February 13, 2025

The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.
Scrip Code: 543398

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex Bandra East,
Mumbai 400 051
Scrip Symbol: LATENTVIEW

Dear Sir/Madam,

Sub: Transcript of Earnings Call for the quarter and nine months ended December 31, 2024 held on February 07, 2025

Pursuant to Regulation 30 read with Part A of Schedule III and 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call held on February 07, 2025, post announcement of financial results of the Company for the quarter and nine months ended December 31, 2024.

The transcript is also uploaded on the Company's website at https://www.latentview.com/investor-relations/.

This is for your information and records.

Thanking you,
For **Latent View Analytics Limited**

PARTHASARATHY SRINIVASAN Digitally signed by PARTHASARATHY SRINIVASAN Date: 2025.02.13 13:24:15 +05'30'

P. Srinivasan
Company Secretary and Compliance Officer

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"LatentView Analytics Limited

Q3 FY '25 Earnings Conference Call"

February 07, 2025

MANAGEMENT: **MR. RAJAN SETHURAMAN – CEO**
MR. RAJAN VENKATESAN – CFO

MODERATOR: **MS. ASHA GUPTA – E&Y LLP, INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of LatentView Analytics Limited. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from E&Y LLP, Investor Relations. Thank you, and over to you, ma'am.

Asha Gupta: Thank you, Alaric. Good evening to everyone, and welcome to Q3 FY'25 earnings call of LatentView Analytics Limited. The results and presentation have already been mailed to you, and you can also view them on the website, www.latentview.com. In case anyone does not have the copy of press release or presentation or you are not marked in the mail, please do write to us, and we will be happy to send you the same.

To take us through the results today and to answer your questions, we have the CEO of the company, Rajan Sethuraman, whom we will be referring to as Rajan; and we have the CFO of the company, Rajan Venkatesan, whom we will be referring to as Raj. This is just to avoid the confusion while doing the transcript. We will start the call with a brief update on the business, which will be given by Rajan and then followed by financials given by Raj.

As usual, I would like to remind you that anything that is mentioned in this call that reflects any outlook for the future or which can be construed as forward-looking statements must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included, but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report that you can find on our website.

Having said that, I will now hand over the floor to Rajan. Over to you, Rajan.

Rajan Sethuraman: Thank you, Asha. Good afternoon, everyone, who has joined this earnings conference call. I wanted to kind of just kick it off with a few opening remarks about the quarter that's just been completed.

You will see from the press release and the numbers that we have shared that we had a very strong quarter in Q3. And there are several things that highlights for us during this quarter. We do see some traction coming back in terms of bigger deals that we have been pursuing over the last several quarters. And this is something that I've been highlighting in earlier interactions, and we were very happy to note that we were able to close some of these big deals. One of the notable big deals is something that we have shared as part of the press release as well. It's the largest deal that we have done till date in terms of annual revenue from a single statement of work, and this is one of our existing accounts.

So in general, the traction with existing accounts is fairly strong. We also had a strong quarter in terms of the number of new logo additions that we had. I'm also happy about the fact that 3 of these accounts were one of that we had worked with in the distant past, but with whom we were able to re-engage and bring them back into our fold. About half of these 10 new additions are Fortune 500 companies, and they will have substantial requirements in data analytics in the coming years as well, and we expect to grow them significantly over the course of next fiscal and beyond.

However, I do want to point out that with many of these fresh starts, we are still seeing initiatives more in the nature of pilots and POCs, thereby restricting the initial deal size and the engagement to about $100,000 to $200,000. But these are all very interesting projects that they have kicked off in the AI/ML, the generative AI and the Agentic AI space. Over 10 new engagements for us this year so far in the Generative AI space. And this is something that is going to grow in the coming quarters as well.

Another important highlight for us was the very strong performance of the BFSI vertical. We have crossed the $10 million mark in terms of the revenues that we are expecting for this vertical in this year. And overall, for the full year, we will be growing in excess of 40% rate when we tie it up at the end of the year. This has been on the back of new wins. The 3 logos that we got back into, they were all in the BFSI space, and we also had some strong deal momentum with the existing accounts that we are working with.

On the flip side, we do see some headwinds when it comes to the CPG space, the consumer goods space. This is an area where we have doubled down on the recent times in terms of investments that we have made, both organic as well as inorganic in terms of acquisition of Decision Point. We do see some headwinds in terms of the general market conditions for CPG companies, which has resulted in their own subdued performance. And also impact in terms of their market capitalization and appetite to spend on initiatives, as a result of which there is some amount of consolidation and cost cutting that is going on. We are looking at this and then we are figuring out ways by which we can reallocate effort and resources in the right direction so that we continue to do well in this space. This will continue to be an area of focus, and I will keep you updated on subsequent interactions in terms of how this space is panning out.

I also wanted to call out that last quarter, we had indicated that as far as Europe is concerned, we will be doubling down specifically on the CPG space. So overall, CPG is seeing a lot of focus from us in terms of leadership and management attention. We just need to navigate the current challenges that is there in the overall market environment for our consumer goods companies.

On another note, we had a very, very strong quarter in terms of our data engineering horizontal and the Databricks Center of Excellence and the partnership that we're building with Databricks. I had mentioned earlier that we have been elevated to the elite partner tier, which is the highest partnership tier. This quarter also saw us becoming a part of their product, Advisory Board with our lead for the Databricks COE being nominated to the Partner Advisory Board. This is a board that Databricks leads on when it comes to the evolution of Databricks itself as a solution and product, and we are very happy and proud we are part of that advisory board.

We also had a couple of our people being designated as partner champions, which is the highest recognition they provide to people who are solution architects and who bring the depth of technical expertise required to implement and deliver using Databricks. There's also good traction in terms of the number of opportunities that we are jointly pursuing. And this quarter saw that not only us bringing opportunities to the table, but that being reciprocated by Databricks as well, right, in terms of the leads into which they were getting us in terms of conversation.

The other good point for us this quarter has been the traction that we have seen with the global capability centers and with the India practice. Two of the new logos that we won there with large business houses in India. And it's interesting to note that these are substantial engagements in terms of the India market, and we are seeing some interest in terms of employing and deploying the really high-end Generative AI and other types of solutions that would help them manage their operations, improve their decision-making and effectiveness.

On the GPT front, there has been expansion with some of our accounts. We also have good interest in terms of the new conversations, and we are expecting that we will close a few more in the current quarter and the next quarter.

Finally, I just want to call out that overall, from a brand building and applicability perspective, the events that we organized, the marquee event that we do in the Bay area, which is related to LatentView Analytics Roundtable event as well as other events related to GCC and other specific verticals also saw would be the traction. And we are seeing impact in terms of the kind of conversations as well as the leads and opportunities that are being generated by them.

So overall, I just want to conclude by saying that as a fairly strong quarter. I had earlier indicated that the second half of the year we will see uptick in terms of the revenue numbers. And we are very happy to note that quarter 3 did deliver those numbers. Of course, the entire environment is currently in a fairly interesting inflection point. I'm sure that all of you have heard news about DeepSeek and other related innovation that is happening in the space. While some of these dynamic forces will create challenges and will mean that there is a certain quantum of work that could get automated or being driven by solutions. We also believe that this brings a whole host of opportunities for us in terms of what we can do with emerging technology. So our focus and our attention will go towards building the kind of solutions and capabilities that will help us deliver using the new technologies.

With that, I'll hand over to Raj to talk about financials and give a bit more color.

Rajan Venkatesan: Thank you, Rajan. Good evening, everyone, and welcome to our Q3 earnings call. Rajan gave a good perspective on the business performance as well as the overall sentiment and the current momentum that we are witnessing. On the back of that, we are pleased to report that the operating revenue for the current quarter came at about INR 228 crore, reflecting a growth of almost 9% on a sequential basis and 37.5% on a year-on-year basis.

Now of course, the 37.5% on a year-on-year basis also includes Decision Point for the current quarter, whereas we didn't have the results for Decision Point in the previous year. But the good thing to note is for this particular quarter, both the organic as well as the inorganic business on a sequential quarter grew in excess of about 8.9% to 9%, as you can see in the investor presentation that we put out on our website.

In terms of what really drove the growth in this particular quarter, growth largely continued to come from existing logos. Rajan spoke about the large deal win that we had at one of our largest accounts, which is our largest single value SOW till date. That plus growth in some of our accounts continues to be the pillar or really the reason why we've been able to sustain the growth momentum.

However, what is also very positive notice in this particular quarter, we were able to add close to about 9-plus accounts. While we were not able to realize the revenue potential from some of these new signings in this particular quarter, we will see the full benefit of some of these new signings in the coming quarters.

In terms of the dollar revenue growth itself for this particular quarter, the dollar revenue came in at $27.2 million compared to about $25.1 million in the previous quarter. There, again, the growth in dollar terms was also fairly good.

The one point that though I would want to specifically spend some time on is you would note that we've also in our press release, we reported that our adjusted EBITDA margin came in at about 26.1%while the reported number came in at about 22.1%, the reason why the adjusted EBITDA is a little important for us to dig a little deeper is, this particular quarter, there were two things that impacted our reported earnings, one of which we had already disclosed in the previous quarter which was the transaction-related expenses. These are essentially retention bonuses and payments that we earmarked for Decision Point acquisition. And so that is a charge that we are accruing on a quarterly basis. So that was one.

But more significantly, this particular quarter was again impacted by a forex loss, which was primarily on account of intra-group loans. So, these are loans that we had given out to our subsidiaries in U.K., Netherlands and Germany to capitalize them. And there was a sharp movement in the INR versus the GBP and euro, which meant that for this particular quarter, the total loss that we had to book on account of the forex movement was close to about INR 6.8 crore. Now had these two things not been there, our business EBITDA or the adjusted EBITDA that we reported would have come in at 26.1%, which is reflective of the strong operating performance that we were able to deliver in this particular quarter.

Now the PAT for this particular quarter came in at about INR 42.6 crore with a PAT margin of 17.6%. Now while on a sequential basis, the performance continues to be strong. If you compare this on a year-on-year basis, you will also recollect that this year in comparison to the last year, the 10AA benefits that we had for our delivery centers in Chennai, we actually lost the SEZ benefit. So we no longer get the tax exemption. The second reason is also that last year, we had the benefit of certain ESOPs that were exercised in the U.S. due to which there was a carry-forward loss, which we were able to offset in the previous year. So both those benefits cease to sort of continue in this particular year because of which our effective tax rate has gone up for this particular year. Also the PAT for this quarter, as I called out, was also impacted by the forex loss that we had to report.

In terms of, I would say, the geographical split of revenues, U.S. still continues to be the dominant geography, contributing about 90% of our overall revenues. Europe and LATAM, of course, continue to be much smaller. But we do expect that with the Decision Point acquisition on a full year basis, we will have the full benefit of the integration in the following year. Our percentage contribution from APAC as well as LATAM regions should go up in the following year.

In terms of the industry, technology continues to be the strongest vertical for us, which came in at about 65% of the overall revenues. CPG and retail contributed about 19% of our revenues. And the financial services practice, while I know for this particular quarter came in at about 9% of the overall revenues, one of the things that we are happy to report is that sequentially as well as I would say, on a year-on-year basis, our financial services practice has continued to grow. In fact, we are well on our way to sort of deliver a $10 million sort of a business for the financial services in the following quarter.

Overall, I would like to end by saying that as we had outlined during our Analyst Day in the last quarter, we had given a revenue outlook, which was in the range of $100 million to $105 million. Our current performance is definitely tracking towards that number. We expect to close, on a full year basis, our numbers will be in that range that we had indicated in our Analyst Day. And as we speak, we are also in the process of putting together a strategic plan for us to deliver the $200 million to $220 million that we had outlined over the next 3 years that we had outlined during our Analyst Day. Overall, I would say, a strong quarter with strong operating performance. Our cash balance again stood at in excess of about INR 1,000 crore as at the end of the last quarter, which reflects the strong cash generation capability of the business.

Our overall headcount for this quarter, including the Decision Point employees came in at about 1,600-plus employees. With that, I'm going to conclude, and I'm going to hand it back to Asha and we can open up for Q&A.

Moderator: The first question comes from the line of from Vimal Gohil from Alchemy Capital Management Private Limited.

Vimal Gohil: Congratulations on a very strong quarter. Sir, my first question is if you can help us, now there is a definitive change in the commentary from the erstwhile quarters, wherein we were a bit circumspect of closure of large deals. Since that has changed, do you see the similar kind of a momentum carrying forward in Q4 as well? But after this kind of a performance, I was actually expecting our guidance to be upgraded. So, if you can help us give us some more color over there? And how do we see FY'26 shape up post this? Secondly, on margins, I mean, when things are not so great in terms of demand, but we continue to pursue investments in capabilities and sales. How should we see the trade-off between investments and the revenue growth helping margins going forward?

Rajan Sethuraman: Sure. So yes, you're right. I mean, this quarter has been a definite bump up in terms of the growth trajectory. The reason we are being a little cautious about guidance for the full year as well as for the next fiscal is also because of the winds of change that are blowing at this point in time. I also called out the headwinds in one of the verticals, right, which is the CPG space. So we do want to watch this and understand this a little better.

From a medium-term perspective, there is emerging understanding that a lot of the work that is currently being done using FTE services model will start shifting to more of products and solutions that are employing the emerging foundational plus reasoning model plus Agentic AI, right, on top of that. Now we believe that, that is an opportunity for us as well because these things need to be put together and they need to be built. But what that will also mean is that for the current quantum of work that is being done, the productivity benefit will significantly kick in. And therefore, if the model continues to remain where we use a solution at the back end but leading with FTE and services. We'll have to obviously find 2x, 3x the current quantum of work that we are doing for us to sustain that kind of revenue run rate. Of course, if it shifts to a complete product model, then licensing and other kind of mechanisms will kick in. So that is one aspect of it.

The second is there is also going to be opportunity related to a whole lot of new things that can be done, right, on the back of the emerging tech stack. And given our 18-year history and experience in a variety of problem areas, we believe that we can build the right kind of solutions that will make sense in that emerging context. So, all of this opportunity is there, but we do need to understand this a bit more, we need to spend a bit of time in figuring out what is the approach that we will take for the opportunity while protecting turf as well, in some sense.

So we'll be able to update you more in a quarter or so. We are also in the middle of our internal strategy discussions, as Raj mentioned earlier. So at this point in time, I would say that we just want to factor in all of these things and not run too much ahead of ourselves in terms of the guidance that we provide. Raj, do you want to comment on the investments and the margins?

Rajan Venkatesan: Yes. So as far as the investments are concerned, we would continue to invest on some of the specific areas that we've outlined, right? For instance, developing, maybe earmarking a certain portion of expenses towards R&D to build out capabilities on the GenAI side and some of the emerging sort of trends that we see, is going to be a part of the strategic plan. We will also continue to invest for building out our Databricks capability, which again, from a strategic standpoint, we believe is going to be a strong pillar of growth for us.

So some of these investments, I would say, will continue to sort of stay ahead of revenue visibility in some sense, right? I think if your question is where the long-term EBITDA margin going to track towards. So even in this particular quarter, if you see, adjusted for this forex loss, which is completely non-operational in nature, it has nothing to do with the business performance. It is more to do with the treasury side of things. And this also, by the way, we are taking some corrective actions on this. We will sort of look at the level of debt that has been given out to some of our subsidiaries. And therefore, the level of volatility or the forex losses that you will see in the coming quarters should come down, and that should not have an impact on earnings. So adjusted for this forex loss, we were already at about 25% odd levels in this current quarter.

Now of course, if the question is whether this 25% will sustain and then therefore, we will deliver 25% to 30% growth at 25% EBITDA margin. I think the question really is, one, Rajan did speak about the fact that there could be right now where we are, the industry itself is at an inflection point. And therefore, we may need to make some of the investments around building out GenAI capabilities, building out some newer gen capabilities. And some of this would need some level of, I would say, reinvestment back into the business, and that could be between 1% to 2%. Our sort of guidance is that we would want to stick to a floor EBITDA, but we will be able to give a better guidance as we conclude on our strategy exercise, which we are currently doing.

But long term, the intent would be to stay between that 20% to 25%, if possible, towards the higher end of that guidance, but we will continue to invest for growth is the guidance that I would like to give.

Vimal Gohil: Understood. And the $3.2 million contract that we won, any ramp-up timelines that you would want to offer the tenure etc?

Rajan Sethuraman: It's fully ramped up already. So it's a 40-member plus team. We have fully ramped up that project and we have started executing.

Vimal Gohil: So basically, you will see the impact of execution in the next quarter itself?

Rajan Sethuraman: Yes, yes. We already saw it. We are seeing it in this quarter.

Rajan Venkatesan: Yes, the last quarter had only probably 1 month of the revenues. This quarter is where we will really see the full benefit of that.

Rajan Sethuraman: Yes, you are right.

Vimal Gohil: Understood. Understood. And just last question from my end. You pointed out a lot of interesting developments in the industry over the past 15 days or so. Initial assessment tells us that given the incrementally the hardware intensiveness of GenAI is expected to go down, which will bring out the focus on software engineering per se. How should we see LatentView's value addition to our clients in this kind of a scenario? Assuming that this plays out the way we see it.

Rajan Sethuraman: Right. So from a decision-making standpoint, which is what data analytics is all about and also embedding the decision, into the operating flows and processes of an organization, the stack is evolving, right? I mean you do have a data layer at the bottom. And there is work that needs to be done on the data layer itself. I mean, because you can deploy, even if you have high-quality foundation models, and reasoning model, all of that is only as good as the data layers that you have built. So there will be continuing investments on the data engineering front and building those data layers. I'm sure that there will be plenty of opportunities there and that is kind of aligned with our thinking in terms of building capabilities around data engineering, Databricks and so on. So there's going to be opportunities there.

But above the data layer, you will then have the foundational models, right, the broad-based foundational models, which can provide the kind of capability around analyzing unstructured, structured, video, all kinds of data, right, and with the generative AI capabilities that are there. But above that, you will then have reasoning model in the stack. And the reasoning models will tackle very specific areas with particular expertise around that domain, right, solving particular pain points and opportunities. And then once you are using the reasoning models, then you need a way by which you can disseminate that information into decision-making and that is where Agentic AI and then embedding it into application layer, right, that clients already have concept. So that's the kind of emerging stack when it comes to decision-making and data analytics.

Now in all these layers, clients organizations will have different options available in terms of buy versus build. And if they are buying it, right, the number of different routes that they can take. I mean earlier, foundational models meant going to the large Bahamas models like an OpenAI or Gemini. But now DeepSeek has shown that you can actually take a very different kind of an approach, to building foundational models even. So all of these layers, there will be options available and they will have a choice of partners to work with. And that is where we see a certain amount of confusion also in the minds of clients. And our own consulting practice is now focusing on building out points of view in terms of how clients can navigate all the choices and options available for them when it comes to creating this stack and utilizing components of the stack that they already have.

So we see opportunities emerging in terms of advising clients on this and then also building and implementing, right, components of this as we move along. The good part of this is that a lot of the pain points and opportunities that clients are intending to address and which then might have delayed or postponed could potentially be done at a much lower cost going forward.

Even very simple things like that go from look-back analytics will probably get a lot less expensive because of the combination of the components in the tech stack. So that's where the opportunities will emerge as well. So our intention is to have a very solid understanding of the stack, create the kind of decision path for navigating that stack itself and then build the components that would go into that stack.

I don't think we'll build all of that stuff, but we will build the ones where we have the strongest experience and the domain expertise so that we can actually bring the efficiency and the effectiveness impact for our clients in terms of how they do their decisioning making.

So that's how we are seeing them evolve. At this point in time, we are fairly optimistic about the number of opportunities it will create for us rather than being worried about some of the volume of work that could potentially get productized or automated in the past.

Moderator: The next question comes from the line of Karan Uppal from PhillipCapital India.

Karan Uppal: Congratulations on a strong set of numbers, both on growth and margins. And thanks for the additional disclosures around the operating metrics in the presentation. So the first question is on the productivity benefits. So Rajan, you alluded to some of the productivity benefits which needs to be passed on to the clients. So some of our peers are highlighting about this where they have passed on these productivity benefits to the high-tech clients. Now you have 65% exposure to this segment. So are you also witnessing a similar ask from these large high-tech clients in any of the work schemes? Yes, that's the first question.

Rajan Sethuraman: Yes, absolutely. In fact, we were just discussing exactly this point in the strategy discussions that we were having. So there are already expectations from clients as well as existing stakeholders as well as new prospects in terms of the total quantum of effort that will be required in doing some of the work that we are doing and also the turnaround time. I mean what clients were willing to wait for, for a couple of months or 3 months, the expectation is that it will now be done in weeks. The good thing is that the evolving technology stack actually allows you to do that.

So absolutely, I mean, the only point I want to call out is that if we keep the solutions and the assets and the accelerators that we are building at the back end and primarily engage from a contracting perspective, using an FTE services model, then it will mean something, right, in terms of the revenue for the current quantum of work and the volume of work that they are doing.

However, if we're able to convert these into solutions that can be deployed or even products, if you might make a leap, then you have other engagement contracting models as well, right, that could actually help split the benefit of all of these productivity improvements both ways, meaning that the client gets the benefit and because we have built that product or solution, we get the benefit of an asset. So that's the intent. So we are building those kind of solutions and assets, right, that will help us make that kind of shift as well, right, in terms of how we engage with the client.

Of course, it is best done in areas where we are very confident on the back of the experience and the domain understanding and capability that we have built. And these will be created as capsule, right, that we can take into the market. I mean the good thing is that a lot of the solutions that we already have, whether it is in supply chain or whether it's around R&D and innovation or RGM or multilayer visibility, right, all of these already have these components, and we are also enhancing them using the new reasoning models and the Agentic AI kind of mechanical. So that's the intention that we will look at finding ways by which we can also partake of the productivity benefits, right, that we can push into the stock.

Karan Uppal: So just a follow-up on that. So you don't expect passing on these productivity benefits to the clients, you don't expect that to be deflationary for you from the revenue perspective. You still think that based on your capabilities and the solution set, you can still find ways to generate additional revenue. Is that what you are saying?

Rajan Sethuraman: No. My point is that we need to pass it on to the client as well. When I said partake, I mean see, the emerging stack also means that clients are also familiar with the art of the possible. And their expectation also changes in terms of the turnaround time and the effort estimate that they believe is required. Our intention would be to try and find ways by which we can create contracting models where we get some part of that productivity outlook right, or not pass on everything to the client.

If you engage only in FTE services model, then the client just pays for the number of people that you deploy, right? We will find ways by which we can also price and cost the solutions and the assets and the accelerators. Or if possible, even build these out as products, that can be licensed out. So that is what the attempt will be, right, in the coming months.

We have some experience in doing this in the past. I mean, the company that we have acquired, Decision Point, they have already successfully demonstrated with their BeagleGPT solution. And we have done that in the past as well, right, some of the solutions that we have built. So the intention would be to try and capture some of the productivity benefit for ourselves while passing on a good chunk of it to the clients as well.

Karan Uppal: Okay. Got it. Secondly, on Generative AI. So how is the Generative AI pipeline shaping up for you? Also, is Generative AI eating up some of your existing analytics business, let's say, in data visualization, diagnostic, descriptive analytics?

Rajan Sethuraman: The second part of the question is what I kind of answered, right, earlier because some of the expectations around productivity improvement and turnaround time really stems from the advances in generative AI and Agentic AI and so on, and that's what we are building in. The Generative AI pipeline is pretty strong. I mean, even in this fiscal, about 10% of the work that we are doing is around Generative AI. If I look at the pipeline for the next year, almost 20% of the conversations that we are having are all around Generative AI.

In the past, I have indicated that we have been taking a 3-pronged approach when it comes to generative AI. There are 4 generative AI solutions that we have built where the main value proposition is based on the generative AI capabilities. Agentic AI will now get added on to that as well, right, on top of it, in terms of how we also build it or embedded into a workflow that actually gets delivered.

The second aspect of the generative AI approach has been to create the Gen AI wrappers on all of our existing solutions so that interacting with those solutions and accelerators becomes very easy, whether it is being done by our people or it is being done by the client. And the third aspect has been the whole productivity area, okay?

In terms of how do we do work smarter and faster using generative AI. And that is a point that connects to the second part of the question. I mean if we can use GenAI-based approaches and solutions to do our work faster, our work with less effort, then that's the productivity benefit, right, that we are looking to share with our clients, give it to the client, but also find ways by which it can enhance our own margins, right, and our revenue returns.

Karan Uppal: Okay.. And last question from my side is on the TCV. So you mentioned that overall, you are seeing good traction in the bigger deals. So how is the TCV right now versus, let's say, a year back? And how is the overall pipeline for you?

Rajan Sethuraman: See, our business tends to be a bit cyclical in the sense that when we end the fiscal quarter 4, which is the quarter that is currently underway, that is when we have the best number from an order book perspective because all of the ongoing contracts and statements of they all get renewed anywhere starting the November, December time frame and ending with Feb/March.

So when we get to the end of the current quarter and when I connect with you all again, that is when our order book will be the best. Once that happens, over the course of the year, the orders start getting executed and then we have to wait for the next round of renewal, okay? So I just want to give a context.

Now with that context in mind, if I look at what were the order book number at the end of quarter 4 last year versus where we expect to be at the end of this year, there will be a good 35% kind of a jump in terms of the order book. So that's the visibility that we have at this point in time.

Moderator: The next question comes from the line of Chirag Kachhadiya from Ashika Institutional Equities.

Chirag Kachhadiya: So I have a couple of questions. I just want to know when this amortization and depreciation charge will get normalized? And second, as we aim to almost reach to double the size of the top line in next 3 years or more than that, what will come from the pricing per se, I mean, increasing the price of the services which we are offering from cola perspective? And second, from logo addition point of view, should I take assumption like we will double the existing client base to reach to that attrition level which we mentioned during Analyst Day? Yes, that's two questions I have.

Rajan Sethuraman: So yes, thanks for your question, Chirag. I'll address the second part of the question, and then I will turn it over to Raj to talk about the depreciation and amortization part of the question.

In terms of the expectation on how much of this will be contributed by price revisions and increases. Typically, in the past, we have seen year-on-year about 3% to 4% kind of benefit coming in from price revisions. This is in a regular year, okay? I mean if you have challenging years like COVID and all, then obviously, that number goes for a toss.

Now given the current economic situation, with a certain amount of uncertainty related to tariffs and all that other things, plus the technology inflection point that is happening, it's a hard thing for us to predict. We haven't factored in any kind of pricing-related impact, in our current projections that we are making, right, when we say that we will double from $100 million to $200 million and $200 million to $220 million, right? If we are able to secure pricing increases, then it will be good for us, right, on top of that. What was the other part of the question?

Chirag Kachhadiya: On depreciation and amortization part. When it will normalize?

Rajan Venkatesan: So the amortization or the intangibles that came from the Decision Point acquisition will last for a period of about 5 years. So per se, the transaction-related costs that we are now excluding for the purpose of adjusted EBITDA don't relate to the amortization. They are more in relation to specific retention bonuses that we have year-marked, which is to be paid out at the end of 2 years. And that is expected to continue for another 5 quarters, post which you will not see the impact of the transaction related cost that we are currently disclosing under adjusted EBITDA.

Rajan Sethuraman: Chirag, I remember the second part. You were asking whether the number of clients will double for us in that period where we are looking to double the revenue? Not really. Because, in general, we see that in any year, 80%, 85% of our revenues really come from existing clients and grow with existing clients. So, at this point in time, I think we probably have about 60 accounts that we are working with. I'm not expecting that 60 to become 120 in a 3-year time frame. On the contrary, we will be comfortable if we are able to add even anywhere between half a dozen to 10 accounts every year, but accounts which are strong and which can provide the kind of revenue trajectory right, over a period of time.

So the intent also in terms of bandwidth allocation for our market-facing people will be heavily skewed in the favour of client servicing, client partners, account managers because we believe that we do have a good set of accounts where we can actually go deeper and broader, right, in terms of the spectrum of services that we are providing them.

So those general trajectory will be to double down a lot on fewer accounts, but do more work with that. So I'm not expecting that the number will double. It will increase, of course. We will have a growth team focused on acquiring new logos, but we are fine with that contributing a certain percentage, right, around the 15%to 20%, right, with the bulk of it coming from growth from existing accounts.

Chirag Kachhadiya: Just one follow-up question. So in a scenario where development in LLM and Generative AI side is coming on a very lesser amount of time, the way DeepSeek and all has happened in the past 2 weeks. So do you think going forward, companies, especially our clients establish in-house department for the generative AI and all that somewhere create a hurdle for us or anything such your thought on same?

Rajan Sethuraman: Yes, it's an interesting dynamic, right, that's at play. I mean, imagine that a client organization with deep large pockets had taken a call that they will replicate an OpenAI, Gemini type of an approach, and they had started investing a significant amount of money into building a LLM. They would have also been appended significantly by the change that has been introduced because of DeepSeek's approach. So while everybody is happy about the fact that you can build foundational models using a stackable kind of a mechanism and a route. It also has shown that any paradigm can be disrupted. I mean, for a fairly long period of time, almost 2 years since ChatGPT became widespread, right, amongst even lay people. Everybody was talking about how you need to put in a whole amount of money, right, and spend millions of dollars to do anything. Now that whole paradigm has been thrown out of the window because of what DeepSeek has done.

So while there is appreciation, there will also be a little bit of apprehension in terms of what will be the next new paradigm, right, and whether it will come even faster at us. So my expectation is that clients will need to factor all that in, right, when they decide to do something in-house. I'm sure that some of them will do. I expect clients to build more small reasoning models, which address their particular pain points. But then small reasoning models also mean that they lend themselves for third party to come in and build something really strong and credible. So there will be that build versus buy and the choice of many options that will be available, and that will be the new emerging ecosystem. And clients will also need help and advice in navigating all of that stuff, which is what I mentioned earlier saying that consulting work around that itself, right, could be significant. So all of this means it's a fairly dynamic evolving scenario. And I'm sure that clients will all find their equilibrium point, right, within this depending on their own culture, personal preferences and all those stuff.

Moderator: The next question comes from the line of Varun Kumar, an Individual Investor.

Varun Kumar: Congratulations for the great set of numbers. I just want to know if we are planning to have another acquisition like we have done Decision Point a time ago. And you also talked about that we are looking for some other opportunities as well in future. Do we have any other plans like this in our pipeline?

Rajan Sethuraman: So, the area that we have all been discussing, debating and converging towards to do something around data engineering, specifically around Databricks as a capability because that's the area that we are doubling down significantly. I did mention earlier on how in the new stack around decision-making, the data layer will still be a very important aspect on the foundational layer, right, of the stack. And most organizations still struggle with it. I mean every conversation that I'm having with the CIO, CTOs and CDIOs, they all talk about how it is a big issue for them, right, just in terms of the very fragmented data ecosystem they all have even within the organization. So with that in mind, that is an area where we are looking for opportunities. But we also want to be careful in terms of identifying, evaluating and then pursuing the opportunities so that we are fairly confident that, that will be accretive, right, in terms of both revenue growth trajectory as well as EBITDA. And therefore, we will be fairly choosy and selective, right, in terms of what we do. We do also have the task of the ongoing integration of Decision Point. I did call out that the CPG space is facing some headwinds. So, we have to figure out how to navigate all that and then get the full benefit of that acquisition, through the integration measures that we are undertaking. I mean, obviously, at the end of the day, it's all a question of how much leadership and management bandwidth we can allocate to all this.

Our M&A corporate development team is still in action and the team is still identifying and continuously evaluating and bringing opportunities to the table. So that work is still on. So if we find a good opportunity around that, we will definitely pursue it.

Moderator: The next question comes from the line Shubhansh Singh, an Individual Investor.

Shubhansh Singh: Sir, I have one simple question. How will the reported EBITDA be impacted by this bonus-related charges, which we are offering to Decision Point? And secondly, sir, a general question as I'm a layman. Since this Generative AI is panning out and is disrupting, the companies would need certain experts to execute these Generative AI projects. So we are in the best position to provide this service. So how do you see Generative AI contributing to our revenues and our businesses?

Rajan Sethuraman: Yes, Subash, thanks for the question. I'll address the second question, and then I will turn it over to Raj to talk about the impact of the bonus payment to Decision Point on the EBITDA. You are absolutely right. I mean, I think Generative AI and the entire emerging evolving landscape around that presents a whole host of opportunity. Also, what has happened in the last 2to 3 weeks, it has kind of opened up a lot of clients and stakeholders who are kind of sitting on the fence and then thinking about what they do or what they do not do.

Now they all see that there is a real opportunity because the cost of doing what they were intending to do is potentially a lot lower, maybe even on an order of magnitude lower, right, in comparison to what they might have been thinking about earlier. So, this will mean that there will be a whole lot of opportunities that will come. And you are right that they will be looking for experts who can help them do the kind of solutions, also navigate all the choices that are available in front of them. That's what I was mentioning earlier when I said that our ability to help them with consulting and thought leadership on understanding, evaluating and navigating the options around that stack, that itself could be a significant aspect of the work that we do in the coming quarters. So our intent is to double down on all of that stuff. Because we have been doing generative AI work already through the course of this year and even in the last year, even with the precursor of some of the technology like a bot, which came before Gemini, for example, right, from the Google House.

We are in a fairly strong position in terms of our understanding of the space and how we can apply all of these things, right, in the contact with the clients. So our intent would be to double down and create those opportunities for us and for our clients as well. Raj, do you want to talk about the bonus payment?

Rajan Venkatesan: Yes, specifically, the retention bonus, right, I mean, I did talk about it, the fact that this is, in some sense, not relating to the core operations of the business. This is, again, a transaction-related cost. But since we follow Ind AS. And Ind AS says that anything that is linked to the service or service tenure of employees needs to be classified as a payroll expense. And therefore, this particular retention bonus that is earmarked for a set of critical employees that came along with the Decision Point acquisition and which will be paid out at the end of 2 years, which is the earn-out period and there is a present value that is estimated for this liability.

And what we are doing is we are essentially creating a charge that is there in the books every quarter. Now you will see this charge coming through for the next 5 quarters, post which you will not see this impacting EBITDA. I hope that answers your question.

Moderator: The next question comes from the line of Vimal Gohil from Alchemy Capital Management Private Limited.

Vimal Gohil: What I noticed is despite the challenges that we are witnessing in CPG, Decision Point still made it to a 9% sequential growth this quarter. So is it that the challenges were back ended in the December quarter and you will see the full impact of that in March? Or is it that the other verticals for Decision

Point performed exceedingly well during the quarter this past?

Rajan Sethuraman: Yes, Vimal, obviously, the work that Decision Point has done and delivered in Q3 has been contracted even earlier, and we have executed that. You will also recall that Decision Point does a lot of the work in project mode on a fixed fee, fixed scope pricing kind of a model as opposed to the managed services kind of a construct that LatentView has been employing, right, in the vast majority of the work that we do.

So when I mentioned the headwinds, it is the visibility that we have, right, in terms of prospective conversation. We do see that many of the conversations that we have been pursuing over the last couple of quarters, they are taking time to fructify. There are delays. And in general, it is because of a bit of the stagnation that consumer packaged goods companies have seen in the last half year or maybe a year. That coupled with some of the tariff and other implications that could potentially be there, it is a cost for concern. I mean, LatAm is a big market for Decision Point. And any tariff kind of impact that might be there could impact the revenues from LatAm, could impact revenues from China, for example, right, for some of the CPG companies that we work with.

We're just being cautious in terms of the unfolding scenario, and we would like to understand that better. There are opportunities in the pipeline, some of them fairly significant that we are pursuing. But we do see headwinds in terms of the tone of the conversations that we are having, with the stakeholders that we are interacting.

That has also meant that in many instances, clients have resorted to some amount of consolidation and shifting of decision-making from business stakeholders to central CIO, CTO procurement organization that have cost control more as the focus. And all of those things could have a bearing in terms of how this thing unfolds. So we're just being watchful of that, right, in terms of being cautious about the projections.

Vimal Gohil: Rajan, with all the puts and takes, do we see Decision Point still growing in FY'26?

Rajan Sethuraman: Yes, yes, absolutely. That's the plan that we have created, and we are working on it. And it is not just Decision Point now, it is the combined CPG practice that we have, right? We are preparing the overall strategic plan for growth. And at this point in time, aspirationally, we are still targeting 40% to 50% growth, right, in terms of the combined CPG practice that we have. And this will also include investments that we are making in Europe, for example, right, in terms of the front-end team. Of course, all of that needs to pan out. I mean this is a plan that we have. This is an aspirational plan. We do need to execute and then we need to see that decision-making come through from our clients for us to realize those growth numbers.

Vimal Gohil: In this current demand environment, even if you were at 30%, I think it will be a damn good job.

Moderator: The next question comes from the line of Varun Kumar, an Individual Investor.

Varun Kumar: What will be the guidance for Q4 in terms of revenue? And I can see the profit after tax is almost 17% of our revenue as there was a lot of transaction costs involved, as Raj mentioned. But going forward, what we can expect in terms of PAT, like it will be 20% or anything around that? Can you please put some light on it?

Rajan Venkatesan : So yes, so in terms of the guidance for Q4, you'll have to appreciate the fact that Rajan did mention Q3 was a very, very seasonally strong quarter for us. We also executed on several large initiatives that we won at some of our largest accounts. Some of these projects, for instance, while we did execute, we also have to understand that some of them will go from a development phase to a maintenance phase in the coming quarters, which would mean that the revenue growth guidance that we can at this point in time give for the next quarter will be between 2% to 3%. That will be the range at which we will sort of operate on a sequential basis.

On the EBITDA side, our expectation is that the margin in this particular quarter was impacted by this forex loss that we had, but we don't expect a similar sort of a charge in the following quarters, which means that at least on the EBITDA side, we will be in the range of 24% to 25% for the subsequent quarter.

Your question again on PAT. PAT again was for this quarter came in at 17% and was impacted by the forex loss. If you take that out, realistically, the business should continue to deliver a 20% PAT number in the long-term.

Moderator: The next question comes from the line of Karan Uppal from PhillipCapital India.

Karan Uppal: So just on the TCV discussion. So Rajan, you mentioned that the TCV growth has been in the range of 35% last Q4. And given the strong exit which we'll have in Q4. Do we expect FY'26 to return to, let's say, 25% to 30% sort of growth for us?

Rajan Sethuraman : So, part of the jump is also on account of the inorganic addition, I mean, out of the 35%. So I mean, obviously, there will be a re-baselining effect, that will kick in at some point. And then we will have to look at that. I mean our sense at this time, like I said, we are still going through the internal discussions. We would like to be a bit conservative and then put out a guidance more in the 18%to 20% kind of a range in terms of what we see.

We have to factor in all the points that I talked about. But the excitement is there in the team in terms of the opportunities that they are seeing in every one of the verticals. So I will be in a position to give you a better answer when we meet again at the end of next quarter. At this point in time, we would like to retain the current trajectory of growth rate as guidance.

Moderator: Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to the management for the closing comments.

Rajan Sethuraman: Thanks, and thanks for coordinating this. Yes, it's an exciting period for everybody in this space, anyone who is doing any work related to data analytics, whether it is somebody like us, doing only data analytics work or whether it is a client organization and their internal analytics team or whether it is a large systems integration firm. That is also doing a bunch of other work because what has happened in the last few weeks has opened up a whole bunch of possibilities and everyone is trying to understand what this means for them in terms of what they can do. I think start of the possible has undergone a fundamental shift in terms of the impact of the evolving tech landscape and the stack itself.

At this point, based on our initial reading and assessment, we believe that the mix and the type of work that we do and how we do that work and how we deliver that will all go a fundamental shift in the next 2, 3 years. But rather than worrying about how many jobs it's going to take away and what it will mean in terms of ongoing work, we feel excited by the possibility that it will unlock a lot more investment coming into the space.

Some clients, from organizations that build solutions from other players within that ecosystem. And we believe that it will create plenty of opportunities for us as well. So in some sense, we are looking at how we kind of redefine and look at what shape and form our own approach and business takes in the coming quarters. So it is definitely an inflection point in some sense. We do believe that it will be a positive inflection point based on how we view the situation at this point in time.

And we are gearing up to put our heads down and then build the kind of capabilities and solutions and value propositions that will make it exciting for our clients and for our people as well. So that's where we are. I will obviously have a lot more to share in the coming days as some of these things become clearer to us. But thank you all for attending the call today, and we hope to talk to you soon. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of LatentView Analytics Limited, that concludes this conference. You may now disconnect your lines.

Note: *This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.*