

News monitored for: HCL Technologies

HCLTech Revenue Up 10.7% in Q2, Standalone AI Revenue at \$100 m

BEATS ESTIMATES Total growth driven by 13%+ rise in ER&D services, over 7% increase in Europe, 2-digit growth in fin services & tech segments

Our Bureau

Bengaluru: Despite a flat growth in net profit impacted by people and non-people restructuring costs, HCLTech, India's third-largest IT services company, beat revenue estimates to post a 10.7% year-on-year (YoY) and 5.2% sequential growth to ₹31,942 crore for the second quarter of fiscal year 2026 (FY26) ending September.

In a first for an Indian IT services company, the Noida-headquartered firm also reported standalone AI revenue of \$100 million for the quarter.

"AI revenue is still about 3% but I expect this to grow because there are a lot of factory requirements, inferencing, silicon design and validation requirements," said chief executive officer C Vijayakumar. "So, I think all of this plays very strongly into our traditional strengths and a number of industry domain solutions that we have built."

Vijayakumar added, "A lot of discretionary spend is happening on AI because customers have invested in solutions and capabilities, and they really want to make them work and scale within their enterprise and that's where a lot of our services (are). I see a strong growth potential for our advanced AI services." Total revenue growth was backed by healthy engineering, research and development (ER&D) services growth of over 13%, over 7% rise in Europe and a double-digit growth in the financial services and technology and services segments. It is a historically soft quarter for the company's software business which degrew by 3.7%. "Overall demand environment is more or less similar to what we saw in the last quarter...The only area which is soft is the auto segment, which we feel is still struggling, but all others, we feel good," the CEO said. ET's analyst poll estimated net

Fighting Odds

HCLTech Q2FY26 Table

Metrics	Q2 FY26	Q1 FY26	Growth (QoQ)	Q2 FY25	Growth (YoY)
Revenue (₹)	31,942 Cr	30,349 Cr	5.24%	28,862 Cr	10.70%
Net Profit (₹)	4,235 Cr	3,843 Cr	10.20%	4,235 Cr	0
Operating Margins	17.50%	16.30%	120 bps	18.60%	-110 bps
Headcount	2,26,640	2,23,151	3,489	2,18,621	8,019

profit to grow in a wide range of 0.8-6.1% YoY between ₹4,136 crore and ₹4,491 crore, while revenue projections stood at 3-4%, between ₹31,252 crore and ₹31,603 crore.

Supported by 44% growth in deal bookings, HCLTech revised its services revenue growth guidance

to 4-5% from the earlier guidance to between 3% and 5%. It maintained the company level revenue outlook to be between 3-5% both YoY in constant currency (CC) terms for the full fiscal year ending March 2026. For the quarter, revenue edged up 2.4% sequentially and increased 4.6% YoY in CC terms to \$3.6 billion for the quarter. Last week, HCLTech's largest rival Tata Consultancy Services (TCS) kicked off the earnings season, reporting weaker-than-expected numbers net profit falling 5.4% sequentially also impacted by a one-time restructuring fee. The Tata firm also laid off 1% of its workforce.

HEADCOUNT CHALLENGES

While the HCLTech management refused to directly call out any specific employee reduction, chief people officer Ramachandran Sundarajan said, "On the people's side is largely the skill-location mismatch, it's not a capacity reduction agenda. It's basically rebalancing the demand and supply when it comes to skills and locations, and some of it is also through the acquisitions that we have had over the years. It's small numbers spread out across multiple countries."