

News monitored for: HCL Technologies

HCLTech will Focus on GenAI-led Solutions on Client Demand: CEO

Points to sequential improvement of green shoots in tech, fin services despite challenges

Beena Parmar

Bengaluru: India's third largest IT services firm, HCLTech, is changing its strategic direction towards evolving GenAI-led transformation as client demand is seeing an uptick, chief executive and managing director C Vijayakumar told ET.

"There are a lot of new things happening on the technology front, and that requires newer strategies to be adopted on how do we proactively enable or embrace the technology changes. That's really where our strategic direction is," Vijayakumar said, a day after the company posted a 5.5% rise in net profit and 5.1% growth in revenue, backed by strong services growth and deal wins.

The Noida-based IT giant, founded by billionaire Shiv Nadar, also tweaked guidance on fiscal 2025 revenue growth to 4.5-5.0% from the earlier 3.5-5.0%. There is a sequential improvement in the green shoots that have become visible in the financial services and technology sector, in spite of some seasonality of furloughs, Vijayakumar said.

"I think we see that demand continued to inch up a little bit across verticals. Overall, we see clients focused on leveraging some of the new technologies like generative AI to drive more innovation, efficiency in their operations, and start application modernisation programmes which they were not looking at before," Vijayakumar said.

Customers are motivated to see the art of using GenAI, he said. "And similarly, a lot of conversations around data modernisation are also underway. That's again a growth trend." However, the vertical serving the consumer packaged goods industry will see a reduction in revenue in the January-March fourth quarter, with impact from seasonality and a large deal contract ending in the previous quarter.

On not specifying the revenue from GenAI yet, Vijayakumar said it is a component that is embedded in a lot of deal opportunities and hence specifically calling that out may not give any ma-


for insights. "I think it's all about being relevant in this operating environment where there are significant changes in the tech landscape and how that can be leveraged to the benefit of clients," he said.

STOCK CRASH

The outsourcing company's stock price crashed more than 8.5% Tuesday, as its revenue guidance was lower than expected and as it missed on the software licence growth, which declined 2.1% from a year earlier. It announced the results after market hours Monday.

In defence, Vijayakumar said HCLTech's earnings were industry-leading and that its software business grew 16% sequentially. Also, the EBIT (earnings before interest and tax) percentage for the HCL Software business was an all-time high at 34.5%.

"I think it's in very good shape. The demand environment is good, our TCV (total contract value) deal conversion was also good, maybe the expectations were more. Or, I think the stock ran up quite a bit before the results, so maybe there is some moderation," he explained. The software services company cut its target for hiring freshers to around 7,000 by the end of March 2025 from 10,000, citing efficiencies from utilisation and operations as well as GenAI.

 **CV VIJAYAKUMAR**
CEO & MD, HCLTech

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"Obviously, there are many aspects which play into how we drive the absorption of fresh talent and generative AI would definitely see a little bit of change in how we are looking at it. We are looking at not just the number of freshers, but also the specialisation and skills that we will need. Those are the areas we're focused on, not just necessarily pure numbers," Vijayakumar said.

Going forward, as the upper end of FY25 guidance remained at 5%, Vijayakumar feels it is difficult to say that the worst is over.

