

HCLTech has best Q2 growth in 5 yrs, reports AI revenue

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BENGALURU

Defying market uncertainties, HCL Technologies Ltd recorded its strongest second-quarter performance in July-September 2025 in five years. The Noida-headquartered company also became the first of India's Big Five IT firms to spell out revenue from artificial intelligence (AI).

India's third-largest IT services company reported revenue growth of 2.8% sequentially to \$3.64 billion — beating an estimate of \$3.54 billion by a Bloomberg poll of 31 analysts. Its net profit also jumped 8% sequentially to \$486 million in the quarter.

The company reported September quarter revenue from AI at \$100 million. Before HCLTech, Accenture was the only large IT outsourcer to call out revenue from AI. The world's largest IT services company got \$2.7 billion in revenue from AI, which is roughly a fifth of HCL's total revenue last fiscal.

Notably, its growth trajectory is at odds with larger peer Tata Consultancy Services Ltd, which last Friday reported



HCL is India's first Big Five IT co to spell out AI revenue. MINT

subdued second-quarter earnings, even as it made its biggest pivot by committing to invest upwards of \$6 billion in data centres over five-seven years.

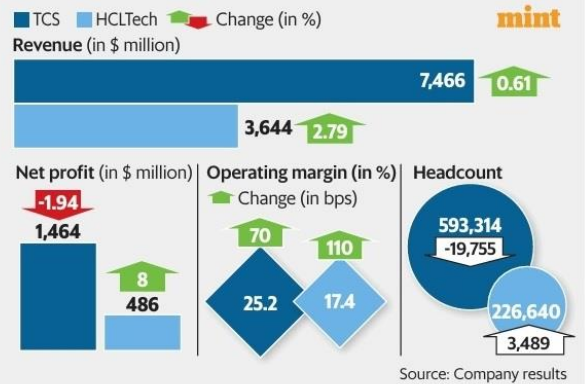
Much of HCLTech's growth in Q2 came from banks and financial institutions, which made up a fourth of the incremental revenue of \$99 million. In terms of geography, much of the company's incremental revenue came from the Americas, which fetched more than half of its business.

During HCLTech's post-earnings media interaction on Monday, its top executive said the macro environment was largely unchanged. "Overall

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Revenue pulse

Key metrics of TCS and HCLTech in Q2 FY26, and their q-o-q change



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demand environment is more or less similar to what we saw in the last quarter," said C. Vijayakumar, the company's chief executive.

"I think discretionary spend in certain pockets is almost becoming mandatory," he said, adding that a lot of non-essential spending was being ploughed into AI.

HCLTech's AI approach through its products and IP-led platforms is similar to Accenture Plc and in contrast to TCS, which is taking a hardware route through data centres.

TCS also differed in its interpretation of the demand environment. "Lingering uncertainties in the broader economic environment continue to remain a key challenge," chief executive and managing director K. Krithivasan said on 9 October.

HCLTech's tempered outlook on the demand environment is reflected in its guidance. The company retained its revenue guidance of 3-5% in constant currency terms for the full year. Constant currency does not take currency fluctuations into account.

"We are raising our full-year services revenue guidance to

4-5% in constant currency from the earlier 3-5% in constant currency. Given the softness in the software segment, we are keeping the company-level guidance unchanged at 3-5% in constant currency," said Vijayakumar.

At least one analyst mirrored the company's caution. "Revenue growth was better than our expectation," said Amit Chandra, vice-president for HDFC Securities. "The lower end of the services revenue guidance increase is good but that does not imply optimism."

"When you're trying to restructure, there will be some reductions, but those are all managed through the regular process that we go through," Ram Sundararajan, the company's chief people officer, said during the post-earnings call.

However, the company added headcount of 3,489, ending the second quarter with 226,640 employees. This comes on the back of TCS cutting headcount by more than 19,000 in the same period. TCS announced its plans to cut 2% of its headcount, primarily in middle and higher-level roles, on 27 July.

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