IT hiring in FY22 may cross peak on firm broad-based demand

Harsha Jethmalani harsha.j@livemint.com

he covid-19 pandemic may have brought gloom to general employment prospects, but one sector that has witnessed a stark opposite trend is information technology (IT).

The emergence of the work-from-home (WFH) model and increased adoption of cloud and digital transformation led to India's IT companies witnessing business growth. No wonder, hiring has only gone up for IT companies in the wake of the pandemic.

In the June quarter, the top six offshore technology companies added more than 58,000 employees at the net level, an analysis by JM Financial Institutional Securities Ltd showed.

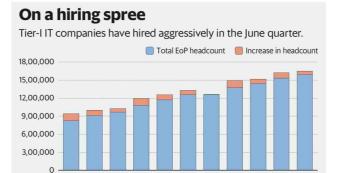
These include Tata Consultancy Services Ltd, Infosys Ltd, Wipro Ltd, HCL Technologies Ltd, Tech Mahindra Ltd and Cognizant Ltd.

Not just tier-I technology companies, but tier-II companies are also hiring aggressively.

Management commentaries indicate that the demand outlook for the IT sector remains bright and broad-based with a solid deal intake and a robust deal pipeline.

Analysts said this could take hiring to a record high.

"(The) (c)ovid crisis has reaf-



SATISH KUMAR/MINT

firmed the faith in the global delivery model as is evident in the 200-600 basis point increase in offshore percentage of revenues across the industry. The aggregate hiring by the

Note: EoP is end of period

tier-I techs has not crossed the FY12 levels since then and is certain to exceed that in FY22," said analysts at JM Financial Institutional Securities Ltd. One basis point is one-hun-

Source: IM Financial Institutional Securities

dredth of a percentage point.

Sharing similar views, analysts at Emkay Global Financial Services Ltd said: "Overall, IT services companies in our coverage universe added nearly 182,500 employees in the last 12 months (most added in last two quarters), indicating the strong demand environment across the industry."

"Considering revenue acceleration in FY22, secular demand trends, limited scope for improvement in the utilization rates and an uptick in fresher intake and training period, we expect IT companies to hire over 200,000 employees in FY22, which would be the highest ever in a decade," the report added.

Meanwhile, strong demand is also indicative of the supply-side pressures the sector is facing, which has led to high attrition. While companies are taking monetary measures to retain talent, their costs have increased. Therefore, to fulfil demand and manage cost-side pressures, companies have expanded their hiring targets for freshers.

For instance, Infosys has raised its FY22 hiring target for freshers and is now looking to hire 35,000 freshers in the current fiscal versus 25,000 earlier.

Similarly, peers such as HCL Technologies have also scaled up their freshers' hiring plans for the year.