LatentView Analytics Limited

Nifty: 25966 CMP: Rs. 425 Target Price: Rs. 545 Rating: Buy

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Computers - Software & Consulting

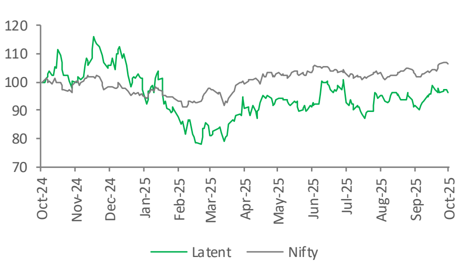
LatentView Analytics (LATENTVIEW) delivered a strong performance in Q2FY26, with revenue at Rs. 2,575 mn (+23% YoY / +9% QoQ) - 2% above estimates, led by robust growth in financial services (+94% YoY) and consumer (+23% YoY) verticals. EBITDA stood at Rs. 561 mn (+24% YoY / +11% QoQ), marginally below estimates, with margins steady at 21.8% despite higher visa and marketing costs, reflecting strong operational discipline. PAT came in at Rs.457 mn (+12% YoY / -10% QoQ), slightly below expectations due to lower other income and higher tax outgo. The total client count increased to 98 (vs. 97 QoQ) and four new logos were added during the quarter. Vertical mix improved, with Consumer (18%) and Financial Services (14%) gaining share, while Technology moderated to 62%. The company also achieved better geographical diversification, with growing contributions from APAC, LATAM, and Europe. Strategically, LatentView continues to scale its GenAI-led solutions through the RAISE platform, deepen data engineering capabilities via its Databricks partnership, and invest in AI upskilling programs to strengthen analytics-led transformation capabilities.

Management call highlights

- 2QFY26 decision point revenue at ~$3.1 mn from consumer vertical and ~$4 mn overall. GenAI revenue stood at ~$7 mn in FY25. BFSI vertical grew ~80% YoY, supported by one large ~$5 mn account; renewals typically occur in Q2–Q3.
- Engaged with three clients for $250–500 mn deals; these accounts can potentially scale to $2–3 mn annual revenue within 12–15 months. Additionally, 4 large $1 mn+ opportunities are in the pipeline—two of which are multiyear and substantially larger; closure updates expected in 3QFY26.
- Strengthened partnership with Databricks; expanded sales team and certified 350+ employees on Databricks capabilities. Conducted 4 GenAI workshops jointly with Databricks, with 10 more planned in 2HFY26. Achieved $1.4 in mn new wins through the Databricks partnership in 2QFY26; receiving funding support for client pilot projects. Generated $11 mn Databricks-related revenue in FY25; targeting $19 mn in FY26 (+80% YoY). Margin profile remains project-dependent based on platform usage. In 2HFY26, focusing on building SAP-related analytics and data migration capabilities on the Databricks platform
- AI Center of Excellence (House of AI) includes data engineering, data science, advanced analytics, ML, GenAI, and agentic AI capabilities. Exploring synthetic data, churn analytics, GenAI + agentic AI concepts, and HubSpot-based experimentation.
- LATAM expansion progressing well; CPG vertical expected to grow 28% YoY. Increasing client interest in end-to-end capabilities; BFSI also identified as a key growth area.
- Cybersecurity analytics initiative underway—developing frameworks for broader deployment.
- Plan to expand client partners from 20 to 100 over the next 12 months
- Not concerned about H1B visa availability—15-20 people available for deployment.
- Clients have unspent budgets, expected to drive order momentum in 2HFY26.
- Expecting 19–20% in FY26; EBITDA margin guidance of 22–23% and ETR of 25–26%.
- Higher marketing spends expected in Aug–Nov due to events (10+4) in LATAM, London, and the US; H1B-related costs booked in Q4. Other expenses likely to remain at Rs.30–35 crore annually, reflecting growth investments.
- Key growth drivers: AI Center of Excellence, strong domain expertise, Databricks partnership, BFSI and LATAM expansion.

Shareholding (%)	Sep-25
Promoters	65.20
FII's	2.10
DII's	3.25
Others	29.44

Relative Price Performance



Key Data	
BSE Code	543398
NSE Symbol	LATENTVIEW
Bloomberg Code	LATENTVIEW
Reuters Code	LATN.NS
Shares Outstanding (mn)	206
Face Value	1
Mcap (Rs. bn)	87.7
52 Week H/L	520/340
Current Market Price (Rs.)	425
Target price (Rs)-	545

(Rs. mn)	FY25E	FY26E	FY27E	FY28E	CAGR (FY25-28E)
Revenue	8,479	10,480	12,602	15,173	21%
EBITDA	1,888	2,392	2,926	3,789	26%
EBITDA Margins	22.3%	22.8%	23.2%	25.0%	271bps
PAT	1,733	2,049	2,455	3,110	22%
EPS (Rs per share)	8.4	9.9	11.9	15.1	22%
PE Multiple (x)	53.0	44.9	37.4	29.6	

Rujuta Tamhankar
rujuta.tamhankar@aretesecurities.com
Ph. No. 91 22 4289 5600 (Ext. 677)

Outlook & Valuation

LATENTVIEW continues to trade at a premium, backed by its high-margin analytics business, expanding AI capabilities, and debt-free balance sheet. The company is well-positioned to benefit from rising enterprise adoption of data-driven and cloud-native analytics, especially across BFSI and digital-first clients. The Generative and Agentic AI CoE has secured $6 mn in FY26 contracts with another $8 mn in pipeline, spanning use cases such as AI-generated content, automated reporting, and agentic workflows. Data engineering is scaling fast, expected to contribute ~30% of revenue by FY28 (vs. ~18% currently). Strategic collaboration with Databricks is driving multi-year opportunities, including a $2 mn apparel client win. While client concentration remains high (top 10 at 75%), management aims to diversify, targeting Rs.2 bn incremental revenue from 26 strategic accounts and expanding regional mix, with Asia, LATAM, and Europe now contributing 11% of revenue.

We cut our FY27–28 EPS estimates by 3% and ~9%, reflecting elevated operating costs and margin compression. We forecast Revenue/EBITDA/PAT to post a CAGR of 20%/26%/21% over FY25–28E, with RoE expanding to 13.1%. Rolling forward to Sep-27E EPS of Rs.13.0, we value the stock at 45x PE, arriving at a revised target price of Rs.545 (from Rs.663 earlier), implying ~28% potential upside. Maintain BUY.

Quarterly Financials 2QFY26 Result

Particulars (Rs in mn)	2QFY26	2QFY25	YOY	1QFY26	QoQ
Revenue $mn	**29.6**	**24.9**	**19%**	**27.6**	**7%**
Revenue	**2,575**	**2,090**	**23%**	**2,360**	**9%**
Employee benefit cost	1,679	1,433	17%	1,600	5%
Other Expenses	335	204	64%	256	31%
EBITDA	**561**	**453**	**24%**	**504**	**11%**
Dep & Amortisation	104	88	18%	96	8%
EBIT	**457**	**365**	**25%**	**408**	**12%**
Finance Cost	26	8	244%	23	14%
Other income	186	226	-18%	234	-21%
PBT	**617**	**583**	**6%**	**620**	**0%**
Tax Expenses	160	176	-9%	114	40%
PAT	**457**	**408**	**12%**	**506**	**-10%**
% of Sales					
Employee cost	65.2%	68.6%	-4bps	67.8%	-3bps
Other expenditure	13.0%	9.8%	4bps	10.9%	3bps
Headcount	1,729	1,609	7%	1,670	4%
new additions	30	348	-91%	20	50%
Revenue per employee (Rs mn)	1.5	1.3	15%	1.4	5%
Cost per employee (Rs mn)	1.0	0.9	9%	1.0	1%
LATENTVIEW	26.5	22.3	19%	25.0	6%
Decision point	3.1	2.7	15%	2.6	20%
Total Revenue	29.6	24.9	19%	27.6	7%
EBITDA Margin (%)	21.4%	21.7%	-1bps	21.4%	0bps
PAT Margin (%)	21.4%	19.5%	2bps	21.4%	0bps

Particulars	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Revenue by geography (%)					
USA	89.0%	90.0%	90.0%	89.0%	86.0%
APAC	7.0%	6.0%	6.0%	6.0%	7.0%
LATAM	3.0%	3.0%	3.0%	3.0%	4.0%
Europe	1.0%	1.0%	1.0%	2.0%	3.0%
Revenue by industry (%)					
Technology	64.0%	65.0%	68.0%	67.0%	62.0%
Industry	9.0%	7.0%	7.0%	6.0%	6.0%
consumer & retail	18.0%	19.0%	15.0%	15.0%	18.0%
Financial services	9.0%	9.0%	10.0%	12.0%	14.0%
Revenue by offerings (%)					
Diagnostic	60.0%	60.0%	60.0%	59.0%	57.0%
Data Engineering	18.0%	20.0%	18.0%	16.0%	16.0%
Predictive analysis	8.0%	8.0%	9.0%	10.0%	11.0%
RGM	8.0%	7.0%	7.0%	7.0%	7.0%
Consulting services	4.0%	3.0%	3.0%	4.0%	6.0%
Others	2.0%	2.0%	3.0%	4.0%	3.0%
revenue from deals(% revenue)					
less than Rs 50mn	10.0%	9.0%	9.0%	11.0%	12.0%
between Rs 50-100 mn	7.0%	6.0%	6.0%	8.0%	6.0%
between Rs 100-500mn	26.0%	27.0%	26.0%	28.0%	25.0%
above Rs 500mn	57.0%	58.0%	59.0%	53.0%	58.0%
client concentration					
Top 5 clients	59.0%	60.0%	62.0%	62.0%	60.0%
Top 10 clients	71.0%	71.0%	72.0%	75.0%	74.0%
Top 20 clients	85.0%	84.0%	84.0%	86.0%	85.0%
Employees split by function					
Delivery	1,269	1,291	1,316	1,326	1,373
sales and marketing	99	92	86	84	91
corporate functions	125	126	127	124	125
Center of excellence	115	113	121	136	140
Utilization rate	78%	83%	83%	82%	84%
offshore	85%	85%	84%	83%	81%
Attrition rate	21%	22%	22%	23%	22%

Change in Estimates

Particulars (Y/E March)	Old Estimates			New Estimates			Change in Estimates		
(Rs mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	10,112	12,501	16,020	10,480	12,602	15,173	4%	1%	-5%
EBITDA	2,333	3,036	4,209	2,392	2,926	3,789	3%	-4%	-10%
EBITDA margin	23.1%	24.3%	26.3%	22.8%	23.2%	25.0%	-26bps	-107bps	-131bps
PAT	2,033	2,537	3,424	2,049	2,455	3,110	1%	-3%	-9%
EPS (Rs per share)	9.8	12.3	16.6	9.9	11.9	15.1	1%	-3%	-9%

1. We have increased opex costs inline management guidance and historical figures, thus lower EBITDA estimates.

Financials

Income Statement

Particulars Y/E Mar (Rs mn)	FY25	FY26E	FY27E	FY28E
Net sales USD mn	101	121	144	174
Net sales	8,479	10,480	12,602	15,173
Net sales growth	32.4%	23.6%	20.2%	20.4%
Employee cost	5,609	6,777	8,101	9,593
Other Expenses	982	1,312	1,575	1,790
EBITDA	1,888	2,392	2,926	3,789
EBITDA growth	38.8%	26.7%	22.3%	29.5%
EBITDAM	22.3%	22.8%	23.2%	25.0%
Depreciation	293	407	444	519
EBIT	1,595	1,984	2,482	3,270
EBITM	18.8%	18.9%	19.7%	21.6%
Other Income	758	800	900	1,000
Interest cost	66	96	100	112
Profit Before Tax	2,288	2,689	3,282	4,158
Tax	555	640	827	1,048
PAT	1,733	2,049	2,455	3,110
PAT growth	9.3%	18.3%	19.8%	26.7%
Pat margin	20.4%	19.6%	19.5%	20.5%
EPS (Rs per share)	8.4	9.9	11.9	15.1

Key Ratios

Particulars	FY25	FY26E	FY27E	FY28E
Per share data (Rs)				
ROE	11.9%	12.5%	13.2%	14.5%
ROCE	14.2%	15.0%	16.0%	17.7%
Ex cash ROCE	18.9%	23.5%	27.7%	24.0%
EBITDA Margin	22.3%	22.8%	23.2%	25.0%
Effective Tax Rate	24.3%	23.8%	25.2%	25.2%
PAT Margin	20.4%	19.6%	19.5%	20.5%
Net Debt/Equity	1.9%	1.7%	1.6%	1.4%
Interest coverage ratio	24.33	20.77	24.82	29.20
Current Ratio	6.64	7.54	8.52	9.98
Asset Turnover Ratio	5.43	6.26	7.08	8.15
Working Capital(in days)	71	68	68	68
Debtors (in days)	80	75	75	75
Creditors (in days)	9	7	7	7
P/E(x)	48	40	34	27
P/BV(x)	5	5	4	4
Dividend Yield (%)	-	-	-	1.00
Total cash	**9,455**	**11,511**	**13,458**	**16,067**
shares	206	207	207	207
cash per share	45.79	55.71	65.14	77.77
dep/NFA	19%	24%	25%	28%
Debt	287	301	311	326
Growth rates	**FY25**	**FY26E**	**FY27E**	**FY28E**
Revenues	32%	24%	20%	20%
EBITDA	39%	27%	22%	29%
PAT	9%	18%	20%	27%

Particulars	FY25	FY26E	FY27E	FY28E
Headcount	1,651	1,761	1,881	2,006
Revenue per employee	5.1	6.0	6.7	7.6
Cost per employee	3.4	3.8	4.3	4.8
EBITDA per employee	1.1	1.4	1.6	1.9

Balance Sheet

Particulars Y/E Mar (Rs mn)	FY25	FY26E	FY27E	FY28E
Share capital	206	206	206	206
Reserves and surplus	14,794	16,843	19,298	22,408
Non-Controlling interest	370	370	370	370
Total Networth	15,370	17,419	19,874	22,984
Trade Payables	198	198	198	198
Long term borrowings and lease liability	190	196	201	206
Short term borrowing and lease liability	97	105	110	120
Total Debt	287	301	311	326
Other Liabilities	2,030	2,030	2,030	2,030
Total Liabilities	17,885	19,948	22,413	25,539
Net Fixed Assets	1,560	1,674	1,780	1,861
Investments	8,480	10,000	12,000	14,000
Trade Receivables	1,848	1,742	2,154	2,590
Cash and bank balances	976	1,511	1,458	2,067
Other assets	5,021	5,021	5,021	5,021
Total Assets	17,885	19,948	22,413	25,539

Cash Flow Statement

Particulars Y/E Mar (Rs mn)	FY25	FY26E	FY27E	FY28E
PBT	2,287	2,689	3,282	4,158
Depreciation and amortisation expense	293	407	444	519
Finance costs	64	96	100	112
Changes in working capital	(192)	106	(411)	(436)
Taxes	(528)	(640)	(827)	(1,048)
others	(619)	-	-	-
Cash flow from operations (A)	1,306	2,658	2,588	3,305
Purchase of property, plant and equipment	(162)	(500)	(550)	(600)
Purchase of investments	(8,593)	(1,520)	(2,000)	(2,000)
Net cash (used in)/ generated from investing activities (B)	(8,755)	(2,020)	(2,550)	(2,600)
Finance costs paid	(28)	(96)	(100)	(112)
Net cash flow from / (used in) financing activities (c)	(28)	(96)	(100)	(112)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(7,477)	542	(62)	593
Cash and cash equivalents at the beginning of the year	1,649	696	1,251	1,199
Effect of exchange differences on restatement of foreign currency on Cash and cash equivalents	3	-	-	-
Cash from business combination	200			
Cash and cash equivalents at the end of the year	696	1,251	1,199	1,807
Free cash flow	1,144	2,158	2,038	2,705

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Arete Securities Ltd: Mittal Court, A-Wing, 10th Floor, Nariman Point, Mumbai - 400 021, Tel. No. : +91-022-4289 5600, Fax: +91 (22) 2657 3708/9

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