

Event Update

September 22, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Cyient	REDUCE	1,241	1,150
HCL Technologies	HOLD	1,470	1,550
Infosys	Acc	1,540	1,750
KPIT Technologies	Acc	1,285	1,390
LTIMindtree	Hold	5,521	5,340
L&T Technology Services	HOLD	4,360	4,250
Mphasis	Acc	2,993	2,920
Persistent Systems	Hold	5,512	5,890
Tata Consultancy Services	BUY	3,169	3,920
Tata Technologies	SELL	724	570
Tech Mahindra	Reduce	1,554	1,470
Tata Elxsi	SELL	5,723	4,750
Wipro	HOLD	256	260

Source: PL Acc=Accumulate

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Intensifying pressure on margins

Quick Pointers:

- H-1B visa fee increased by USD100,000 for new applications
- Additional costs are expected to impact operating margins by ~40bps on a median basis in FY27E across our coverage universe

The new executive order for imposing additional visa fee of USD100,000 on new approvals (applicable Mar'26) would pressurize margins by median ~40bps for FY27E across our PL coverage universe. More importantly, the individual visa petition/approval would be valid for 3+3 years before the individual falls into the lottery cycle again, and visa fee becomes due. Hence, the one-time visa fee would be capitalized over 6 years. However, the H-1B visa dependency has reduced meaningfully over the last decade, median visa approvals (new + renewals) as a percentage of headcount stood at 0.7% in 1HCY25 vs. 3.4% in CY16. Per our estimates, new H-1B visa approvals account for median ~0.2% to the overall employee base every year, that translates to median ~USD60mn expense for our coverage universe. We believe the impact is marginal across our coverage universe, except for LTIM, where the margin impact is notable at ~130bps for FY27E due to relatively higher visa dependency.

With the H-1B visa fee hike, we expect visa dependency to reduce further, and right shoring and offshoring to remain the key drivers to rationalize delivery charges. Post COVID, the offshoring trend has accelerated to its full potential, with notable improvement of 500-600bps over FY20-25. We expect the momentum to continue with near shoring (Canada, Mexico) likely to be an immediate available alternative before the lottery cycle falls due. We don't see near-term impact until Mar'26; however, medium-term earnings (FY27E) might get impacted by median ~2.6% across our IT coverage universe, with LTIM being the most affected, by ~7.5% and ~5.0%, respectively. We continue to prefer INFY, TCS and PSYS, where the EPS impact is marginal.

Additional visa fee to impact margins from FY27E: The USD100,000 fee on new H-1B visa approvals translates into an incremental median margin impact of ~40bps and EPS erosion of ~200bps across our coverage universe in FY27E. Large-cap IT players (TCS, Infosys, HCLT, Wipro, TechM) will face modest headwinds, with EBIT margin declines of 30-60bps and EPS impact of 1-4%. LTIM (-130bps EBIT, -7.6% EPS) is disproportionately affected given higher visa reliance.

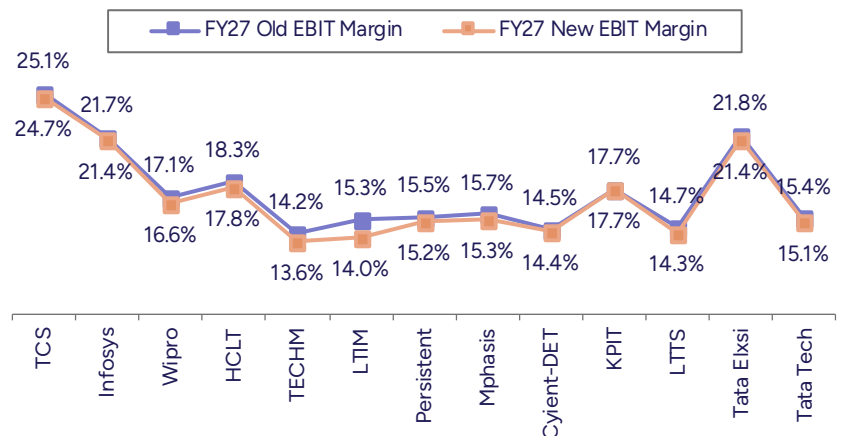
Declining H-1B dependency: Over the past decade, IT companies have steadily reduced their dependency on H-1B visas, driven by stricter US immigration policies and a shift toward increased local hiring, supported by evolving delivery models. Our internal estimates indicate that median H-1B visa approvals as a share of total headcount have declined sharply, from 3.4% in CY16 to just 0.7% in 1HCY25. As a result, the overall financial impact of higher visa fee remains limited for most players, given their reduced reliance on new H-1B approvals.

Exhibit 2: Additional cost could impact EPS by median of ~200bps in FY27E across our coverage companies

Particulars	2025 H-1B new visas (in nos)	2025 new H-1B visas as % of total empl	Additional fee (in USD mn)	Impact on EBIT margin with additional fee FY27E	EPS variation FY27E
TCS	1055	0.2%	105.5	0.3%	-1.2%
Infosys	612	0.2%	61.2	0.3%	-1.1%
Wipro	560	0.2%	56	0.5%	-2.7%
HCLT	727	0.3%	72.7	0.5%	-2.5%
TechM	385	0.3%	38.5	0.6%	-3.9%
LTIM	675	0.8%	67.5	1.3%	-7.6%
Persistent	62	0.3%	6.2	0.3%	-2.0%
Mphasis	78	0.2%	7.8	0.4%	-2.4%
Cyient-DET	6	0.1%	0.6	0.1%	-0.6%
KPIT	4	0.0%	0.4	0.0%	-0.2%
LTTS	54	0.2%	5.4	0.4%	-2.2%
Tata Elxsi	19	0.2%	1.9	0.4%	-1.4%
Tata Tech	20	0.2%	2	0.3%	-1.6%

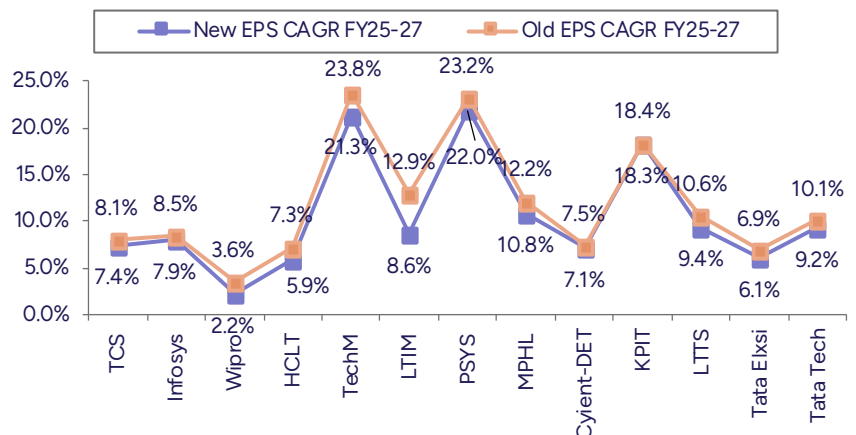
Source: USCIC, Company, PL (our assumptions)

Exhibit 3: EBIT margin could impact by median of ~40bps for PL coverage companies



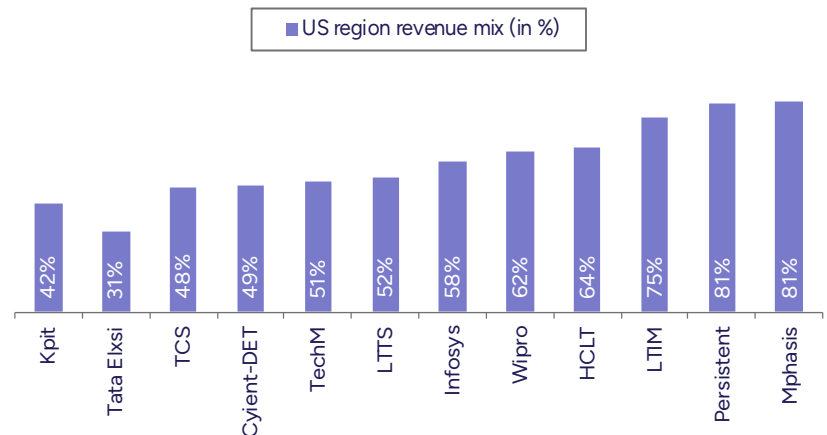
Source: Company, PL (our assumptions)

Exhibit 4: Consolidated EPS CAGR during FY25-27 to decline by ~150bps due additional visa cost



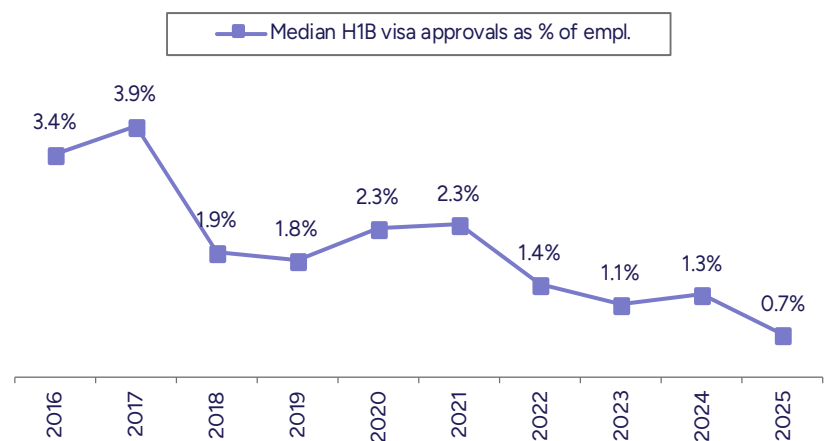
Source: Company, PL (our assumptions)

Exhibit 5: US region revenue contribution significant for all our companies



Source: Company, PL (our assumptions)

Exhibit 6: Median H-1B visa applications for Indian IT companies have declined over the years



Source: Company, PL (our assumptions), h1bgrader, myvisajobs, uscisc

Exhibit 7: Valuation Summary

Company Names	S/C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E
Cyient	C	REDUCE	1,241	1,150	137.8	71.5	73.6	74.2	82.9	13.0	11.5	11.5	13.5	7.3	6.2	6.0	7.4	66.2	56.0	54.2	67.1	19.0	13.0	11.0	12.8	18.7	22.2	22.9	18.5
HCL Technologies	C	HOLD	1,470	1,550	3,986.2	1,099.1	1,170.6	1,266.3	1,378.1	242.0	255.1	266.6	301.4	157.0	173.9	175.1	200.1	58.0	64.1	64.5	73.7	23.5	25.2	24.8	27.6	25.4	22.9	22.8	19.9
Infosys	C	Acc	1,540	1,750	6,377.9	1,536.7	1,629.9	1,734.2	1,889.2	364.3	392.4	418.4	466.9	242.6	267.1	284.6	315.0	58.6	64.5	68.7	76.0	29.7	29.0	29.7	32.8	26.3	23.9	22.4	20.3
KPIT Technologies	C	Acc	1,285	1,390	348.7	48.7	58.4	65.6	77.0	9.9	12.3	13.8	16.6	5.9	7.7	8.4	10.8	21.9	28.4	31.0	39.8	31.1	30.3	26.4	28.1	58.6	45.3	41.4	32.3
LTIMindtree	C	Hold	5,521	5,340	1,634.2	355.2	380.1	411.9	457.9	63.9	64.9	70.6	81.9	45.9	46.0	51.0	58.7	155.0	155.4	172.4	198.3	25.1	21.5	21.1	21.4	35.6	35.5	32.0	27.8
L&T Technology Services	C	HOLD	4,360	4,250	464.2	96.5	106.7	121.0	135.0	19.2	19.0	20.1	23.5	13.0	12.7	13.4	15.5	123.3	119.0	126.7	146.5	26.7	22.2	20.7	21.3	35.3	36.6	34.4	29.8
Mphasis	C	Acc	2,993	2,920	568.4	132.8	142.3	155.0	171.8	24.2	26.5	29.2	32.7	15.5	17.0	18.8	21.4	82.3	89.6	99.0	112.7	18.6	18.5	18.8	19.8	36.4	33.4	30.2	26.6
Persistent Systems	C	Hold	5,512	5,890	855.3	98.2	119.4	141.4	171.2	17.2	20.6	24.8	30.7	11.4	14.0	17.2	21.4	74.2	90.2	109.8	136.9	25.6	24.8	25.3	27.2	74.3	61.1	50.2	40.3
Tata Consultancy Services	C	BUY	3,169	3,920	11,466.5	2,408.9	2,553.2	2,640.3	2,854.7	643.0	672.8	705.9	774.5	465.9	485.5	518.2	567.0	127.5	134.2	143.2	156.7	50.9	51.8	53.2	55.2	24.9	23.6	22.1	20.2
Tata Technologies	C	SELL	724	570	293.8	51.2	51.7	52.9	60.0	9.4	9.3	9.1	10.6	6.8	6.8	7.0	8.2	16.8	16.7	17.3	20.2	21.9	19.9	19.0	21.0	43.2	43.4	42.0	35.8
Tech Mahindra	C	Reduce	1,554	1,470	1,376.7	520.0	529.9	543.7	578.1	57.7	69.9	80.6	101.2	36.2	42.5	49.6	65.1	40.9	48.0	55.9	73.5	12.7	15.1	17.2	22.2	38.0	32.4	27.8	21.1
Tata Elxsi	C	SELL	5,723	4,750	356.4	35.5	37.3	38.0	42.4	10.5	9.7	8.7	10.4	7.9	7.8	7.1	9.0	127.2	126.0	113.5	143.9	34.5	29.3	23.6	26.7	45.0	45.4	50.4	39.8
Wipro	C	HOLD	256	260	2,676.1	897.6	890.9	911.0	968.8	170.2	180.9	181.8	194.3	110.5	131.4	134.1	141.1	10.4	12.6	12.8	13.5	14.4	16.6	16.0	16.5	24.5	20.4	20.0	19.0

Source: Company, PL S=Standalone / C=Consolidated / Acc = Accumulate

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Reduce	1,150	1,289
2	HCL Technologies	Hold	1,550	1,620
3	Infosys	Accumulate	1,750	1,575
4	KPIT Technologies	Accumulate	1,390	1,269
5	L&T Technology Services	Hold	4,250	4,347
6	LTIMindtree	Hold	5,340	5,195
7	Mphasis	Accumulate	2,920	2,625
8	Persistent Systems	Hold	5,890	5,606
9	Tata Consultancy Services	BUY	3,920	3,382
10	Tata Elxsi	Sell	4,750	6,138
11	Tata Technologies	Sell	570	717
12	Tech Mahindra	Reduce	1,470	1,608
13	Wipro	Hold	260	261

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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