

IT Sector

PERM freeze: another blow, minimal impact

On 8 October 2026, the US Labor Department suspended eight companies from the PERM program: TCS, Infosys, Wipro, and HCLTech, along with Cognizant, Capgemini, Microsoft, and Adobe. PERM is the mandatory first step for an employer sponsoring a green card. New and pending applications from these firms are now frozen while federal investigations continue. This comes after the USD 100K H-1B fee (Sep-25), the wage-weighted H-1B lottery and proposed higher wage floors. Even so, Indian IT is less exposed than it looks, for two reasons. First, the sector has already shifted its US delivery toward local, nearshore, and offshore hiring; FY27 H-1B registrations of the top six firms fell 92%. Second, it uses PERM very little. The US has three main routes for skilled workers: PERM (~118,000 applications filed in FY25), H-1B (~457,000 petitions filed and ~328,000 approved in FY25) and L-1 (~72,000 visas in FY24) (Exhibit 1). Big Tech is the main user: Microsoft is the largest PERM user (~3,150 applications) and Amazon the largest user of new H-1Bs (~4,600). By contrast, Indian IT firms filed only ~1,840 PERM applications (~1.2% of the total), and the top-7 Indian firms received ~4,600 new H-1B approvals (~4%). Across the four suspended Indian firms, ~1,926 employees a year would typically enter the green card process. If these roles are filled by US local hires, who cost ~15% more, EBIT margin falls by only ~3–13bps for each year (TCS ~13bps, Wipro ~8bps, HCLTech ~5bps and Infosys ~3bps). Overall, we see minimal impact from the PERM freeze on the Indian IT sector.

- **The PERM programme:** PERM is a Labor Department certificate confirming that no qualified US worker is available for a role at the prevailing wage. An employer needs it before it can file a green card petition. It also matters to H-1B holders: the H-1B visa is limited to six years, and staying beyond that requires a PERM filed at least a year earlier or an approved immigrant petition. Over FY21–FY25, the department received ~691,000 PERM applications and certified ~537,000 (Exhibit 2). In FY25, new filings fell 22% as the department cleared its backlog, and software developers made up ~23% of certifications. Most demand comes from Big Tech and from low-wage sectors such as food processing and staffing (Exhibits 3 and 4). Among Indian IT firms, Wipro (521), TCS (513), HCLTech (365), LTIMindtree (205), and Mphasis (132) filed the most applications in FY25, at an average salary of ~USD 143K (Exhibit 5).
- **The issue:** The Labor Secretary cited misuse of the H-1B and PERM processes and several ongoing federal investigations. All eight firms are suspended, but existing H-1B visas and green card steps already approved are not affected. The move follows the Sep-26 executive order that added employer layoffs to H-1B scrutiny. For Indian IT, the extra hit is small because these firms had already cut back on sponsorship: the four suspended Indian firms received ~5,840 certifications over FY23–FY26 YTD, but only 61 in FY26 so far, and Infosys has had none since FY24 (Exhibit 6). The key risks are: (1) how long the suspension lasts; (2) senior, client-facing onsite staff leaving because their green card path is frozen; and (3) the investigations widening to H-1B or labor-condition filings.
- **The impact:** We assume that the employees who would normally enter the PERM process each year are replaced by US local hires, who cost ~15% more for the same role. On this basis, EBIT margin falls by ~13bps for TCS, ~8bps for Wipro, ~5bps for HCLTech and ~3bps for Infosys (Exhibit 7). The onsite revenue linked to these roles is only 0.3–1.1% of each company's revenue, so the overall impact is minimal.

Company	CMP* (INR)	RECO	TP (INR)
TCS	2,076	ADD	2,470
INFO	997	BUY	1,250
HCLT	1,177	ADD	1,370
WPRO	158	ADD	185
TECHM	1,496	ADD	1,660
LTM	3,915	BUY	5,270
PSYS	5,468	ADD	6,070
MPHL	2,303	ADD	2,840
LTTS	3,177	ADD	3,570
TELX	2,996	ADD	3,900
CYL	1,085	BUY	1,450
ZENT	442	ADD	565
BSOFT	272	ADD	365
SSOF	241	BUY	340
MAST	1,651	BUY	1,920
HAPPSTMN	300	ADD	360

*CMP as on 8th Oct, 2026

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Exhibit 1: US skilled worker routes at a glance – Big Tech dominates; Indian IT a small and shrinking user

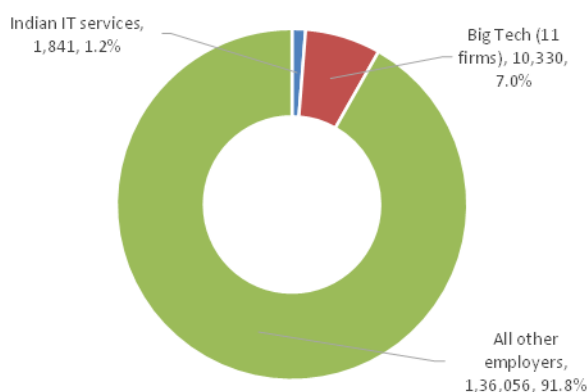
Programme	What it does	Annual volume	Major users	Indian IT share
PERM – Program Electronic Review Management (required for green-card, permanent labour certification)	Employer sponsorship for permanent residence; no annual cap on certifications	FY25: 117,849 filed; 148,227 decided; 138,093 certified	Microsoft (3,153), Apple (1,239), Oracle (1,222), Intel (1,033); food-processing and staffing firms	~1.2% (1,841 applications by Indian IT firms in our coverage)
H-1B (specialty occupation)	Temporary skilled workers, 3+3 years; 85,000 new visas a year under the cap	FY25: 456,725 petitions filed; 328,185 approved, incl. 114,806 for initial employment	Amazon (4,644 initial approvals), Meta (1,555), Microsoft (1,394), Google (1,050)	~4% of initial approvals (top seven Indian firms: 4,573; TCS 846)
L-1 (intra-company transferee)	Transfer of existing employees to a US affiliate; no cap; L-2 for dependants	FY24: 71,799 L-1 visas issued (+73,317 L-2 visas)	Historically approvals led by TCS (1,542), Infosys (517), Amazon (455), Cognizant (382)	Indian nationals ~26% of L-1 visas (FY24)

Source: US Department of Labor, USCIS, HSIE research.

Exhibit 2: PERM programme – ~691K applications received and ~537K certified over FY21–FY25

US fiscal year	Applications received	Certified	Denied	Withdrawn	Total decided	Certified % of decided	Pending at year-end
FY21	120,660	100,552	4,141	3,571	108,264	92.9%	68,052
FY22	141,951	94,485	4,573	5,542	104,600	90.3%	105,612
FY23	158,987	102,286	6,364	7,777	116,427	87.9%	146,179
FY24	151,773	102,036	5,031	7,483	114,550	89.1%	183,776
FY25	117,849	138,093	3,404	6,730	148,227	93.2%	157,669
FY21–FY25	691,220	537,452	23,513	31,103	592,068	90.8%	

Source: US Department of Labor (OFLC PERM selected statistics), HSIE Research. US fiscal year runs October–September. Applications decided in a year include cases filed in earlier years, so certifications can exceed receipts (as in FY25). Pending includes cases in both the old and new filing systems.

Exhibit 3: Share of FY25 PERM applications – Indian IT services ~1.2%, Big Tech ~7%


Source: US Department of Labor, HSIE Research. Big Tech = Microsoft, Apple, Oracle, Intel, Salesforce, Nvidia, Uber, Adobe, LinkedIn, Meta, Tesla. Indian IT services = Wipro, TCS, HCLTech, LTM, Mphasis, L&T Technology Services, Persistent.

Exhibit 4: Largest PERM users in FY25 – Wipro and TCS the only Indian IT names in the top 20

Rank	Employer	Industry	FY25 applications	Avg salary (USD)
1	Microsoft	Tech	3,153	165,857
2	FPL Food	Food processing	2,260	29,283
3	Consolidated Catfish Producers	Food processing	1,733	n.a.
4	Apple	Tech/Manufacturing	1,239	181,338
5	Management Health Systems	Staffing	1,224	50,127
6	Oracle America	Information	1,222	158,958
7	Intel	Tech/Manufacturing	1,033	174,920
8	Walmart	Retail	937	149,413
9	Labor Guys	Staffing	928	29,464
10	Merit Logistics	Prof. services	854	26,942
11	Salesforce	Prof. services	812	183,018
12	Stoughton Trailers	Manufacturing	653	37,440
13	Nvidia	Tech/Manufacturing	618	202,930
14	Uber	Prof. services	547	176,032
15	Wipro	IT services (India)	521	139,243
16	TCS	IT services (India)	513	174,258
17	Conexus MedStaff	Staffing	483	54,080
18	Adobe	Prof. services	466	185,314
19	LinkedIn	Information	423	188,683
20	Meta Platforms	Information	413	209,589

Source: US Department of Labor, HSIE Research. Applications decided in FY25 (certified, denied and withdrawn). Amazon, Google and Cognizant filed few or no PERM applications in FY25.

Exhibit 5: Indian IT services in FY25 PERM – ~1,840 applications, 1.2% of the total

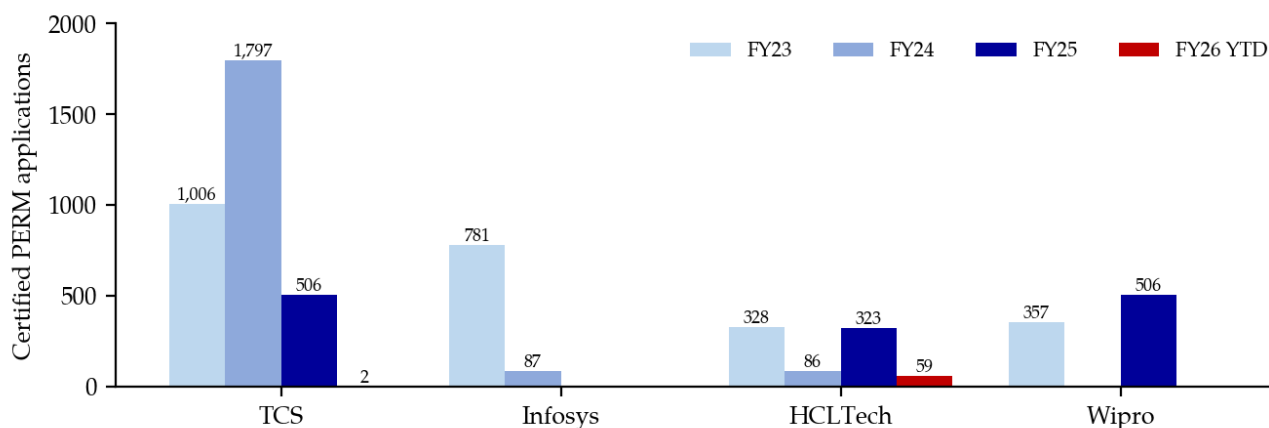
Company	FY25 applications	Share of all FY25 decisions	Avg salary (USD)	Suspended
Wipro	521	0.35%	139,243	Yes
TCS	513	0.35%	174,258	Yes
HCLTech (HCL America + HCL Global)	365	0.25%	127,528	Yes
LTM	205	0.14%	121,142	No
Mphasis	132	0.09%	136,072	No
L&T Technology Services	62	0.04%	97,223	No
Persistent	43	0.03%	144,163	No
Infosys	0	0.00%	–	Yes
Cognizant (US-listed)	0	0.00%	–	Yes
Indian IT services	1,841	1.24%	143,134	

Source: US Department of Labor, HSIE Research. Total FY25 decisions = 148,227. Average salary for the group is weighted by applications.

Exhibit 6: Certified PERM applications of suspended Indian IT firms – Infosys had already stopped

Company	FY23	FY24	FY25	FY26 YTD	Total	Avg per year (FY23–25)	Avg PERM salary (USD)
TCS	1,006	1,797	506	2	3,311	1,103	174,258
Infosys	781	87	0	0	868	289	105,454*
HCLTech (HCL America)	328	86	323	59	796	246	127,528
Wipro	357	0	506	0	863	288	139,243
Total (4 firms)	2,472	1,970	1,335	61	5,838	1,926	

Source: US Department of Labor, HSIE Research. FY26 YTD covers Oct-25 to Jun-26. Avg PERM salary is for FY25 filings; *INFY salary is for FY24 filings (no FY25 filings).



Source: US Department of Labor, HSIE Research

Exhibit 7: Margin impact – local hiring margin impact 3–13bps

Company	Employees replaced	Onsite revenue at risk (INR mn)	% of revenue	Local hire: extra cost (INR mn)	Local hire: margin impact (bps)
TCS	1,103	28,220	1.1%	3,598	-13
Infosys	289	4,480	0.3%	571	-3
HCL Tech	246	4,600	0.4%	586	-5
Wipro	288	5,881	0.6%	750	-8

Source: HSIE research

Exhibit 8: IT Services: valuations & rating comparative table

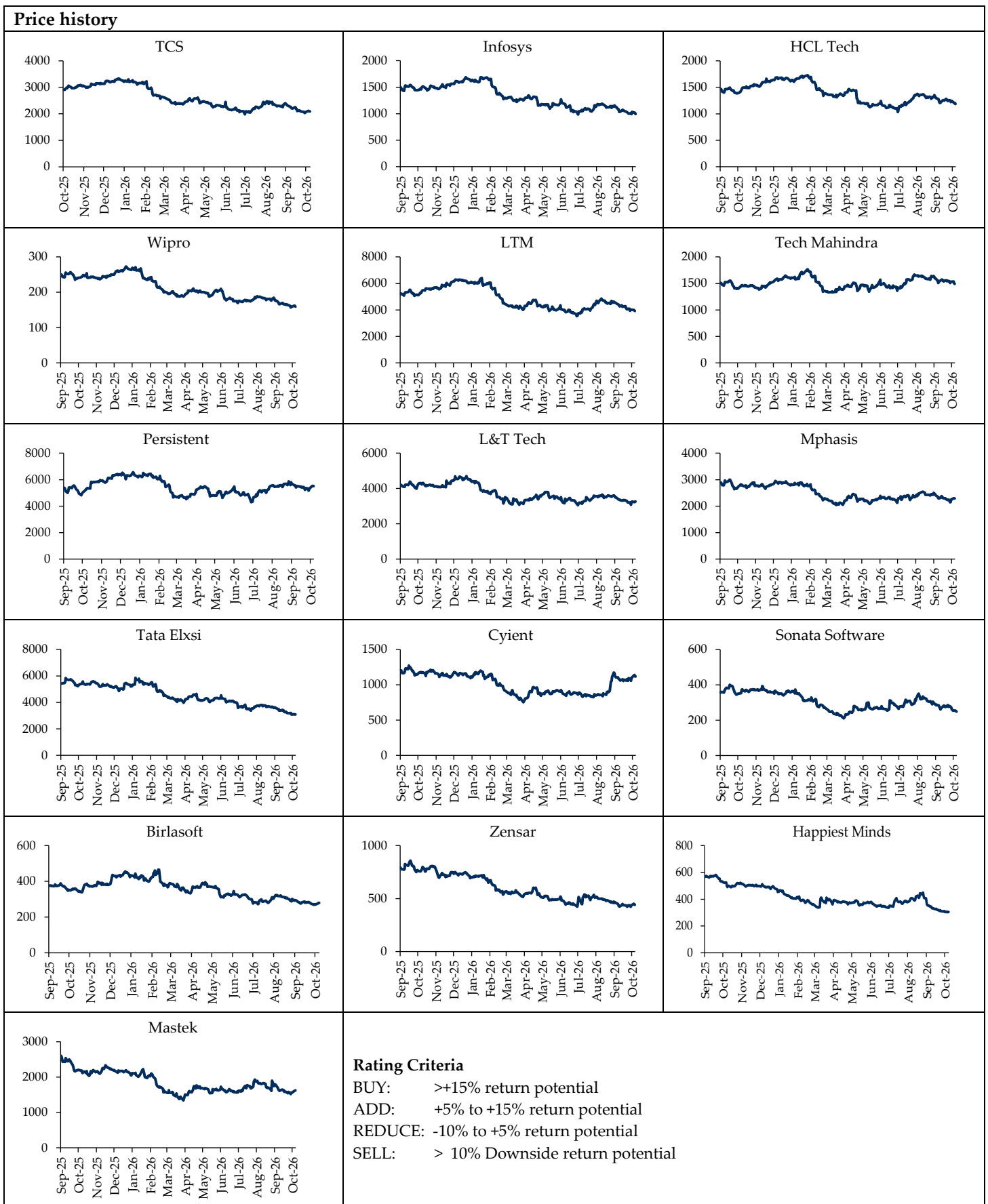
Company	MCAp (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				RoE (%)				USD Rev CAGR% FY26-29E	EPS CAGR% FY26-29E
					FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E		
TCS	7,511	2,076	2,470	ADD	145.5	156.7	160.3	169.5	14.3	13.2	12.9	12.2	52.1	53.2	55.1	58.8	2.8	5.2
Infosys	4,138	997	1,250	BUY	73.8	79.9	86.3	92.3	13.5	12.5	11.6	10.8	32.2	33.4	33.8	34.4	4.1	7.8
HCL Tech	3,188	1,177	1,370	ADD	64.1	75.2	81.6	89.8	18.4	15.7	14.4	13.1	24.0	26.5	27.4	28.4	5.2	11.9
Wipro	1,664	158	185	ADD	13.0	12.9	13.6	14.6	12.2	12.3	11.6	10.8	15.9	15.0	15.3	15.8	2.3	4.0
TechM	1,326	1,496	1,660	ADD	56.5	77.0	89.0	96.0	26.5	19.4	16.8	15.6	17.6	22.3	24.0	24.1	5.4	19.3
LTM	1,158	3,915	5,270	BUY	182.9	208.6	246.1	281.4	21.4	18.8	15.9	13.9	23.2	23.9	24.6	24.4	9.8	15.5
Persistent	863	5,468	6,070	ADD	124.9	146.4	174.5	204.5	43.8	37.4	31.3	26.7	26.3	27.0	27.1	26.8	15.9	17.9
Mphasis	431	2,303	2,840	ADD	101.5	113.5	128.5	142.1	22.7	20.3	17.9	16.2	18.6	19.0	20.0	20.4	9.9	11.9
L&T Tech	336	3,177	3,570	ADD	123.2	144.5	166.4	189.9	25.8	22.0	19.1	16.7	20.7	22.1	22.6	22.8	8.1	15.5
Tata Elxsi	187	2,996	3,900	ADD	112.6	123.7	145.4	167.1	26.6	24.2	20.6	17.9	23.8	24.5	27.0	28.9	8.5	14.1
Cyient	120	1,085	1,450	BUY	48.4	64.1	78.2	90.9	22.4	16.9	13.9	11.9	9.7	12.1	13.8	14.9	12.0	23.4
Zensar	100	442	565	ADD	35.0	33.9	38.4	42.2	12.6	13.0	11.5	10.5	17.6	15.2	15.5	15.4	6.8	6.4
Birlasoft	76	272	365	ADD	19.5	21.3	24.1	28.0	13.9	12.8	11.3	9.7	14.3	13.8	14.3	15.2	7.3	12.8
Sonata	68	241	340	BUY	18.8	17.7	20.9	24.2	12.8	13.6	11.5	10.0	29.2	24.5	25.4	25.9	7.2	8.8
Mastek	52	1,651	1,920	BUY	137.2	135.4	149.9	169.8	12.0	12.2	11.0	9.7	15.9	13.5	13.4	13.6	6.2	7.3
Happiest Minds	46	300	360	ADD	14.9	18.1	20.7	24.5	20.2	16.6	14.5	12.3	13.9	15.5	16.0	16.9	10.8	18.0
IT AVG									19.9	17.5	15.4	13.6	22.2	22.6	23.5	24.2	7.6	12.5
IT Median									19.3	16.1	14.1	12.3	19.7	22.2	23.3	23.5	7.3	12.4

Source: HSIE Research, CMP as on 8th Oct, 2026

Exhibit 9: Global IT Peers: valuations

Company	MCap (USD bn)	CMP USD	TP	RECO	EPS				P/E (x)				RoE (%)				USD Rev CAGR% FY26-29E	EPS CAGR% FY26-29E
					FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E		
Accenture	112.2	184	NA	NR	12.3	13.9	14.7	15.7	15.0	13.3	12.5	11.7	25.8	27.2	26.0	25.2	4.8	8.5
Cognizant	25.9	57	NA	NR	4.6	5.7	6.3	6.9	12.6	10.0	9.1	8.3	15.2	17.7	17.4	17.1	4.9	14.7
Capgemini^	17.3	102	NA	NR	9.5	12.4	13.4	14.4	10.8	8.2	7.6	7.1	13.7	15.4	15.3	15.5	5.6	15.1
EPAM	5.6	108	NA	NR	6.8	13.1	14.1	15.1	16.0	8.2	7.7	7.2	10.3	16.3	15.3	14.6	4.0	30.8
Globant	1.5	35	NA	NR	2.3	5.9	6.1	6.5	14.9	5.9	5.7	5.4	5.1	11.5	9.7	9.4	1.7	40.5
TietoEVRY^	2.0	18	NA	NR	(1.2)	1.6	1.7	1.8	NA	11.2	10.4	9.7	(11.8)	20.6	17.8	17.8	(0.8)	NA
Global IT AVG									13.8	9.5	8.8	8.2	9.7	18.1	16.9	16.6	3.4	21.9
Global IT Median									14.9	9.1	8.4	7.8	12.0	17.0	16.4	16.3	4.4	15.1

Source: Bloomberg consensus, HSIE Research, CMP as on 8th Oct, 2026, ^ in EUR



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