

# Market's reaction to IT industry is overblown: HCLTech's C Vijayakumar

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IT industry's AI transition will be painful, but it will emerge more relevant, stronger: HCLTech's C Vijayakumar

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The Street's reaction to the Indian IT sector stocks is "overblown," HCLTech CEO and MD C Vijayakumar said at the Nasscom Technology & Leadership Forum (NTLF) on February 24 in Mumbai.

Information technology (IT) industry is undergoing a "painful" AI transition but it will emerge more relevant as the current inflection will make the sector significantly "reinvent" itself, he added.

Vijayakumar's comments come on a day when Indian IT stocks recorded a fifth straight session of sell off on Tuesday as Nifty IT index plunged over 5 percent this afternoon. The stock rout was driven by fresh fears of AI-led disruption following claims of Anthropic that its Claude Code tools would sharply reduce the cost and complexity of modernising legacy software systems.

Speaking to Noshir Kaka, Senior Partner, McKinsey & Company during a fireside chat, the top boss of the country's third largest IT firm said, "This transition is different from the other transitions (referring to Y2K, cloud and digital transitions. It's going to be a painful transition, painful reinvention, but this time the inflection is really making a lot of what we do, a lot more efficiently and with significant speed."

"We have amazing talent, amazing leaders, very, very differentiated companies. So I feel very confident that as an industry, we would emerge much more stronger and, relevant to clients," he added.

Vijayakumar emphasised that the enterprises continue to increase their technology spending and across multiple stacks. Ultimately, he believes the current market reaction to the IT industry is "overblown."

He explained that while the enterprise tech stack spending is increasing, there is a value shift away from services companies and towards multiple stacks including, hyperscalers, SaaS companies and now frontier AI model companies.

"I think the biggest value in the long term will get created by the frontier model companies and the IT services companies. Tech services companies have a huge opportunity to evolve themselves in this

transition," he said.

Earlier this month, Cognizant CEO Ravi Kumar S said the assumption that new AI tools can be plugged into enterprise environments and immediately replace large parts of IT services work is misplaced.

While acknowledging rapid advances in AI capabilities, the company argued that the economic value from these technologies has not yet meaningfully shifted into enterprises.

Meanwhile, last week, contradicting to the IT industry's bullishness, venture capitalist and tech billionaire Vinod Khosla said India's IT companies will need to reinvent themselves in a significant way by the end of the decade as artificial intelligence reshapes the global technology landscape.

Speaking to Moneycontrol at the India AI Summit, Khosla said he is looking at a 2030 timeframe and believes India's IT firms will have to do "something dramatically different" to stay relevant amid AI's growing influence.