

September 22, 2025

## H-1B fee hike – a near term hurdle

The US Government on Friday, Sept. 19, 2025, announced fee hike to US\$100k for applicants to the H-1B visa program for skilled foreign workers starting with FY26 lottery cycle. The one-time fee applicable on all companies (Indian/US) that use the H-1B program applies prospectively to fresh filings only, excluding renewals, extensions and changes.

Our initial assessment indicates that the impact on margins is likely to be around 40–200 bps, assuming the similar new H-1B filings (which we believe will come down drastically ahead).

### Our View:

- **The impact mathematics (worst case):** Assuming that similar number (based on the average of last two year's filings) of new applications are made in FY26, we expect impact on margins is likely to be around 40–200 bps with earnings impact ranging from 2–14% for our coverage universe, while BPO players remain largely insulated. The most hit companies would be Birlasoft, Persistent and LTIM while Firstsource (zero H-1B reliance) shall be least hit (Refer Exhibit 2). Nonetheless, as seen in the past, the ability of large IT companies to pivot away from H-1B dependencies, shall soften the realised hit, in our view.
- **Reducing dependencies on H-1B:** We highlight that IT companies now have ~70% of local workforce in US (either US citizens or Green Card holders) with reduction over the years driven by local hiring/offshoring/nearshoring. Notably, HCLT, Infosys and TCS have stated earlier this year that 80%, 60%+ and 50%+ of their US workforce is visa-independent, respectively, clearly reflecting the reducing dependencies over last 8 years (Refer Exhibit 1). We also note that incremental application fee is almost equal to the average onsite wage of the IT companies (~US\$106k). Thus, given the non-feasibility, we believe companies will increase local hiring, use more of L-1 visas, limit use of H-1B visas (to extremely critical & highly skilled/paid resource), shift work offshore/nearshore and over a period of time, build cost escalation in contracts, thereby limiting the overall impact.
- **Way ahead:** Nifty Index is down ~16% in the last 1 year and prices in most of the negatives, in our view. Nonetheless, we expect near-term overhang in stock prices as investors price in protectionist risks. Structurally, the move will accelerate operating model changes towards higher local/nearshore hiring and greater offshore delivery, akin to COVID-era remote delivery pivots. We will also monitor if the order faces any challenge in US courts and await commentary from the companies on quantifiable impact (if available) to bake into our estimates.

### Sector Impact

**Marginally negative**

H-1B visa is valid for a three-year period and may be extended for another three years.

Therefore, the additional fee is applicable only at the time of new H-1B visa application.

The effective impact may remain moderate and may kick-in from FY27 onwards, given only new visas are covered and FY26 lottery is already concluded.

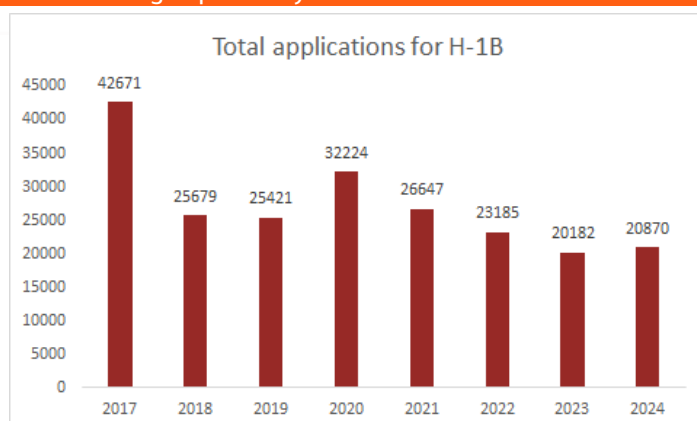
TCS, Infosys, and Wipro have seen their visa allocations decline significantly from 2022 to 2025: TCS by nearly 45 percent, Infosys by over 71 percent, and Wipro by almost 33 percent.

### Research Analysts

Bhupendra Tiwary, CFA  
bhupendra.tiwary@icicisecurities.com

CA Anjini Sharma  
anjini.sharma@icicisecurities.com

**Exhibit 1: Reducing dependency on H-1B**



Source: USCIS, ICICI Direct Research

## Exhibit 2: Impact on margin and earnings across our coverage universe

Company	Avg. of FY24 & 25 new LCA applications (approval+denial) <sup>1</sup>	FY25 revenue (INR crore)	PAT (INR crore)	Additional cost (INR crore)	Impact on margin (bps)	Impact on earnings (%)
TCS	1117	2,55,324	48,553	983	38	1.52
Infosys	1395	1,62,990	26,725	1,228	75	3.45
HCL Tech	813	1,17,055	17,390	715	61	3.08
Tech Mahindra	392	52,988	4,252	345	65	6.09
LTIMindtree	592	38,008	4,602	521	137	8.48
Mphasis <sup>2</sup>	130	14,223	1,703	114	80	5.04
Coforge <sup>2</sup>	65	12,051	812	57	47	5.28
Persistent	256	11,939	1,400	225	188	12.04
Mastek	18	3455	376	15	45	3.07
Birlasoft	111	5375	517	98	182	14.17
Sonata	17	10157	425	15	14	2.56
LatentView	20	848	174	17	202	7.39

<sup>1</sup> H1B cycle follows US government fiscal year of Oct-Sept; Average is average of FY24 (Oct-Sep) and 9MFY25. <sup>2</sup> Mphasis and Coforge clarified that they had applied net new 130 & 65 applications and hence that is taken as base for potential impact of fee hike; Source: USCIS, ICICI Direct Research

## Exhibit 3: Trend in H-1B applications for our coverage universe

Company	New applications- FY24*	New applications- 9MFY25	Average of FY24 & 9MFY25	Total applications-2024	Total applications-2025
TCS	1,469	765	1117	7,853	5,839
Infosys	2,535	255	1395	8,293	2,044
HCLTech	1,265	360	813	3,040	1,819
TechM	498	286	392	1,220	972
LTIM	806	377	592	2,148	1,837
Mphasis	196	130	163	790	667
Coforge	153	65	109	434	294
Persistent	314	197	256	562	411
Mastek	25	10	18	53	34
Birlasoft	143	79	111	362	243
Sonata Software	21	12	17	40	36
LatentView	35	4	20	72	31
<b>Total</b>	<b>7,460</b>	<b>2,540</b>	<b>5,000</b>	<b>24,867</b>	<b>14,227</b>

\* H1B cycle follows US government fiscal year of Oct-Sept; Source: USCIS, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

## ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, MBA, Anjini Sharma, CA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

## Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Jeetu Jawrani Soni Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report