

On 19-Sep-2025, President Trump issued a proclamation establishing a USD100,000 one-time payment requirement for all new H-1B visa petitions for workers currently outside the US, effective 21-Sep-2025 (for at least 12M) with the aim to protect American jobs. From the next-year visa lottery cycle, USD100,000 fees will apply to new H-1B visas filings which would limit use of H-1B visas and make onsite work more expensive. However, companies will have time to prepare by increasing local hiring, using L1 visas, limiting the use of H-1B visas, building cost escalation in contracts, shifting work offshore, etc, thereby limiting the overall impact. We believe such an impact is unlikely to be disruptive for IT companies, though there may be a near-term overhang on stock prices as investors are likely to price-in the increased risks of protectionist measures.

The US administration issues proclamation on H-1B non-immigrant visas

On 19-Sep-2025, President Trump issued a proclamation establishing a USD100,000 one-time payment requirement for all new H-1B visa petitions for workers currently outside the US, effective 21-Sep-2025 (for at least 12 months), with the aim to protect American jobs. This action does not apply to existing H-1B visa holders, approved petitions, in-country renewals, or change of status; with further case-by-case exemptions in national interest – pursuant to sub-sections (a) and (b) of the INA, 8 USC. The proclamation further directs the USCIS, State, and Labor departments to enforce payment verification, retain documentation, and begin rule-making for raising prevailing wage levels and restructuring the H-1B program to prioritize higher-paid, higher-skilled applicants. Per the official White House statement: 1) Over the last two decades, the share of foreign STEM workers in the US has more than doubled, and H-1B-dependent IT outsourcing firms have seen their program share grow, from about 32% in FY03 to over 65% in recent years. 2) Such dynamics have resulted in wage suppression, where entry-level H-1B roles pay 36% less than comparable US positions, and have contributed to the high unemployment rates of 6.1% and 7.5% among recent American computer science and computer engineering majors, respectively.

Clarification grants a sigh of relief; cost-increase to limit use of H-1B visas

The clarification provided by the press secretary grants a sigh of relief: 1) The USD100,000 fee is one-time per petition, and is not an annual recurring fee. 2) Those who already hold H-1B visas and are currently outside the US will not be charged USD100,000 to re-enter. 3) H-1B visa holders can leave/re-enter the US to the same extent as they normally would; this is not impacted by the proclamation. 4) This applies only to new visas, not renewals, and not to current visa holders. 5) This will first apply in the next upcoming lottery cycle.

Gauging the impact for Indian IT services

The newly announced USD100,000 fee applies only to initial (new) H-1B petitions and not to renewals or amendments. As it is a one-time fee per filing rather than an annual charge, the direct cost burden is expected to remain contained for employers. Indian IT companies have already reduced their reliance on H-1B visas in recent years, using them largely for convenience or to bridge the gap in skills availability. We believe the overall impact on IT companies is unlikely to be disruptive, particularly as the proclamation applies only to new H-1B petitions filed after 12:01am ET on 21-Sep-2025. From the next-year visa lottery cycle, USD100,000 fees will apply to new H-1B visas filings which would limit use of H-1B visas and make onsite work more expensive. However, companies will have time to prepare by i) increasing local hiring, ii) using L1 visas, iii) limiting the use of H-1B visas and, in necessary cases, trying to factor the increase in visa costs in contracts, iv) shifting work to offshore, etc, thereby limiting the overall impact. Also, potential legal challenges could delay implementation and the resultant impact. We do not foresee any immediate risks to earnings, though a potential inch-up in onsite wage inflation due to increase in local hiring and the USD100,000 fee on new H-1B visas from the next-year lottery cycle would hit earnings in FY27. We have provided a broad working in Exhibit 1 with the new visa fee, using FY24 data, to give a sense of the repercussions.

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Quantifying the impact would be difficult, considering the complexity in multi-variable analysis (demand environment, L1 usage, potential inflation in local/existing H1-B-holders, offshore shift, etc). We expect the overall impact not to be too disruptive, though investors are likely to price-in the increased risks of protectionist measures.

Measures – Navigating the change

Possible acceleration of offshoring: The H-1B fee reinforces a shift toward offshore and nearshore delivery for roles that do not require presence in the US. This could build on the remote delivery models proven during the pandemic, and may increase demand for Indian delivery centers or satellite offices. Companies may opt to limit onsite deployments where it is feasible to avoid additional costs. In our view, such protectionist measures should make offshoring more attractive in the medium-to-long-term.

Localized hiring in the US: To reduce reliance on visa-dependent talent, companies might consider expanding US-based hiring, through direct employment or contracting. While this approach could help mitigate immigration risks, it may potentially lead to higher costs due to supply-demand workforce imbalance in the US. The US produced ~100,000 computer and information science graduates in 2024, well below demand, thus creating talent scarcity. Onsite wage inflation is likely to inch up as companies prefer to hire locally, factoring in the cost differential. Further, lack of availability of required skills and the relatively lower unemployment rates remain limiting factors in local hiring.

Delay in deal-closures: Increased scrutiny (launch of project firewall by DOL), risks of further protectionist measures, and H-1B incremental fee imposition could potentially prolong sales cycles, as clients might reassess resource plans, evaluate onshore/offshore workforce mix, and negotiate cost-sharing for roles exposed to the fee.

Cost absorption: Engagements that depend heavily on H-1B staffing could face selective repricing, as clients may prefer delivery models that minimize fee-triggering roles and maximize offshore or local workforce. Given the prevailing competitive dynamics and the relatively subdued demand, Indian IT companies might need to absorb some costs, potentially taking a hit on margins.

Exhibit 1: Analysis of the potential impact, of the newly-introduced visa cost, on Indian IT services companies

Company	Share of employees on H-1B in FY24	Share of employees on H-1B in FY24 for new employment	Incremental costs of new H-1B visas [A*] (USD mn)	Potential margin impact (bps)	Potential earnings impact	Apportionment of incremental costs of new H-1B visas [A/6#] (USD mn)	Potential margin impact after apportionment (bps)	Potential earnings impact after apportionment
BSOFT	1.6%	0.5%	7	110	-7%	1	20	-1%
COFORGE	1.6%	0.4%	16	140	-12%	3	20	-2%
CYL	0.5%	0.2%	2	30	-2%	0	0	0%
ECLX	0.0%	0.0%	0	0	0%	0	0	0%
FSOL	0.0%	0.0%	0	0	0%	0	0	0%
HCLT	1.4%	0.6%	124	90	-5%	21	20	-1%
INFO	2.6%	0.8%	250	130	-7%	42	20	-1%
LTIM	2.5%	0.9%	80	190	-12%	13	30	-2%
LTTS	0.0%	0.0%	0	0	0%	0	0	0%
MPHL	2.5%	0.6%	20	120	-8%	3	20	-1%
PSYS	2.4%	1.3%	31	260	-19%	5	40	-3%
SSOF	0.5%	0.2%	2	10	-2%	0	0	0%
TCS	1.2%	0.2%	145	50	-2%	24	10	0%
TECHM	0.8%	0.3%	49	80	-13%	8	10	-2%
WPRO	0.7%	0.3%	61	60	-4%	10	10	-1%

Source: USCIS, Emkay Research; Note: * = This represents the total visa cost potential cash outflow in the beginning of Year 1; # = This represents the apportionment of visa cost over the expected tenure, which is assumed as 6 years (incl extension) for every new employee

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Exhibit 2: Top beneficiaries of H-1B visa in CY25 – Top-100 companies receive ~106k approvals

Employer (Petitioner) name	Approved in CY25 Share of the top-100 beneficiaries	
Indian IT services company		
TCS	5,505	5%
Infosys	2,004	2%
LTIMindtree	1,807	2%
HCL Tech	1,728	2%
Wipro	1,523	1%
Tech Mahindra	951	1%
Hexaware	471	0%
LTTS	352	0%
Global technology company		
Amazon (incl AWS)	12,391	12%
Microsoft	5,189	5%
Meta Platforms	5,123	5%
Apple	4,202	4%
Google	4,181	4%
Cognizant	2,493	2%
Oracle	2,092	2%
Capgemini	1,844	2%
Accenture	1,568	1%
Salesforce	1,137	1%
Other select companies		
JP Morgan Chase	2,440	2%
Walmart	2,390	2%
Deloitte consulting	2,353	2%
Intel	1,698	2%
Ernst & Young	1,695	2%
IBM	1,598	2%
Cisco Systems	1,570	1%

Source: USCIS, Emkay Research

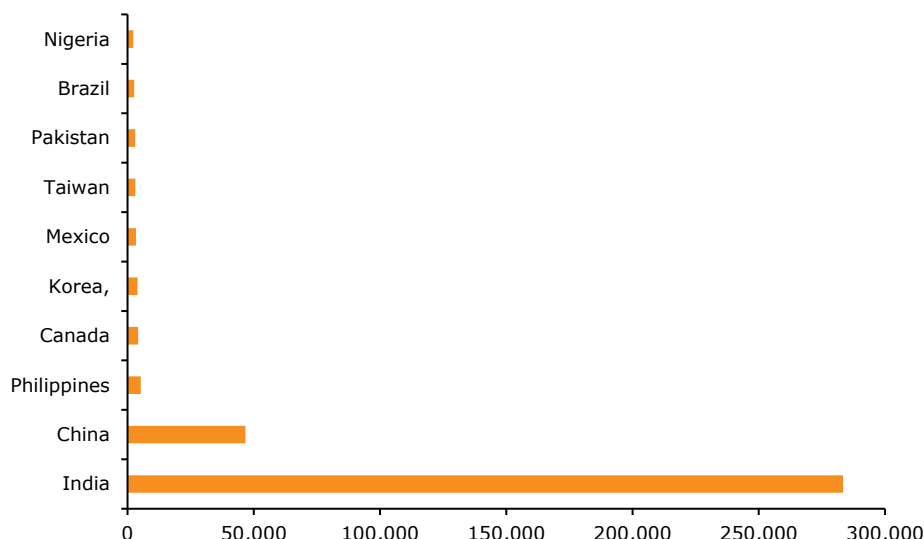
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Story in Charts

Of the H-1B petitions (399,395) approved in FY24, 71% were for beneficiaries whose country of birth was India. The second most common country of birth was China, accounting for ~12% of all beneficiaries.

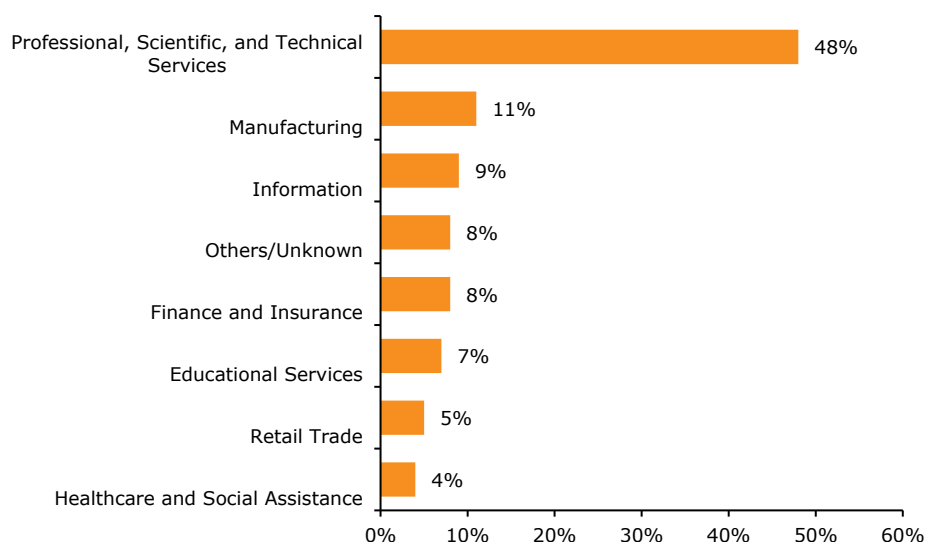
In FY24, the largest industry sector employing H-1B workers was the 'professional, scientific, and technical services' sector, which represented ~48% of all approved H-1B petitions. Within this sector, the most prominent subcategory was 'custom computer programming services', accounting for 25% of all H-1B petitions—making it the largest detailed industry segment across all approved petitions.

Exhibit 3: Top-10 countries of birth of approved H-1B beneficiaries for FY24



Source: USCIS, CLAIMS 3, ELIS, Emkay Research

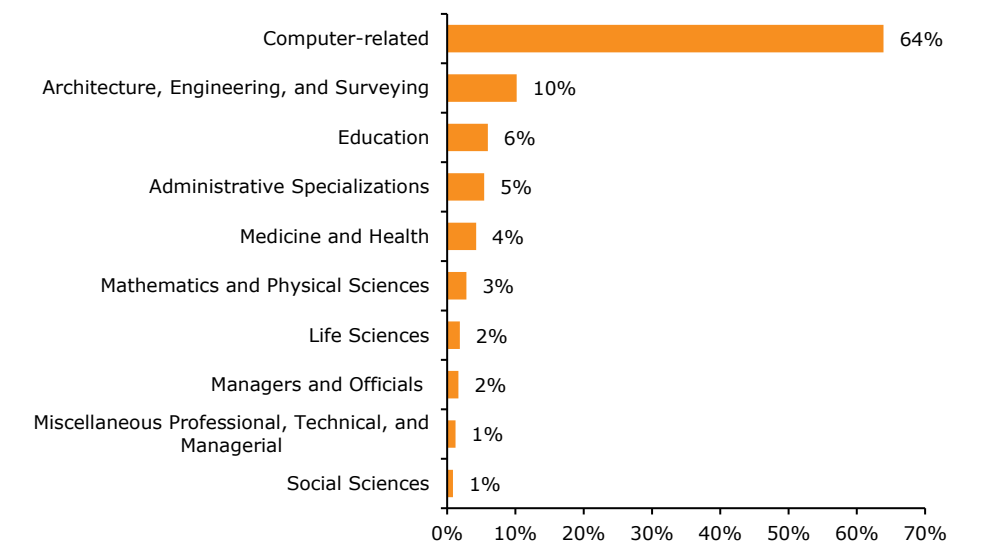
Exhibit 4: Approved H1-B petitions in FY24, by the employer's industry sector



Source: USCIS, CLAIMS 3, ELIS, Emkay Research

In FY24, computer-related occupations comprised the largest major occupational category among approved H-1B petitions, representing 64% of all beneficiaries. Within the computer-related occupation category, the largest detailed occupational group among all approved H-1B beneficiaries is 'systems analysis and programming', which accounts for 52% of all beneficiaries.

Exhibit 5: Top-10 occupational groups of approved H-1B beneficiaries in FY24



Source: USCIS, CLAIMS 3, ELIS, Emkay Research

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