

February 09, 2026

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, 2025 held on Monday, February 02, 2026

Pursuant to Regulation 30 read with Part A of Schedule III and 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call held on **Monday, February 02, 2026**, post announcement of financial results of the Company for the quarter and nine months ended December 31, 2025.

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**

P. Srinivasan
Company Secretary and Compliance Officer



“LatentView Analytics Limited
Q3 FY '26 Earnings Conference Call”

February 02, 2026

**MANAGEMENT: MR. RAJAN SETHURAMAN – CHIEF EXECUTIVE OFFICER –
LATENTVIEW ANALYTICS LIMITED
MR. RAJAN VENKATESAN – CHIEF FINANCIAL OFFICER –
LATENTVIEW ANALYTICS LIMITED**

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

Moderator:

Ladies and gentlemen, apologies for the inconvenience for the conference to start at a later part. Good day, and welcome to the LatentView Analytics Limited Q3 FY '26 Earnings Conference Call. As a reminder, all participant 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 and 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 team. Thank you, and over to you, ma'am.

Asha Gupta:

Thank you, Sagar. Good evening to everyone, and welcome to Q3 FY '26 Earnings Call of LatentView Analytics Limited. And sorry about the delay in starting the call, apologies for inconvenience caused. The results and presentation have already been mailed to you, and you can view them on the website, www.latentview.com. In case anyone does not have a copy of press release and presentation or you're 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, to whom we will be referring as Rajan and we have the CFO of the company, Rajan Venkatesan, to whom we will be referring as Raj. This is just to avoid 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, which will be given by Raj.

As usual, I would like to remind you that anything mentioned on this call that reflects any outlook for the future or which can be construed as forward-looking statements must be viewed in the conjunction with the risk and uncertainties that we face. These risk 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 Venkatesan:

Thank you, Asha. For a change, this time, we are going to flip the order, and this is Rajan Venkatesan. I will go first, and I'll give the financial update, which will be followed by a slightly longer business update that Rajan will share.

So good evening, everyone. I think this is the first time we're doing a call a little later in the evening that's also because the Board meeting happened in the US this time. So Rajan and I are dialling into this call from the US. We're very happy to report a 12th consecutive quarter of sequential growth and very happy with the business trajectory that we've been able to accomplish.

On a sequential basis, dollar revenue grew by about 5.7% whereas in rupee terms, revenue grew by close to about 8% in Q3. In line with our historical performance in Q3, you would note that this is a quarter that's typically strong for us seasonally, owing to 1. Customers looking to exhaust their budget, but more importantly, also contracts that we had stitched together earlier in the year, they need to get executed and delivered by 31st December, right. So traditionally, Q3 has always been a strong quarter, and this year was no exception.

We are particularly pleased by the strength of the financial services practice, which is continuing to grow at an exponential pace. The share of the BFSI to the overall revenue has gone up by almost 4% since the beginning of this fiscal, and that's a very, very encouraging sign. Specifically, a couple of the accounts that we had added close to about 12 months back are continuing to drive this growth, and

we have been able to penetrate and add new statements of work across multiple stakeholders within these client organizations. Rajan will later on give an update in terms of how is the future or the next year look especially for the financial services practice.

But as we head into the end of the fiscal, BFSI will continue to remain strong and continue to deliver strong sequential growth even in the subsequent quarter, right? The other good news is, of course, technology, which is our largest vertical, while there was a little bit of sluggishness in the earlier quarters has also returned to a growth path this particular quarter.

This was primarily driven by, I would say, year-end projects at a few of our large accounts, which led to this growth. We were also able to secure price increases in our second largest account, that also led to a little bit of the growth that we saw in this particular quarter.

CPG and retail, you would have seen that the results, while in the last quarter, the commentary was very positive and bullish, in this particular quarter, the results were a little more flattish in relation to the Q2. A couple of reasons that can be attributable to that.

One, there were a few onetime projects that we executed in Q2 where we were expecting follow-on work to come through in Q3, which has not happened. They've gone on a bit pause mode. So this was with a large apparel manufacturer as well as one of the largest FMCG companies based out of Europe. In both these accounts, the projects that we executed did not result in any follow-on work. But more importantly, I think for one of the large clients of Decision Point, which is the world's largest beverage manufacturer, while there were several projects in the pipeline, there were timing delays in terms of start dates for some of these projects. And the good news is, of course, we've been able to win quite a few of those projects in Q4. But the net result of that is you were not able to see the benefit of the small value projects at this large beverage manufacturer in Q3. And that was the primary reason for the muted performance in the CPG and retail segment.

In terms of headwinds and factors impacting growth, Rajan will talk a little more about some of the ground level feedback that we are hearing from some of our clients. But overall, for this year, I would say we are on track to deliver revenue growth of between 19% to 20%. So we should end the year with revenue between \$119 million to \$120 million.

A few of the projects that we are currently working on, if we are able to execute them, we could even go past \$120 million. But right now, the confidence is to deliver revenue between \$119 million to \$120 million, in line with what we had guided before.

I'm going to talk a little bit about the impact of the Labor Code. So while you would have seen that revenue on a sequential basis grew by 7.9%, payroll and benefits, specifically grew by 11.1%, which was disproportionate to the growth in revenue. A couple of factors that impacted the higher payroll and benefits cost. One, of course, is the impact of the new Labor Code. Here, I would like to take a pause and highlight a couple of things. You would have noted that the total impact on account of the restructuring that we have done was close to about INR4.6 crores or roughly about 1.6% in terms of EBITDA, and that's what we had reported even in our press release. Actually, this number is much lower in relation to some of the other peers or when they put out their earnings, the impact for some of them was much, much larger whereas, we had been proactive about this earlier.

In April'2025, we had undertaken a significant restructuring exercise, where the basic salary for all our employees was brought up to 50% of the overall CTC. This was the primary reason why we were not as impacted as some of the other peer set. Having said that, we are currently in the process of working with the consultant to restructure the components of compensation for all our India-based employees to ensure full and absolute compliance with the new Labor Code, and we expect that this exercise will get done by 31st March 2026. We do not anticipate any further negative impact on account of such restructuring, if anything, there could be a positive impact. So, I wanted to make that very clear. But on an ongoing basis, the restructuring of compensation will mean that there will be an impact of between 10 to 15 basis points on our earnings going forward. So that's the level of incremental cost that we anticipate going forward. So this is one.

The other one-off in this particular quarter, which I would also like to highlight is in line with our sort of position to make the company a lot more nimble and future forward-looking, we also relooked at all the roles within the organization. And we did realize that there was some level of additional capacity that was built up over a period of time. And there were certain roles that also did not align with our sort of strategy going forward. So, there was a little bit of a rationalization exercise that we undertook in this particular quarter where we let go off close to about 40-odd people across different functions, including enablement, delivery and also growth and market-facing goals. So there was a cost of close to about USD 200,000 that was also associated with this onetime restructuring exercise that we had undertaken.

So, these were the 2 primary reasons as to why payroll costs and benefits, the rate of increase was substantially higher than the rate of increase in revenue, but we expect this to stabilize and normalize in the coming quarters.

Coming to SG&A, of course, this particular quarter, despite having a fairly large one-off expenses in relation to this being our 20th year since the time we were set up and there were certain sort of employee engagement group, gift-related expenses that were incurred in relation to the 20th year celebrations, which was like a one-off. Despite that, we have been able to exercise tight control on SG&A, and you will see that SG&A compared to the previous quarter came in at almost a 12% lower.

So, to some extent, the lower SG&A spend could be attributed to lower travel, which is also a little seasonal because in general, November and December tend to be a slower period in terms of business development related travel. So that also contributed to the lower SG&A spend in this particular quarter. But going forward, we do expect even for Q4 SG&A to be in line with what was there in Q3. And therefore, if anything, you will see operating leverage play out

In terms of investments, for this particular quarter, we brought in Venky Ramesh and Rajan will talk a little bit more about his portfolio, but Venky will be the Chief Client Officer for our consumer retail and marketplaces practice. He's someone who comes with a deep understanding of the CPG domain and worked in organizations like EPAM and Infosys in the past. So, we brought him on board towards the end of November.

We've also continued to invest in client partners in line with our philosophy on deepening client relationships. So we've added client partners across our consumer and technology practice. We've also brought in an AI need specifically for our technology process and we're already beginning to see quite a few initiatives that are being driven by this new AI that we're bringing in. Rajan will elaborate a

little more about the strategy on the AI side during this conversation.

So, net-net, I think all of this, the revenue growth followed by tighter control on SG&A meant that our reported EBITDA for this quarter came in at 22.4%. However, the adjusted EBITDA, which is adjusted for the transaction-related costs came in at about 23%. If you were to add back the onetime labour code related restructuring costs, the adjusted EBITDA for this quarter would be closer to about 24.6%.

On a full year basis, we expect that our EBITDA would be closer to about 24%, right, which is in line with what we had guided earlier in the year. PAT and EPS for this quarter, of course, came in much better. So you will see that the growth in EPS and PAT was much better than the revenue growth. There was, of course, a small benefit that we also had on account of ESOP exercise. So, this is the last tranche of ESOP that was given out pre-IPO, that vested in this particular quarter.

And in the US typically when ESPOs are exercised, this is an allowable tax expense, and we did see the benefit of that coming through in this particular quarter. And that resulted in a lower tax outflow compared to the previous quarter. But net-net, our EPS as a result of this, in this quarter grew by about 13% in comparison to the previous quarter.

With that, I'm going to now hand it over to Rajan to talk a little more about the business and the strategy going forward, and we can later on open up for Q&A. Thanks, Rajan.

Rajan Sethuraman:

Yes. Thanks, Raj. Raj has covered quite a bit of the stuff, so I'm just going to add additional points that I thought might be of interest. One of the things that we are currently undertaking is an exercise around rebuilding our consulting practice aligned with what the market expectations are.

If you remember, we have talked about our consulting capabilities and the work that we're doing related to analytics road map and prioritization of initiatives in the past. This is being done with a team that is cutting across all of our industry entities, bringing in capabilities related to functional areas as well as work related to preparing those kind of road maps and doing the heavy problem solving.

We have now reoriented the team to be a little bit more integrated with the entity in the sense that even if we talk about, say, supply chain skills or marketing analytics still, we feel that there are differences between what needs to be brought to the table from industry to industry. So therefore, rather than just have a common team, we are rebuilding the team with a specific domain focus and expertise, right being the key criteria. So this is an exercise that will pan out over the next few quarters. The people that we already had, we had reassigned them into the different rates based on the dominant expertise. So we will update you more on this in the coming quarters.

A second area is the entire Databricks strategy and how it has been executing. Very happy that we are going from strength to strength there. We had talked about a significant bump up in terms of the revenue coming in from Databricks-related work in comparison to last year. We continue to see that momentum.

We had 4 joint wins along with Databricks in the quarter, right, and then the preceding months. There are over 30-plus leads that have been identified that we are working on. And we also continue to get funding support from Databricks for POCs where the client is looking for some initial investment right from Databricks or from our end. And therefore, good to see that as well.

Overall, I would say that we are on track for the \$50 million target that we had from a 3-year perspective. A few things that we expect will happen over the next 2 years to help get to that number, a more focused on vertical solutions in the retail consumer goods manufacturing space around migration, around supply chain analytics, around RCM rate and all and other vertical solutions that we are building. We are also expecting that the number of people who are certified and have core expertise will go up from 300 to 600 to 800 for that period of time.

We are adding more people into our on-site domain expertise required to support this growth, both from a go-to-market as well as from an architecture solution in perspective. And potentially, we will also look at acquisition opportunities in the space, specifically related to SAP, given Databricks partnership with SAP. That's one area that we are looking at in terms of other good opportunities there where we can get a significant bump up, right, in terms of the capabilities that we bring to the table.

The third point that I wanted to address is the diamond account strategy that I had talked about in the past, if you remember, we had mentioned that we have identified 25-plus diamond accounts, which we believe will give the main thrust for the growth that we are anticipating over the next 2 years. This is a continued focus area for us. Of course, we are trying different approaches in terms of how we can not only expand the opportunity landscape, but also bring more focused content and value proposition and then have a rigorous disciplined process right in terms of executing towards that.

Raj talked about Venky Ramesh coming on board as the Chief Client Officer for the combined consumer goods, retail and marketplaces practice. One of the things that he has been driving over the last couple of months him coming on board is to do a complete review of all the accounts that we have across Decision Point and LatentView. And in our discussions recently, we spent time on looking at our top 6 accounts, for example, where we believe while we are currently doing only about \$10 million of work, there is potential to do more than \$150 million of work, right, in the areas that we have identified. So these are the kind of things that there will be a focus on.

CPG, in particular, we see that our diamond accounts in the food and beverage space in quick commerce, these are the areas where we will double in order to drive the growth. Overall, I also see that similar kind of a trend in some of the larger accounts that we have in technology as well as in financial services. Our top account in technology, for example, even with one of the business units that we're working, we see hundreds of millions of dollars of potential in terms of what we can go as the total addressable market and currently in the process of expanding the relationship, right, in each of those business units.

Similarly, the account that has driven the growth for us in the financial services space, we believe that we can double our revenue there. And this could emerge as one of our top 3 accounts, in fact, in the next 2 years based on the focused growth strategy around the diamond accounts. The expectation and the intent also is that there will be more integrated value propositions that we've got across multiple areas that will help us deepen the penetration and widen that interaction accelerate across the different businesses, geographies of all the clients that we're working with.

Finally, I wanted to touch up on the AI strategy on the centre of excellence. If you remember, we had announced this at the start of this financial year in terms of putting our arms around all the work that we are doing, not only in the traditional AI machine learning kind of work, but also in terms of generative AI and agentic. Over the last few months, we have been doubling down on some of the

pieces of work that we're doing and what it means for us in the coming months and coming quarters.

So there are 3 areas that we have identified that we will focus on to drive the growth in this space. One is around conversational analytics. We already have multiple solutions and products that we have built in this space. You will recall AI Penpal, LASER, the BeagleGPT solution that has been built by Decision Point, but I've talked about this, in fact this is an area where we see continued momentum and trust, and we will focus on this.

A second area is what we broadly call business process automation. This is a space that traditionally have been in the IT services and maybe even the process outsourcing space, but there is opportunity to bring a lot more of an agentic approach to doing this work. We are already doing a bunch of pilots as far as production-grade projects, leveraging these kind of capabilities. I'll touch up on it in a minute. But this is the second area of attention for us.

And then the third is around the general topic of governance, specifically on eval and observability. And we believe that this will become important and significant in the coming quarters and years, especially as organizations doubled down on bringing in all the data that they have and applying the power of generative and agentic to driving automation, efficiency, productivity and so on.

Now how are we going to do this? There is, again, a 3-prolonged kind of approach. One is, of course, to build very, very strong expertise and capability in the skill sets and the areas that are needed to deliver on this. Second is a very intentional effort that we are undertaking across the organization in our diamond accounts in the specific entities, for example, on identifying the kind of processes and the areas where we support our clients where an agentic architecture can drive the type of automation and productivity benefits and efficiency gains that I talked about.

This is an exercise that's has been underway for the last couple of quarters. This quarter, in particular, there's an initiative that we are doing in one of our top tech accounts called Velocity AI, which has identified over 10 opportunities that we are now engaging with the client on just in this one account.

In the retail marketplaces entity, we ran a hackathon that identified over 2 dozen opportunities and 6 of them qualified for final presentation and 3 of them, we are now selected where we're going to be initiating client conversations on how do we implement the agentic solutions that we have built. And similarly, across the organization, there is an exercise underway to identify more such opportunities.

The intent is to go and have conversations with clients on a proactive basis, telling them that the work that we are currently doing work that's being done from a process automation perspective by others, it is a completely new approach using agentic architectures, which will drive that kind of benefits and get a leg up in terms of positioning ourselves for grabbing a larger share right of the work that's being done in that area.

Finally, the third aspect of how the AI strategy will pan out will be related to investments that we make in partnerships as well as maybe even strategic stakes in smaller organizations that are building very specific solutions. Again, this is something that we discussed extensively in the Board meeting yesterday, and there is good alignment on this approach. This is something that, again, we would expect to pan out over the next several quarters.

There are already multiple candidates that are on the table that we are evaluating. Each of them bring

very, very specific solutions to areas that can be addressed using the generative and agentic approach, and we expect to make some of those investments in the coming quarters. So broadly, that's what we expect will drive the action in the space. I know that's been a long introduction, but we wanted to cover the ground and some of the stuff, but we will stop here to take questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Srinivasu K. from TIA.

Srinivasu K.: Congratulations for the great set of Q3 numbers. You mentioned that 4 joint wins and 30-plus leads with Databricks and also funding support for POCs. So can you quantify Q3 Databricks linked revenue? And also what is the expected conversion rate for these 30 leads, at least for next couple of quarters?

Rajan Sethuraman: Right, the conversion rate is a little easier. I mean, we are seeing at least 30%, 35% success there. I mean these leads, at least in terms of the early traction that we are seeing. The good thing with Databricks is that while, obviously, there's a universe of opportunities that we can follow, they are also very, very focused in terms of how they want to take the Databricks solutions to market, and there's a lot of internal validation that happened before the joint approach and the proposition is built, for the product opportunity. So in general, I would say the conversion rates are better than what we have seen with other partners.

For the 4 logos that we won, I think this year, if I'm not mistaken, the revenue that's coming through the joint approach is close to \$1.7 million. This is out of a total of \$16 million to \$17 million that we are likely to do. So it's about 10% revenue coming in through the go-to-market action that Databricks is driving for us. I'm expecting that percentage will increase in the coming quarters.

Of course, the rest of the money has been on the back of accounts that we have won ourselves or we've done work with them in the past and we either helped implement the Databricks environment or we have helped deliver use cases on top of our Databricks environment. So that's a broad projection that we have, right? So, we expected that, \$16 million to \$17 million number, which is the overall Databricks revenue, that is the number that is expected to get to the \$50 million mark in a couple of years from now.

Srinivasu K.: And regarding your AI accelerators, like MARKEE, MigrateMate, some of them I've seen in your website. So across this analytics, agentic automation, governance, what accelerators do you sell repeatedly today? Is it like fixed price or subscription or part of services?

Rajan Sethuraman: Largely part of services at this time. I mean, in fact, you used the word accelerator as well. So, some of these are positioned as Brickbuilder Solutions. But in most instances, they are in the nature of assets and accelerators. The one solution where there is a significant chunk being delivered out of the box is the MigrateMate solution, right? So the migration work. We have built a fairly strong set of accelerators integrated into the solution. So that makes the job a lot easier.

So, while there is significant nonlinearity because of the effort reduction, they are still being delivered as a combination with the services model. So we still price based on overall effort. To some extent, the migrators and the accelerator has helped position us better in terms of the pace of which the project can be executed.

Srinivasu K.:

Okay. So one general question, sir. What prevents from our Indian outsourcing system integrators copying these accelerators? Like what is latent use defensible IP?

Rajan Sethuraman:

Actually, nothing proven them. I mean it is just a question of focused effort, right, in that area and the extent to which you are able to bring the combination of the domain technology, the architecture expertise. And the strength of the relationship that you are able to build with the partner ecosystem as well. So it's just a combination of all of these things. In general, I mean these hypothesis can be validated otherwise.

I mean smaller companies are able to act with a bit more ability on these matters, whereas it could be a more cumbersome process in larger organizations. That doesn't mean that they will not be able to do these things or replicate. I mean there is obviously a need to continuously look at how we can stay at the leading edge in terms of the kind of problems that can be solved and how it can be addressed using a generative or agentic or any approach for that matter and how it can be built and integrated into the partner platforms and the solutions that we are working with.

So it's just a question of how quickly we can move the domain expertise that you're able to bring to the problem, your articulation of the value proposition, right, in the conversations that you're having and the extent of connect and relationship, right, with the partner itself. So it's a combination of all of them.

I mean, Databricks, for example, they had identified us as one of the few generative AI partners that they are working with, and we have done several workshops along with them. It is not because domain expertise doesn't reside in other companies. It's just like how well we are able to bring all that to bear very quickly using the new approaches, right? And the way we are able to articulate that. So that's what we hear from them, right, in terms of why they prefer to work with partners who are native to the AI ecosystem, for example. But I think the same hypothesis will extend right to the other topics.

Moderator:

Our next question comes from the line of Srinath V. from Bellwether Capital Private Limited.

Srinath V.:

Congratulations, guys, on the good set of numbers. I just wanted to understand this Databrick \$15 million, \$16 million, where would it be reported? Would this be largely in CPG and our industrial practice because the growth in those 2 practices has been a little soft, so wanted to understand how they flow into our numbers?

And second is, going forward, as these businesses scale as the Databricks start funding our projects and bringing us leads, again, would it be fair to assume that these 2 practices will actually lead growth for us probably in FY '27 or FY '28. Just wanted some views on the same.

Rajan Sethuraman:

Yes. Thanks, Srinath. Right, I mean till date, the growth in relation to the Databricks revenue has been largely led by the work that we do in the consumer goods space, in the industrial space and in technology itself. And as I mentioned earlier, it is not necessarily all revenue related to LatentView going in and doing a Databricks implementation. I mean that thing of work will be a part of it, but in many instances, it's the delivery of analytics use cases on an existing Databricks environment that the client already has.

And as we execute those use cases, there might be other additional data that moves from whatever legacy or siloed ecosystems that they have, and we'll then take responsibility for moving the data and

integrating into the overall picture. I'm expecting that the growth will continue in this sector. In fact, I mentioned that CPG repay manufacturing, right? These are sectors that we are expecting.

The good news or the traction that we are seeing in the industrial manufacturing space is something that is giving comfort. In fact, we won a substantial engagement with auto component manufacturer, and we are seeing quite a bit of traction there. In fact, after the next couple of days in the Bay Area, I'm actually proceeding to Detroit, where as we spend in 3 days.

There is a quarterly business review meeting happening with this client. And we are expecting that there'll be more work that will need to be done, right, on top of the Databricks environment. So those sectors, like technology, consumer goods, manufacturing, these are ones where we see further action in the coming quarters.

Srinath V.:

Just taking forward on this question. How do we understand, again, in the current business between pure migration and say use case-driven implementation of this suite of products within the customer who already have Databricks. How is this mix for us? And how is it likely to progress over the next few years?

Rajan Sethuraman:

Our mix interestingly, is the flip of what data bricks themselves are experiencing. In our case, only 20% or less of the revenue will be coming in from the hardcore migration work. Much more of it really happens on the back of the analytics use cases that we deliver, right, closer to 80%.

But Databricks has also called out that while, in fact, their own origins are more from analytics machine learning perspective, right, in comparison to other hyperscalers or even a snowflake, they continue to see a lot of traction just in getting the migration done, and they're also making it a lot easier for companies to move data into their ecosystem as well as leave it there and do analytics, right, even without moving.

I mean their entire partnership with SAP, for example, is based on the premises. You don't need to necessarily move all the data at one shot or anything. You can continue to operate in an environment where a lot of the data resides in SAP, but you still use Databricks, right, for the analytics use cases.

On the back of all of this, I'm expecting that the 20% will get bigger. In fact, the MigrateMate solution is seeing traction with auto component manufacturers that I mentioned, for example, there is quite a bit of work around moving the data into the data base. But several of the leads that I mentioned earlier, the 10 needs are related to that as well. My expectation is that the 20% will likely become 30%, 40% in the coming quarters.

Moderator:

Your next question comes from the line of Pritesh Thakkar from PL Capital.

Pritesh Thakkar:

Congratulations on a good set of numbers. I just had a question on, I know Raj's commentary on -- indicate that there is some follow-up work is anticipated, but it has gone on a slowest mode. Just wanted to understand, will it be a growth headwind going into FY '27. And along with it, one of the beverages company also indicated there is some slowdown. So if you can put a colour on that, the retail and CPG part of the volume?

Rajan Venkatesan:

So, Pritesh, if I hear your question right, you're talking about some of the headwinds that we are seeing in some of the technology accounts, that's the one that you were talking about. The second one is

around the sluggishness in the beverage company. I'll address the second one first.

See, in terms of the muted performance for CPG retail in relation to the previous quarter while when I think the last quarter, at least the last couple of quarters have been fairly strong in terms of growth momentum for CPG and retail. Last quarter, specifically, while there was anticipation because of quite a few deals and opportunities that are there in the pipeline, right?

These are multiple small value projects, which is typically the engagement model that we have with this large beverage manufacturer where we provide several point solutions or, in fact, execute RGM projects for specific products in specific markets. That's the nature of the engagement with the client.

There were multiple of such opportunities that are there in the pipeline, which in reality we were not able to close them out in time for us to book the revenue. The good news is that these are now beginning to sort of get firmed up and signed up and you will start seeing expansion in the CPG vertical in this particular quarter, especially Q4, because we've seen a lot of these pipeline opportunities getting closed.

Specifically in relation to the headwinds that we're seeing in technology, I wouldn't say it's a broad-based vertical specific issues, it's probably more a client-specific, I would say, condition or situation that is playing out where one of the stakeholders that we work with in this large account is reevaluating the way they engage with contractors or vendors. This particular person is someone who typically prefers to work with FTE as opposed to contractors.

And therefore, there is some relook and at the way they are engaging it not just with us, with other vendors as well. So I think this sort of pause and weak condition will go on until about 31st of March, post which we are expecting that there will be enhanced clarity in terms of the way forward for this year, right?

But what this meant is that there is some level of either consolidation or budget cuts that have been enforced across the entire organization. And we will see some level of impact from this to play out, especially in Q4 of the current year for the technology vertical. But on the positive side, while there is dependency or there is a fairly large revenue dependency from this particular stakeholder, there are multiple other threats that we have opened up in this large account. These are in relation to people analytics. These are in relation to some of even supply chain practice that we are trying to get into the devices practice.

So there are multiple other threads that are going on right now, which should partially offset the drop in revenue that we anticipate from this particular consolidation exercise. We expect the net impact of this in the order of, say, maybe on an annualized basis between \$5 million to \$6 million of revenue on an annualized basis. But as we plan for the next year, like I said, we anticipate that this shortfall as we begin this year will be made up by wins that we will get from other stakeholders. I hope that answers your question, Pritesh.

Pritesh Thakkar:

Understood. This is really helpful. And on the tech side, I mean, on the top 2 account earlier also you indicated that we had some productivity pass-through or productive benefit that we called out last quarter. So that is there still, I would say, still impacting the top line? Or you believe as we assume FY '27 that thing will go and incrementally you would start facing volume from there?

Rajan Sethuraman:

So in terms of productivity benefits. I mean, let me take the question. So the productivity benefits is not necessarily in terms of the revenue impact because of team size reductions at this time because in general, even especially with tech accounts, we have been already proactive in terms of proposing the right kind of team sizes, right, based on what we already see as efficiencies that can come through.

The contracting and engagement is still being done in an effort-based model. The reduction or the revenue impact in this large account is mainly and because of their changing priorities in relation to freeing up capital for investments that they are making, right, in other areas like data centres, for example, or LLM models and so on.

In general, in the tech space, there is a bit of softness on lower priority analytics initiatives, and they will pick only the most impactful ones. And every organization obviously has a spectrum of initiatives where they are trying to get as much benefit out of even nuanced decision making as possible because that is what resets a bit because of all the money flowing right into capital expenditure on the LLM and the infrastructure fund. I'm expecting some amount of normalization will happen, right, over the next few quarters.

I mean we are also perverting on how even those investments that they are making can benefit their organization. So, while they're building a lot of this for their own clients, it's also like how do they use the internally, right? So I talked about the Velocity AI initiative that we are running, right, with this particular account. And it's mainly aimed at identifying use cases where their investments and what they have built in terms of modelling capabilities can be turned to their own business running their business. I'm expecting therefore some of the traction to come back as they make the pivot.

Pritesh Thakkar:

Understood. So given all these puts and takes, I mean, do you believe FY '27 could be a year where we can replicate a similar growth what we are anticipating in FY '26?

Rajan Sethuraman:

So that's the intent. I mean we did a ground-up exercise just preceding this Board meeting, and we have received a set of numbers based on where the current set of discussions are leading to. Now we will be refining these over the next 1.5 months, right, before we wrap up the fiscal so that we are having more concept, right, in terms of what we are able to project for the next year.

The trajectory that is called for to get to that \$200 million number would require close to a 30% kind of a growth, right? So that's what we'll be targeting, but I'll be able to give you a better update on what the specific numbers would be, right, that we'll be able to provide us guidance when we get to the next quarter.

Pritesh Thakkar:

Understood. And the last one, on the severance pay of 70 bps that we incurred this quarter, so that will be a tailwind in fourth quarter. Is it a right assumption?

Rajan Venkatesan:

That is correct. Yes. No, definitely severance of about \$200,000 that was paid out will obviously not be recurring in nature, right? So it will be a tailwind for the following quarter.

Moderator:

Our next question comes from the line of Aditi Patil from ICICI Securities.

Aditi Patil:

Congratulations on good set of numbers. My first question is on renewals. So, can you talk about how renewals panned out this quarter? And did we see the overall TCV impact? Or did we see any pricing pressures and reduction in TCV in the renewal component?

Rajan Venkatesan:

So, in terms of renewals for this quarter, like I said, except for this one specific account, Aditi, where this is more a stakeholder-specific situation that we are currently handling, right? We have not seen any pressure in terms of either volumes for the next year going down or request for price reduction. In fact, in our number 2 account, which is also a tech account, we in fact were able to get a price increase. Likewise, with one of our largest industrial accounts, an account which is a \$3 million-plus account, we were again able to secure a 5% price increase.

So overall, I would say, renewals for the next year continue to look fairly healthy with no big anticipated budget cuts as well as price reductions, except this one particular large account where like I already mentioned, the impact could be anywhere between \$5 million to \$6 million in terms of volume reduction. This is just more of a, I would say, a client-specific issue where they are deciding to do either more work in-house or just eliminate some of these positions, right, because we're trying to restructure and bring things under a more central umbrella. So definitely not a case of us losing work to competition in this particular case. It's just more a case of the company itself consolidating the work that they're doing.

Apart from that, most of the renewals are already in the bag. In fact, even with the large financial account, we feel very, very solid while there was a big ramp up that we saw through the course of this year. We have a fairly good degree of confidence in terms of our ability to scale this account. So this year, we should end the year with about a \$7 million revenue from the \$7 million to \$7.5 million.

We already have visibility for, I would say, dropping close to about \$10 million plus from this particular account for the next year. This is including renewals and extensions that are likely to happen through the course of the year. And of course, these are also based of discussions and planning sessions that we are continuing to have with clients. So, all in all, I would say still fairly strong renewals, except for this one situation with a large account.

Aditi Patil:

Okay. Got it. And on margins, so if we look at the 9-month FY '26 EBITDA margins, excluding the onetime Labor Code impact and the transaction charges, it is around 23.6%. You mentioned that for full year, you are expecting 24%. So that means in Q4, the margins would be like upwards of 24%, is my understanding correct? And what would be the tailwind if that is correct?

Rajan Venkatesan:

That is correct. On a full year basis, we expect the margins to be closer to 24%, Aditi. There will be 2 specific tailwinds. So one, of course, we expect that while we have been extremely conservative when we did the exercise, even though we have appointed a consultant to do a full-blown exercise on restructuring of salary components to comply with the Labor Code and that exercise is currently underway. We have been conservative in terms of provisioning for the full impact on gratuity and postretirement benefits when we publish the results for Q3. And that is the reason why there was an impact of almost 1.6% on the EBITDA.

Apart from this, the severance pay that I already did mention that would be a cost that we will not incur in the subsequent sort of quarter. Incrementally, you will also note that while historically, Q4 is the period in which we incurred substantial costs in relation to visa sponsorship.

This year, given the changes in the visa regime and also the changes in the way companies are actually hiring people with work permit, we anticipate that the outlay towards visa costs also will be substantially lower compared to earlier years, right, or in fact, even the earlier quarter. All of this would mean that the EBITDA for the next quarter could be closer to about 25%, between 24.5% to

25% just for the quarter, which will mean that on a full year basis, our EBITDA will be closer to 24%.

Aditi Patil:

Okay. Got it. And on the restructuring part, I think the majority of the restructuring is in sales and marketing because Q-o-Q drop in sales and marketing is higher. And you have also added talent in some of the high-growth areas. So can you talk a bit more about your thought process in sales and marketing investments and rationalization at the same time?

Rajan Sethuraman:

So okay. I mean sales and marketing, in particular, it is always a continuous process of evaluation and figuring out whether the people that we bring in, right, that we have are able to stay in touch and in pace with what the market is expecting. I mean given the dynamic nature of the space, the ability to solution along with the client in a very consultative kind of a model is an important criteria. So there will always be a natural process of evaluating and then adjusting further.

The ramp-up that we have been doing over the last several quarters has been aligned with the diamond account strategy, right, that I talked about earlier, where we said that we need more people for the mining and farming supplying partners, account managers, part of the entity organization as opposed to just pure hunters. This is something that we will continue to evaluate.

Two other areas which we are experimenting with. One is whether there is a regional construct, it is more geographic rather than an industry-specific kind of a model. And second is the ramp-up that we are doing in relation to Databrick as well as the AI centre of excellence. We have been bringing in people at the front end, both domain experts as well as go-to-market people who will support the execution of the strategy related to Databricks and AICOE.

This, again, will be an area of focus as we move forward. So there will be a slow uptick in the numbers as we see growth in revenue. But the churn and the reorganization is the routine aspect of making sure that the team is effective.

Moderator:

Our next question comes from the line of Sushovon from Anand Rathi.

Sushovon:

So just one question and 2 bookkeeping questions. The first one was basically in another couple of years from now, how do you envisage your vertical mix to be? if there is some sort of flavour that you can provide? And on the bookkeeping question, basically, what do you think would be your steady-state margins and steady-state tax rates. I think those are the 2 questions I had. All the others have been answered as such.

Rajan Sethuraman:

Yes. Let me answer the vertical mix question, and I'll pass it to Raj. We have already alluded to the growth that we are witnessing in financial services, right? And even consumer goods, I'm expecting that there will be accelerated growth there, given the investments also the renewed energy rate with which we are approaching that space. Industrial, I'm still a little unsure because the general macroeconomic challenges have impacted that space the most. But having said that, there are conversations. It's just a much, much longer sales cycle. And in technology, we talked about the headwinds related to priorities that the companies have.

I think the big ones have right in relation to the AI infrastructure investments that we are making. So we will have to see how that pans out. But taking all of this into account, I would say that over the next couple of years, financial services and consumer goods will become larger shares of the revenue right that we'll be delivering. And tech will become slightly smaller because of some of the issues.

Industrials, there is an opportunity to grow there if things become a little less uncertain, but that is something that I would have to wait before I comment on.

Rajan Venkatesan:

Yes. Sushovon, on the margin question, right? So obviously, this year, like I said, right, and as is the case with even the last couple of years, what you would have noted is typically, we begin the year with margins, which are quite muted, primarily on account of one, we start the year with higher visa cost plus all the impact of the wage hikes typically tend to dent the margin profile of the business at the beginning of the year.

But as we go along during the year, revenue growth that sort of pans out in Q2 and Q3 starts improving the overall margin profile. And on a full year basis, we typically tend to track closer to about 24%, so this year, we had guided that 23%, 24% is the range in which we would like to operate, right? And while in the past that range is probably 24% to 25%.

Now while we will sort of deliver to that promise this year, and which is what we don't want to lose sight of is to get to that \$200 million revenue, right, by FY '28. And therefore, that will mean that we may need to make some investments early on in this year, right? And there are a few critical, I would say, senior roles that we will want to definitely look at as we look to build out the sort of the team muscle to deliver the \$200 million.

This, coupled with also investment that will be needed on the AICOE and R&D side will also be very necessary for us to be relevant as well as in some sense, build solutions that are forward-looking, right. So those investments will also be necessary.

And third, of course, while we've been a little slow on the M&A front over the last 12 to 18 months, we wanted the Decision Point integration to be fully successful as well as us had to have some reasonable level of confidence on the valuation numbers, right? Because you would note that the industry itself is going through quite a bit of a change and shift with revenue models being challenged, effort-based pricing being sort of again revisited things like that. So, we've been very cautious in terms of spending dollars to acquire companies. But we anticipate that some of that will change now. We will look at a multipronged approach of investing in inorganic ways, one of it could be the investments in companies that are building very, very interesting agentic AI-based technology.

Two, we could also partner with some of these companies as opposed to investing where we jointly go to market along with them. And third, would, of course, be acquiring companies under the traditional M&A playbook, right? And sure we could also potentially look at larger ticket size deals, right? So while I'm giving you a fairly long-winded answer to the question on margins, the reality today is that we need to make investments for us to get to that \$200 million mark. Right now, we end the year with about \$120 million. There's an \$80 million gap that we need to cover. Some of that will come through M&A.

But then the vast majority of it needs to come through organic growth for which will need investments, both on the innovation side as well as go-to-market side. We'll be in a much better position to guide you on the full year margins, right? So, we don't want to give out quarterly guidance on margins because a lot of times, investments are front-loaded and therefore, they could have temporary impacts on quarterly margins.

But on a full year basis, what we will definitely aim to do is not substantially disrupt our margin

profile, but you could potentially see some front-ending of this investment, which could mean a 1% to 2% drop in the EBITDA margins in the coming year, but those are necessary for us to get to that \$200 million mark, right?

The second question around ETR. Again, while this is more of a bookkeeping question. on a long-term sustained basis over a 3- to 5-year period, I would guide you guys to model an ETR of between 26% to 27% because those are, I would say, the maximum tax rate across all the dose sections that we currently operate in. So 26% to 27% is safe to assume.

These so-called benefits that we sometimes get some exercise of ESOP of options also will continue to sort of keep coming down. We do not anticipate any further benefit on tax from exercise of options. I mean that number will keep sort of coming down, so it will not have a meaningful impact on the overall ETR for the group. So you can safely assume that 26% to 27% will be the annualized ETR for the group.

Sushovon Nayak:

Just one last question. This ESOP expenses, they do hit your EBITDA, right? I mean...

Rajan Venkatesan:

They do. Yes. The ESOP expense hits our ETR, but there is a slight difference in the way ESOP is treated India and the US. In India, the differential between the fair market value of the share as on the date of the excise and the excise price cannot be claimed by the company as an allowable expense, okay? whereas the employee pays full taxes on this as part of personal taxation, the company cannot pay this as a payroll cost while filing for taxes.

But in the US, it is slightly different because for our US-based employees, whatever is the differential between the exercise price and the fair market value as on the day of the exercise can be claimed as an allowable expenses while filing taxes, right? So that's the slight disconnect. So every time we have an exercise to the extent there are employees in the US who exercise shares, we are able to claim that as the payroll cost, and that reduces our overall ETR.

So, it's a differential while for the business of books, we will not be showing this as payable cost, but only in tax when we file for taxes, we'll be claiming this as an allowable expense. So there is a differential treatment over there. And that is what you see resulting in a lower ETR especially in periods where the ESOP excise window is open.

Moderator:

Our next question comes from the line of Shubham Sehgal from SiMPL.

Shubham Sehgal:

My first question was, so most pure-play analytical firms today, they appear largely interchangeable to the enterprise buyers with similar talent pools, partner certifications and overlapping use cases. So from a client's perspective, what are the 2 or 3 tangible reasons to choose LatentView over the other pure-play firms? And how does this differentiation further show up in the win rates, deal sizes or wallet share expansion rather than just like capability narratives?

Rajan Sethuraman:

I'll call out 2 things actually. We have talked about this extensively in the past, right? One is, in general, our relationship tends to be a lot more on the business side rather than the CTO organization. Therefore, there's a very, very strong connect and the domain understanding because we largely work with the business sponsors and the stakeholders more than the CIO, CTO organization. And while it's an advantage in some instances, it can be a disadvantage as well, because larger data engineering and IT initiatives tend to be driven more by the CIO, CTO organization. This is something that we are also

understanding and navigating, right, as we move forward. But this is a differentiator. It's a very, very close connect and proximity to the business side of things.

The second is our front row seat in terms of working with the top tech companies, right, in the Bay Area and the Silicon Valley who are, in some sense, leading the race in terms of inventing the next new when it comes to AI and GenAI and agentic and all that. And that gives us a certain degree of credibility, right, in terms of how we are able to talk about all of these technologies and tools and approaches, right, being brought to bear on the problems that they are trying to address. I would really call out these 2.

Of course, there will be implications in terms of the profile of people, like the training that we provide, how connected and close we are to the leading edge of everything that is happening, right, and all that. And then if you're able to marry that all with the nimbleness and the agility, right, that are smaller organization bring, then that is what kind of differentiates us.

So as I answered an earlier question, right, even in today's call, this is not like rocket science or it's not like other organizations cannot replicate it. But I mean, historically, it has always been a challenge for larger organizations given the multiple things that they focus on or their own internal mechanisms and processes and so on. Obviously, as long as we are able to bring these kind of differentiators to the table, we continue to stay relevant, right and clients reach out to us.

Moderator:

The next question comes from the line of Surbhi from Bellwether Capital Private.

Surbhi:

Congratulations on great set of numbers. My question is on the data engineering side. We've displayed a lot of excitement for this frame of work. I wanted to understand the kind of growth that we've seen in this side of the practice, especially as we move towards doing more end-to-end deals, do we have higher share of work coming on the data engineering side, leading up to predictive and the consulting side of the work.

Rajan Sethuraman:

Yes. I mean, it's been on the ramp-up over the last several quarters. It's also accelerated by the Databricks partnership. I mean I mentioned how just a data engineering work of getting the platform ready and in some sense, creating that kind of an integrated picture across their multiple siloed ecosystem. That will be a very important prerequisite for getting any kind of analytics done, right? Leave alone generative or Agentic. Generative and Agentic will mean that you need to pay attention to this even more, right? I talked about how governance evals and observability will become important, right, in the scheme of things. This will mean that there will be even more requirements around metadata, governance-related metadata that needs to be captured and utilized on any analytics if that gets done.

So, it's not just about having some simple guidance and rules. But the individual data element level, you might have metadata requirements related to who can access it, how long can they access it for what purpose can they access it? When does it need to be deleted, whether it can be accessed in an aggregated form or mass form or at a granular form, right?

I mean, all of these things will dramatically increase the quantum of data and metadata that needs to be managed along with the complex set of rules and requirements surrounding that, which naturally means that data engineering will be a fairly important aspect, right, of work that remains to be done. Even the entire business process automation that I alluded to earlier, that can be done only if there is

a great degree of confidence and faith in the data that supports the execution of the process.

So taking all of this into account, I would say that data engineering will continue to be a fairly significant component and piece of the work. I mean I'm expecting when we get to that \$200 million mark that we have been talking about, definitely 25% of the work that we are doing should be in the data engineering space.

All right. We'll have to wrap up here due to time constraints, but thank you all for joining today. I will hand the floor back to the moderator.

Moderator:

Thank you very much. On behalf of LatentView Analytics Limited, that concludes this conference call. Thank you all for joining us, and 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.