

# AI reshapes IT growth metrics: HCLTech CEO

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**Bengaluru:** India's IT services sector is entering a phase where traditional metrics such as headcount and utilisation are becoming less representative of growth, as AI gets embedded deeper into delivery and pricing models. "Some of the traditional metrics will become less meaningful in the long run as AI adoption increases," said HCLTech CEO C Vijayakumar, adding that revenue per employee and revenue from IP could emerge as better indicators.

HCLTech's constant currency revenue rose 4.2% quarter on quarter and 4.8% year on year. In dollar terms, revenue stood at \$3.7 billion, up 4.1% sequentially and 7.4% from a year earlier. The company raised its full-year outlook, projecting overall revenue growth of 4%–4.5% year on year in constant currency, with services revenue expected to grow 4.75%–5.25%. EBIT margin guidance was maintained at 17%–18%. New deal bookings came in at \$3 billion during the quarter, compared with \$2.5 billion in the preceding quarter. "It's really mathematics because we got very good bookings in the previous quarter, and in Q3



we did \$3 billion," Vijayakumar said. These bookings are expected to translate into revenues in Q4 and spill over into Q1 of FY27. "We've taken the overall forecast, and we feel we did very well in the three-fourths of the year. The fourth quarter is just a small addition to the overall numbers, and we think we will deliver higher revenue." Discretionary spending remains selective, but the company is seeing pockets of investment linked to large capex cycles in the industry. "These are related to some of the big capex cycles that are happening in the industry," Vijayakumar said.

He pointed to physical AI, AI factories and AI engineering as "durable long-term trends" where discretionary spending is currently visible. While these investments

are more pronounced in the technology vertical, he said some are spreading across financial services and retail. Engineering and R&D services, which remained subdued over the past few quarters, are also showing signs of recovery. "We think engineering is a very big area which will continue to grow," he said. Vijayakumar acknowledged earlier challenges in sectors such as automotive, where demand fell sharply, but said conditions appear to have stabilised. On workforce restructuring, the management reiterated that the exercise is not AI-driven. "It's basically a skill-location mismatch, which we are correcting," the CEO said, adding that some underperforming locations with excess capacity were being addressed.

As AI adoption deepens, HCLTech expects a gradual reshaping of the traditional services pyramid. "The lower end of the pyramid could become a little smaller than what it is today, and the higher end of the pyramid could become a little broader," Vijayakumar said. Over time, AI-driven productivity gains will also get built into pricing. "Pricing models will become more outcome-based rather than input-based," he said.