LatentView Analytics Limited

Nifty: 23,810 CMP: Rs. 196 Target Price: Rs. 215 Rating: Hold

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WHERE ADVISORY MEETS EXCELLENCE

Software & Consulting

LatentView Analytics reported a steady 2QFY27, with revenue growing 14.2% YoY and 2.5% QoQ to Rs 2,941 mn (US$30.9 mn, +2.0% QoQ), led by industrials (+21.4% QoQ, +68.8% YoY), while technology, the largest vertical, stayed flat (-0.3% QoQ). Revenue was 2.8% below our estimates. Adjusted EBITDA rose 4.8% YoY to Rs 608 mn, with the adjusted EBITDA margin improving 30 bps QoQ to 20.7% (-190 bps YoY), as GTM cost rationalisation and lower marketing spend offset the impact of a higher bench and wage hikes; gross margin fell 270 bps QoQ to 45.3%. EBIT grew 6.5% YoY and 7.1% QoQ to Rs 487 mn (EBIT margin 16.6%, +71 bps QoQ), 1.5% ahead of our estimates, while PAT rose 6.1% YoY to Rs 485 mn, 2.0% below our estimates on lower other income. Management guided FY27 organic revenue of US$127 mn (~6% YoY; US$125 mn already signed and locked in), down from the 12% growth guided earlier, and maintained EBITDA margin guidance of 21-22%.

Management call highlights

- Revenue grew 2.0% QoQ in USD terms to US$30.9 mn, led by Industrials (+21.4%), Financial Services (+3.5%) and Retail & CPG (+2.7%). Technology (55% of revenue) was flat (-0.3%) on budget cuts at a gaming client; management believes it has bottomed out but expects FY27 to be flat-to-negative.
- FY27 organic revenue guided at US$127 mn (~6% YoY), of which US$125 mn is signed and locked in. EBITDA margin guidance maintained at 21-22%.
- Industrials (9% of revenue) grew 68.8% YoY on auto clients and could scale to ~US$25 mn, the size of financial services, over the medium term.
- Won 11 deals (vs. 5-6 per quarter on average), the largest ~US$0.85 mn, including agentic AI projects built on Observe Mate.
- Adjusted EBITDA margin rose to 20.7% (from 20.4%): higher bench and wage hikes (-190 bps) were offset by GTM cost rationalisation (+120 bps) and lower marketing costs (+110 bps). Gross margin fell to 45.3% (from 48.0%); utilisation was 84%.
- Top-5 clients at 56% of revenue (-1 pp QoQ); headcount rose to 1,779 (+52 QoQ); LTM attrition stable at 25%.
- Healthcare and life sciences (~US$20 mn) is a key pillar of the US$200 mn CY28 aspiration; the Databricks partnership has ~US$30 mn of influenced revenue.

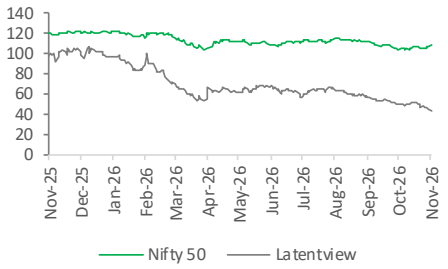
Outlook and Valuation

2QFY27 saw a sequential recovery, led by industrials (+68.8% YoY) and an above-average 11 deal wins. However, the FY27 revenue guidance cut to ~6% (US$127 mn, from 12% earlier) reflects continued weakness in technology, the largest vertical. With US$125 mn already locked in, visibility is high, and we now build in FY27E revenue of ~US$127 mn, in line with guidance. Factoring in slower growth, the wage hike and a higher bench, we cut FY27E/FY28E/FY29E EPS by 9%/11%/12% and now expect Revenue/EBITDA/PAT CAGR of ~13%/~11%/~9% over FY26-29E, with EBITDA margins of 20.8%/21.0%/21.3% for FY27E/FY28E/FY29E, below management's 21-22% guidance for FY27.

We value the stock at 18x (from 20x) one-year forward (Sep-28E) EPS of Rs 11.92 to arrive at a revised target price of Rs 215 (from Rs 258), implying 9% upside from the CMP of Rs 196. We cut the multiple as PAT CAGR slows to ~9% (FY27E PAT +2%), FY27 revenue guidance was halved to ~6% and technology remains weak; 18x is in line with the multiple of the core business ex-cash (~35% of market cap). We maintain our HOLD rating.

Shareholding (%)	Sep-26
Promoters	65.05
FII's	0.81
DII's	2.98
Others	31.17

Relative Price Performance



Key Data	
BSE Code	543398
NSE Symbol	LATENTVIEW
Bloomberg Code	LATENTVIEW
Reuters Code	LATN.NS
Shares Outstanding (mn)	207
Face Value	1
Mcap (Rs. mn)	40,578
52 Week H/L	502/196

Particulars (Rs. mn)	FY26	FY27E	FY28E	FY29E	CAGR (FY26-29E)
Revenue ($mn)	120	127	142	161	10%
Revenue	10,602	12,042	13,474	15,364	13%
EBITDA	2,362	2,505	2,829	3,272	11%
EBITDA Margins	22.3%	20.8%	21.0%	21.3%	-99bps
PAT	2,020	2,062	2,363	2,619	9%
EPS (Rs per share)	9.8	10.0	11.4	12.6	9%
PE Multiple (x)	20.0	19.7	17.2	15.5	

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Change in Estimates

Particulars (Y/E March)	Old Estimates			New Estimates			Change in Estimates		
(Rs mn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	12,551	14,499	16,545	12,042	13,474	15,364	-4%	-7%	-7%
EBITDA	2,740	3,155	3,693	2,505	2,829	3,272	-9%	-10%	-11%
EBITDA margin	21.8%	21.8%	22.3%	20.8%	21.0%	21.3%	-100bps	-81bps	-100bps
PAT	2,272	2,638	2,969	2,062	2,363	2,619	-9%	-10%	-12%
EPS (Rs per share)	11.0	12.8	14.3	10.0	11.4	12.6	-9%	-11%	-12%

We cut our estimates to reflect the lower FY27 revenue guidance and the margin pressure seen in 2QFY27:

- Revenue (-4%/-7%/-7% for FY27E/FY28E/FY29E): FY27 revenue guidance was lowered to US$127 mn (~6% YoY) from 12% growth earlier, with the technology vertical (55% of revenue) expected to be flat-to-negative. We now assume revenue per employee grows 2.5% QoQ in 2HFY27 (from 4.5%), taking FY27E/FY28E USD revenue to US$127 mn/US$142 mn (from US$133 mn/US$153 mn).
- EBITDA margin (-100bps/-81bps/-100bps): wage hikes effective 1 July, a higher bench (utilization at 84%) and gross margin compression (45.3% vs. 48.0% in 1QFY27) lead us to build in EBITDA margins of 20.8%/21.0%/21.3%, at or below the lower end of management's 21-22% guidance.
- EPS (-9%/-11%/-12%): the cut flows from lower EBITDA, lower other income (FY27E Rs 838 mn vs. Rs 888 mn earlier) and a higher effective tax rate (26.5% vs. 25.8%), partly offset by lower finance costs (Rs 93 mn vs. Rs 120 mn).

Quarterly Financials

Particulars (Rs in mn)	2QFY27	2QFY26	YOY	1QFY27	QoQ
Revenue ($mn)	30.9	29.6	4.40%	30.3	2.00%
Revenue	2,941	2,575	14.20%	2,869	2.50%
EBIT	487	457	6.50%	455	7.10%
EBIT Margin	16.60%	17.80%	-120bps	15.90%	71bps
PAT	485	457	6.10%	471	2.90%

Particulars	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Revenue by geography					
USA	86.00%	87.00%	85.00%	90.00%	89.00%
Europe	3.00%	3.00%	3.00%	2.00%	2.00%
Rest of World (RoW)	11.00%	10.00%	12.00%	8.00%	9.00%
Revenue by industry					
Technology	62.00%	61.00%	55.00%	58.00%	55.00%
Industry	6.00%	6.00%	7.00%	7.00%	9.00%
Consumer & Retail	18.00%	17.00%	22.00%	15.00%	15.00%
Financial Services	14.00%	16.00%	16.00%	20.00%	21.00%
Revenue from deals					
Less than Rs 50mn	12.00%	12.00%	10.00%	10.00%	6.00%
Between Rs 50-100 mn	6.00%	6.00%	7.00%	7.00%	8.00%
Between Rs 100-500mn	25.00%	27.00%	24.00%	20.00%	28.00%
Above Rs 500mn	58.00%	56.00%	59.00%	63.00%	58.00%
client concentration					
Top 5 clients	60.00%	61.00%	56.00%	57.00%	56.00%
Top 10 clients	74.00%	74.00%	69.00%	72.00%	71.00%
Top 20 clients	85.00%	86.00%	84.00%	86.00%	84.00%
Employees split by function					
Delivery	1,373	1,401	1,436	1,412	1,517
Sales and Marketing	91	74	74	NA	NA
Corporate Functions	125	117	114	NA	NA
Center of Excellence	140	135	120	NA	NA
Utilization Rate	84%	85%	89%	85%	84%
Offshore Employees	81%	82%	82%	83%	83%
Attrition Rate	22%	24%	24%	25%	25%

Financials

Income Statement

Particulars Y/E Mar (Rs mn)	FY26	FY27E	FY28E	FY29E
Net sales (USD mn)	120	127	142	161
Net sales	**10,602**	**12,042**	**13,474**	**15,364**
Employee cost	7,061	8,202	9,095	10,401
Other Expenses	1,178	1,336	1,549	1,690
EBITDA	**2,362**	**2,505**	**2,829**	**3,272**
Depreciation	409	444	488	564
EBIT	**1,953**	**2,061**	**2,342**	**2,709**
Other Income	757	838	1,000	1,000
Interest cost	100	93	140	160
Profit Before Tax	**2,611**	**2,806**	**3,202**	**3,549**
Tax	590	744	839	930
PAT	**2,020**	**2,062**	**2,363**	**2,619**
EPS (Rs per share)	9.8	10	11.4	12.6

Key Ratios

Particulars	FY26	FY27E	FY28E	FY29E
ROE	12.20%	10.90%	11.20%	11.10%
ROCE	14.70%	14.10%	14.60%	14.50%
Ex cash ROCE	14.20%	13.90%	14.80%	18.30%
EBITDA Margin	22.30%	20.80%	21.00%	21.30%
EBIT Margin	18.40%	17.10%	17.40%	17.60%
Effective Tax Rate	22.60%	26.50%	26.20%	26.20%
PAT Margin	19.10%	17.10%	17.50%	17.00%
Gross Debt/Equity	1.90%	1.70%	1.50%	1.30%
Interest coverage ratio	19.6	22.1	16.7	16.9
Current Ratio	4.1	4.8	5.8	6.8
Fixed Asset Turnover Ratio	18.8	21.1	25.2	36.4
Depreciation/Net Fixed Assets	73%	78%	91%	134%
Working Capital (in days)	73	73	73	73
Debtors (in days)	80	80	80	80
Creditors (in days)	7	7	7	7
P/E(x)	20	20	17	15
Dividend Yield (%)	-	-	4.07	4.66
Total cash	12,507	14,268	16,383	18,735
Debt	332	332	332	332
Number of shares	207	207	207	207
Cash per share	61	69	79	90
Growth rates				
	19%	6%	12%	14%
Revenue	25%	14%	12%	14%
EBITDA	25%	6%	13%	16%
EBIT	22%	6%	14%	16%
PBT	14%	7%	14%	11%
PAT	17%	2%	15%	11%
Particulars				
Headcount	1,852	1,830	1,930	2,040
Revenue per employee	5.7	6.6	7	7.5
Cost per employee	3.8	4.5	4.7	5.1
EBITDA per employee	1.3	1.4	1.5	1.6

Balance Sheet

Particulars Y/E Mar (Rs mn)	FY26	FY27E	FY28E	FY29E
Share capital	207	207	207	207
Reserves and surplus	17,345	19,407	21,770	24,389
Non-Controlling interest	287	287	287	287
Total Equity	**17,839**	**19,901**	**22,264**	**24,883**
Trade Payables	198	231	258	295
Long term borrowings and lease liability	215	215	215	215
Short term borrowing and lease liability	117	117	117	117
Total Debt	**332**	**332**	**332**	**332**
Other Liabilities	2,575	2,575	2,575	2,575
Total Liabilities	**20,944**	**23,039**	**25,429**	**28,085**
Net Fixed Assets	565	571	534	422
Intangibles	3,402	3,402	3,402	3,402
Investments	9,169	10,993	12,993	14,993
Trade Receivables	2,312	2,639	2,953	3,367
Cash and bank balances	**3,338**	**3,275**	**3,390**	**3,742**
Other assets	2,158	2,158	2,158	2,158
Total Assets	**20,944**	**23,039**	**25,429**	**28,085**

Cash Flow Statement

Particulars Y/E Mar (Rs mn)	FY26	FY27E	FY28E	FY29E
Profit before Tax	2,611	2,806	3,202	3,549
Depreciation and amortisation expense	409	444	488	564
Finance costs	98	93	140	160
Changes in working capital	17	-295	-286	-378
Taxes	-736	-744	-839	-930
others	-753	-2	-	-
Cash flow from operations (A)	**1,646**	**2,302**	**2,704**	**2,965**
Purchase of property, plant and equipment	-225	-450	-450	-452
Purchase of investments	-11,172	-1,823	-2,000	-2,000
Net cash (used in)/ generated from investing activities (B)	**-727**	**-2,273**	**-2,450**	**-2,452**
Finance costs paid	-21	-93	-140	-160
Net cash flow from / (used in) financing activities (c)	**-68**	**-93**	**-140**	**-160**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**851**	**-64**	**114**	**353**
Cash and cash equivalents at the beginning of the year	696	1,587	1,523	1,637
Effect of exchange differences on restatement of foreign currency on Cash and cash equivalents	40	-	-	-
Cash from business combination				
Cash and cash equivalents at the end of the year	1,587	1,523	1,637	1,990
Free cash flow	**1,421**	**1,852**	**2,254**	**2,513**

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