

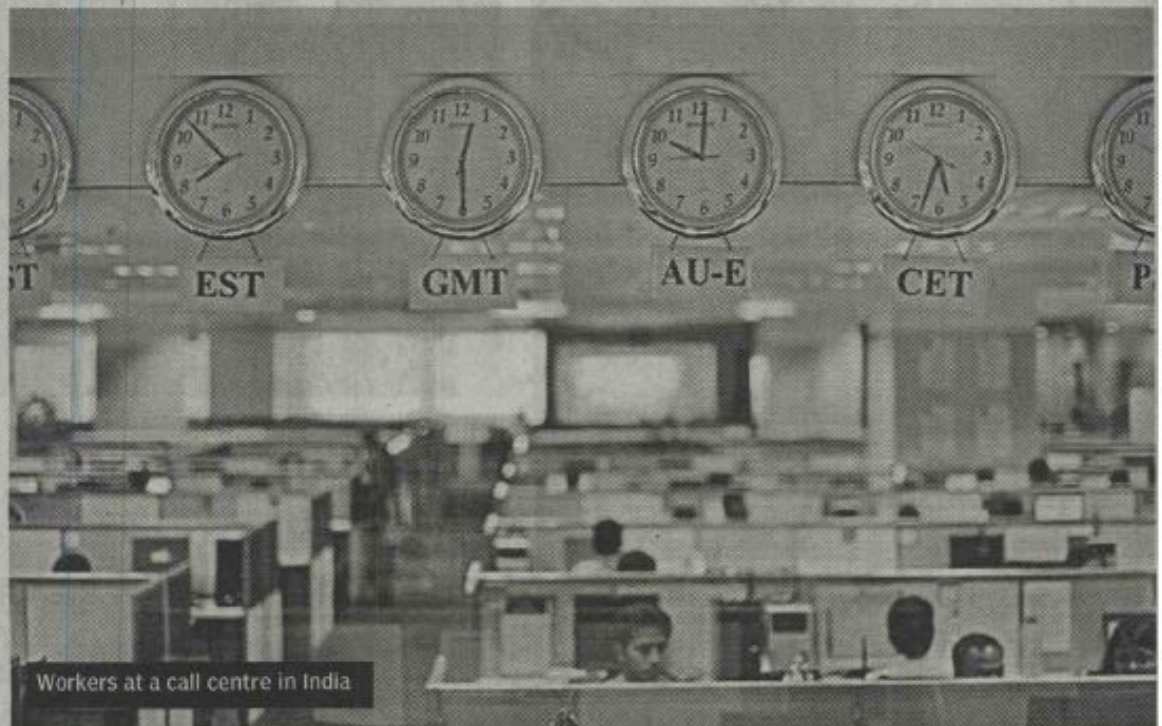
Tough times ahead: Indian IT growth to slow down next FY

Mumbai, Feb. 7: Indian IT services exports are likely to grow at a slower pace next fiscal year than in the recent past as global clients rein in technology spending, an industry lobby group said on Thursday.

The cutback on routine IT services is likely to push firms including Tata Consultancy Services and Infosys to sharpen their focus on high-margin digital services, analytics and artificial intelligence to cushion the impact on earnings.

India's IT and software services export revenue is likely to grow by 10-12 per cent in the fiscal year beginning on April 1 to as much as \$121 billion, the National Association of Software and Services Companies said. Exports in the current fiscal year ending March are estimated to grow 12.3 per cent to \$108 billion, at the lower end of NASSCOM's projection, with digital services seen up 19 per cent.

"The pressure of being competitive is forcing companies to increasingly adopt digital technologies and that again presents an



Workers at a call centre in India

opportunity for the industry," the NASSCOM president R. Chandrashekhara said. The shift towards new services could also trigger a wave of mergers and acquisitions in the

sector, after Indian IT companies spent \$2.4 billion on digital deals in 2015 - three times higher than the year before, Nasscom said. "To acquire digital skills companies

will have to re-skill employees and acquire new technologies and that is likely to continue," it said. Including domestic sales, total revenue of the Indian IT sector, which

accounts for 9.3 per cent of the country's economic output, likely rose 8.3 per cent to \$143 billion in the fiscal year ending March 31, NASSCOM said. — Reuters