wipro	389.1	-0.2		-34.3
Tech Mahindra	1026.7	0.6		-31.5
LTIMindtree	4372.6	0.8		-29.0
L&T Technology Services	3990.1	0.2		-21.8
Infosys	1507.4	-1.0		-21.0
Persistent Systems	3961.4	-0.2		-16.9
Tata Consultancy Services	3202.1	-1.2		-14.4
Coforge	3895.6	-1.4		-12.6
HCL Technologies	1033.3	0.3		-11.2

\*as of Dec 19, 2022 Source: Bloomberg; Compiled by BS Research Bureau

sus revenue growth estimates for 2023-24 (FY24E) may see downward revisions," they said.

Accenture's deal bookings dropped 3 per cent YoY in dollar terms to \$16.2 billion, split equally between consulting bookings that fell 14 per cent YoY and outsourcing bookings that grew 10 per cent YoY, reflecting changing demand pat-

terns. The company noted that smaller deals are becoming fewer as clients prioritise large cost take-out projects.

Rising caution among clients, as they shift focus to cost optimisation, suggests sharp moderation in growth for IT services in FY24, according to Jefferies. Client focus towards cost transformation deals

positions larger IT firms more favourably than mid-/small-sized firms, it said.

Accenture's outsourcing segment revenues, which remain more relevant for Indian IT players, moderated in Q1FY23 to 20 per cent YoY, from 23 per cent in the last three quarters.

### In moderation phase

This, observe experts, hints at moderation in Indian IT services growth amid macro headwinds. The company, meanwhile, has guided for strong bookings in Q2FY23, expecting outsourcing to fare better than consulting, which has been trailing for the past few quarters.

"Overall, while incremental negative commentary in consulting is of concern, we believe Accenture's result did little to clear the demand picture — a scenario we believe could persist through FY24. We remain conservative," said analysts at JM Financial.

On the other hand, Accenture reported a sharp 700-basis point quarterly drop in attrition to 13 per cent for the quarter, which lends support to the margin outlook for the IT sector.

With a falling growth outlook, IT layoffs, and weaker funding for Indian tech start-ups, Nomura expects attrition to fall significantly for Indian IT companies over the next few quarters, providing tailwinds to margins.

Against this backdrop, analysts suggest investors stay selective in the space and pick stocks that are less vulnerable to a global slowdown.

"IT stocks should always be accumulated when the US macro is at its maximum pain and the next six to nine months (or further derating of 10-15 per cent in the IT index) will give investors a good opportunity to accumulate preferred bets," said ICICI Securities in a note.

# Total of all EMIs shouldn't exceed 40% of net income

SANJAY KUMAR SINGH

JLL's Home Purchase Affordability Index (HPAI), which measures housing affordability across India's seven key residential markets, was on the upswing from 2014 and peaked at the end of 2021. It, however, slid in 2022 and may continue to do so in 2023, according to a recent report from the real estate consultancy firm. Potential buyers need to carefully evaluate their affordability before taking the buy decision.

### Prices, interest rates denting affordability

The HPAI, which is city-specific, takes into consideration three things: average price of a 1,000 sq. ft house in the city, its average household income, and the home loan interest rate. In these calculations, the loan-to-value ratio is assumed to be 80 per cent and debt to gross total income is taken to be 40 per cent.

In the index, the denominator is the minimum income a household must have to qualify for a home loan on a 1,000 sq. ft. apartment in that city. The numerator is the city's average household income. If the index is less than 100, it means the average household income is inadequate to get a home loan for the purchase of a 1,000 sq. ft. flat. If it is above 100, it means the average household income is adequate.

Two factors are primarily responsible for the reduction in affordability. "Interest rates on home loans have risen due to the Reserve Bank of India's rate hikes. Moreover, house prices have gone up as inflationary pressures have led developers to pass on the rise in input costs to buyers. Till 2021,

### GUARDRAILS TO DETERMINE YOUR AFFORDABILITY

- **4-4.5x:** According to experts, price of the house shouldn't exceed 4-4.5 times the gross salary of a middle-income household, 5-5.5x times in case of a high-income household
- **20%:** Pay 20 per cent of cost of the house as down payment out of your pocket
- **6-12 months:** Salaried employees must have emergency corpus equal to at least six months of household expenses plus EMIs; this figure should be 12 months for business persons

the average annual increase used to be 2-3 per cent. But in 2022 it was 5-7 per cent in most cities and 11 per cent in Hyderabad," says Samantak Das, chief economist, and head of research and REIS, India, JLL.

### Buy if you won't shift

It makes sense to buy a house if you're going to stay in the same city for a long time. "If you are young and could change your city soon because of a change in your job, avoid buying," says Arnav Pandya, founder, Moneyeduschool. Once you have decided on the locality and the size of the house, you will

get to know the approximate price. "Bear in mind that besides the cost of the house, there could be other costs, such as registration and stamp duty, brokerage, renovation expenses, etc," says Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors.

### Can you afford it?

The primary question you must answer is whether you can afford to pay the home loan EMI consistently for 15-20 years (less if you prepay). "The answer will depend on whether you have a stable job and also whether you depend on two incomes to pay the EMI. Factor in the possibility that you may go from double to single-income status due to the arrival of a child, study leave, etc. If that happens, paying the EMI shouldn't become a challenge," says Dhawan.

Consider also whether buying a house could compromise your other financial goals. "You must also save for upcoming goals like children's education, vacations, vehicle or white goods purchases, and so on," says Viral Bhatt, founder, Money Mantra. Calculate how much EMI you will be able to pay after saving for these goals. Says Bhatt: "The sum total of all your EMIs shouldn't exceed 40 per cent of your salary. This way 30 per cent can be spent on food, rent and other essentials, 25 per cent can be invested, and the balance can be set aside for emergency situations."

Dhawan says it is best not to factor in two incomes, so that the abrupt stoppage of one doesn't affect you excessively.

### Build a cushion

Given job and business-related uncertainties, build an emergency corpus. For salaried individuals, the emergency corpus should equal six months of household expenses plus EMIs. For business owners and entrepreneurs, it should be 12 months. In addition, also have a health corpus. Its size should depend on the amount of health insurance you have,



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**E-AUCTION SALE NOTICE FOR SALE OF IMMOVABLE ASSET UNDER THE PROVISIONS OF THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 ("SARFAESI ACT") READ WITH PROVISIO TO RULE 9 (1) OF THE SECURITY INTEREST (ENFORCEMENT) RULES, 2002.**

Notice is hereby given to the public in general and to the Borrower and the Guarantor(s), that the below described immovable property mortgaged/charged to Kotak Mahindra Bank Limited (Secured Creditor/KMBL), the Physical possession of which has been taken by the Authorized Officer of KMBL on 09/11/2022 and the same will be sold on "AS IS WHERE IS", "AS IS WHAT IS" and "WHATEVER THERE IS" basis, by way of E-auction to be conducted on 06/01/2023. Recovery amount Rs. 9,16,38,004.81/- (Rupees Nine crores Sixteen lakhs Thirty Eight thousand Four and Eighty One paise only) due to KMBL from Premier Metcast Pvt. Ltd. & Others and its guarantors as on 06/09/2022 together with further interest at the contractual rate from 07/09/2022 till realization, together with all incidental costs, charges and expenses.

The details of Reserve Price, Earnest Money Deposit, property details and date of Auction are mentioned below.

PLOT No.	Particulars of Property	Reserve Price	EMD	Encumbrances
I(Land)	All that piece and parcel of non-agricultural immovable property bearing Plot No GH-3 and GH-4, having an area admeasuring 8886.10 Sq. Mtr., Jainpur Industrial Area, Pargana Tehsil- Akbarpura District, Kanpur Dehat, Uttar Pradesh together with all existing buildings and structures as may be erected/ constructed there upon any time from/ after the date of respective mortgages and all additions thereto and all fixtures and furniture's and plant and machinery attached to the earth or permanently fastened to anything attached to the earth, both present and future. Bounded as under-East- Private Land, West - Plot no. GH-2, North- 30 Mts. wide Road No.1, South- Plot No. F-3. Name of the Mortgagee: Premier Metcast Pvt. Ltd.	Rs. 4,44,60,000/-	Rs. 44,46,000/-	Not Known

Inspection at site	To be fixed as per prior discussions/communications with Authorized Officer.
Last date for deposit of EMD and uploading Bid documents	05/01/2023 up to 4 p.m. at <a href="https://kotakbank.auctiontiger.net">https://kotakbank.auctiontiger.net</a>
Date and time of E-Auction	06/01/2023 between 11 am to 12:00 p.m. The end time of auction will be extended by 5 minutes each time a bid is made within last 5 minutes of E-Auction.
Bid Increment amount	Rs. 10,00,000/- (Rupees Ten lakhs Only) or in multiples thereof.

To the best of knowledge and information, Kotak Bank is not aware of any other encumbrances or the dues outstanding towards statutory dues, property dues, land revenue or any other dues with regard to the property put for auction. All Statutory dues like property taxes, (land revenue dues, municipal taxes charges/ dues, electricity dues etc. shall be ascertained and borne by the Successful Bidder/ prospective purchaser(s). The particulars in respect of the secured assets specified hereinabove have been stated to the best of the information and records available with the undersigned, who, however shall not be held responsible for any error, misstatement or omission in the said particulars.

**Important Terms and Conditions:**

- The Terms and Conditions of sale are available on the website/portal <https://kotakbank.auctiontiger.net> or <https://www.kotak.com/en/bank-auctions.html>
- The auction shall be conducted only through "On Line Electronic Bidding" through website <https://kotakbank.auctiontiger.net> on 06/01/2023 from 11:00 AM to 12:00 PM with unlimited extensions of 5 minutes duration each. The property put for auction is under Physical Possession.
- M/s e-Procurement Technologies Limited - Auction Tiger B-704, Wall Street - II, Opp. Orient Club, Nr. Gujarat College, Ellis Bridge, Ahmedabad - 380006 Gujarat (India) on Telephone No. 79-6813683/780 842, Ram Sharma -8000232947 & 9978591888 and on E-mail ID: [rampurasad@auctiontiger.net](mailto:rampurasad@auctiontiger.net).
- The intending bidders may visit Kotak Bank Website - <https://www.kotak.com/en/bank-auctions.html> for auction details.
- For detailed Terms and conditions of auction sale, the bidders are advised to go through the portal <https://kotakbank.auctiontiger.net> and the said terms and conditions shall be binding on the bidders who participate in the bidding process. Further, the bid has to be filled and submitted along with KYC documents online on the portal <https://kotakbank.auctiontiger.net> on or before 05/01/2023 and the copy of the same is to be sent by mail to [singh.prabhjot@kotak.com](mailto:singh.prabhjot@kotak.com) and [Chitresh.banani@kotak.com](mailto:Chitresh.banani@kotak.com)
- Prospective bidders may avail online training from M/s. e - Procurement Technologies Limited (Auction Tiger) on above mentioned contact numbers.
- Earnest Money Deposit (EMD) shall be deposited through RTGS/NEFT/FUND TRANSFER to the credit of Account No. 8411307138, Kotak Mahindra Bank Ltd. A/c E-Auction, Malad (East) Branch, Mumbai, IFSC Code: KKBK0000646, on or before 05/01/2023 up to 4:00 p.m. Any bid submitted without depositing the EMD amount shall stand automatically rejected. The EMD deposited by the proposed bidder shall not earn any interest.
- The bid price to be submitted shall not be below the Reserve Price and during the bidding process, bidders who have submitted bids shall improve their further offers in multiples of Rs. 10,00,000/- (Rupees Ten lakhs only).
- The successful bidder has to deposit 25% of the highest bid amount (which shall include EMD amount paid) immediately on closure of the e-auction sale proceedings or on the following working day in case business hours is closed on the day of Auction, in the mode stipulated in clause 5 above. The remaining balance 75% of the highest bid amount shall be deposited within 15 days from the date of acceptance /confirmation of sale or within time period as agreed upon.
- On receipt of the entire sale consideration within the stipulated period as mentioned above, the Authorised Officer shall issue the Sale Certificate and the sale shall be complete, thereafter Kotak Bank shall not entertain any claims.
- The Authorised Officer has the absolute right and discretion to accept or reject any bid or adjourn/ cancel the sale/ modify any terms and conditions of the sale without any prior notice and assigning any reason for the same.
- All charges / dues including Registration Charges, Stamp Duty, Taxes, etc. payable for transfer of the ownership in the name of the successful bidder / purchaser etc. shall have to be borne by the Purchaser.
- EMD amount shall be returned by Kotak Bank to the unsuccessful bidders within three working days.
- As per Section 194-A of the Income Tax Act, 1961, Tax at the rate as applicable shall be paid on the total sale consideration and TDS certificate be issued in favour of Kotak Mahindra Bank Limited, the mortgagee and owner of the property put for auction.

**Statutory Notice under Rule 9 (1) of the Security Interest (Enforcement) Rules**

The Principal Borrower/ Guarantor / Mortgagee are hereby notified to pay the sum as mentioned above along with up to date applicable interest and ancillary expenses before the date of auction, failing which the property will be auctioned/sold and balance due if any, will be recovered with interest and cost and this notice shall also be treated as notice of sale to the borrower/ guarantor and mortgagee mentioned hereinabove. For any other details, regarding the property please contact Mr. Prabhjot Singh - 8869603853 or Mr. Chitresh B - 9205083582. This is also a notice to the Borrower/guarantors that the auction shall proceed if the dues are not paid in full before the date of E-Auction. It may please be noted that in case of any discrepancy/inconsistency between auction notices published in English and other in vernacular language then the contents of the notice published in English shall prevail.

**Place: Kanpur**  
**Date: 20th December, 2022**

**For Kotak Mahindra Bank Limited**  
**Authorised Officer**