

LatentView Analytics Limited

Nifty: 25061 CMP: Rs. 449 Target Price: Rs. 590 Rating: Buy

Computers - Software & Consulting

LatentView delivered a resilient 1QFY26, with strong revenue growth (+32% YoY) despite temporary headwinds in the technology vertical and a seasonally elevated cost structure. The BFSI segment is scaling rapidly (+48% YoY / +21% QoQ), and early monetization of GenAI initiatives and the Databricks partnership provide visibility for multi-year growth. Near-term margin pressure (230 bps QoQ decline) appears transitory, linked to performance-linked compensation restructuring. We maintain BUY with a revised TP of Rs. 590 (based on 48x June FY27E EPS of Rs. 12.3), implying a 31% upside.

1QFY26 Management call highlights:

Business highlights

- Added 7 new good quality logos, out of which 3 accounts have high growth potential in next 12-18 months
- Financial Services continues to be the fastest-growing vertical. The revenue grew +21.3% QoQ and +48.4% YoY. 2 new accounts which were added in last 6 months are showing good growth (one projected to contribute \$5M annualized revenue in 12 months)
- Signs of revival in the Consumer Goods segment, with new client wins and increasing strategic conversations in R&D and innovation, supply chain capabilities (procurement, inventory planning, and manufacturing, on shelf availability) and integrating that with RGM capabilities. Gaining traction with CIO/CTO-level buyers. Decision Point business expected to outperform core growth due to smaller base and rebound in the consumer vertical.
- Technology vertical remained flat QoQ due to wind down of large discretionary one-off Q4 projects and delays in signing follow-up work; recovery expected in Q2 and signing of 2-3 logos.
- Databricks Partnership: Strong traction in Consumer Goods. Joint Generative AI workshops-landed a major apparel client worth up to \$2M over 12 months. Expanding into 15 more such workshops in the US with Databricks. Building a Databricks

Center of Excellence with dedicated sales, solution, and delivery teams. LatentView tools like MigrateMate now part of Databricks Brickbuilder portfolio. Expanding capabilities in SAP data migration.

- Generative & Agentic AI CoE: Leadership appointed; team staffed with 10 (including internal experts and PhD interns), FY26E- \$6 million confirmed contracts; \$8 million in the pipeline. Use cases span marketing content generation (AI-generated AV/text content), automated business reports in asset management and financial services. Platforms of focus: Gemini, Azure AI Foundry, and Databricks.
- Chief Client Officer Krishnan Venkata to exit on September 8 after 17 years. His direct reports will transition temporarily to CEO Rajan Sethuraman.
- Hiring Strategy- Focus on curiosity, domain expertise, problem-solving, self-motivation. Training ecosystem encourages skill-building in dynamic domains like AI. Impact on client delivery is a core evaluation metric.

Future outlook and Guidance

- Revenue growth guidance for FY26: 18-19%, with a potential to exceed 20%
- Targeting Rs.200 crore incremental revenue over 3 years from 26 strategic accounts- Enhanced sales rigour and process tracking from lead to closure, focus on identifying new opportunities and white spaces

Shareholding (%)	Jun-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)	96.8
52 Week H/L	575/411
Current Market Price (Rs.)	467
Target price (Rs)-	663

(Rs. mn)	FY25E	FY26E	FY27E	FY28E	CAGR (FY25-28E)
Revenue	8,479	10,112	12,501	16,020	24%
EBITDA	1,888	2,333	3,036	4,209	31%
EBITDA Margins	22.3%	23.1%	24.3%	26.3%	401bps
PAT	1,733	2,033	2,537	3,424	25%
EPS (Rs. per share)	8.4	9.8	12.3	16.6	25%
PE Multiple (x)	53.0	45.2	36.2	26.8	

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Outlook & Valuation

LatentView Analytics continues to command a premium valuation, underpinned by its high-margin analytics business, growing capabilities in Generative and Agentic AI, and a strong, debt-free balance sheet. The company remains structurally well-positioned to benefit from the rising adoption of data-driven decision-making and cloud-native analytics, particularly among BFSI and digital-first clients.

AI-led offerings are scaling meaningfully-the Generative and Agentic AI Center of Excellence has secured \$6 mn in FY26 contracts, with another \$8 mn in the pipeline. Use cases include automated marketing content, AI-generated business reports, and agentic workflows in financial services. The data engineering vertical (data migration, cloud enablement, real-time pipelines) is also gaining momentum and is expected to contribute ~30% of total revenue by FY28, up from ~18% currently. Strategic engagements with Databricks are unlocking large, multi-year

opportunities, including a \$2 mn apparel client win via a joint GenAI workshop. While execution remains strong, client concentration risk persists, with the top 5 and 10 clients contributing 62% and 75% of revenue in 1QFY26. To mitigate this, management is targeting Rs.2 bn in incremental revenue from 26 strategic accounts over three years. The company is also expanding geographically-Asia, Latin America, and Europe now contribute 11% of revenue, up from near-zero a year ago.

We have trimmed FY27-28 earnings estimates by ~8%, factoring in slightly lower EBITDA margins (FY28E: 26.3% vs 26.6% earlier) and higher depreciation. However, core fundamentals remain robust. We expect Revenue/EBITDA/PAT CAGR of 24%/30%/25% over FY25-27E, with RoE improving from 11.9% to 13.1%. Valuing the company at 48x June 2027E EPS of Rs.12.3, we revise our target price to Rs.590, implying 31% upside. We maintain our BUY rating, supported by continued BFSI momentum, early success in AI-led transformation, and long-term scalability across platforms.

Quarterly Financials 1QFY26 Result

Particulars (Rs in mn)	1QFY26	1QFY25	YOY	4QFY25	QoQ
Revenues (\$mn)	27.6	21.4	29%	25.2	9%
Revenue	2,360	1,789	32%	2,322	2%
Employee benefit cost	1,600	1,216	32%	1,491	7%
Other Expenses	256	190	35%	282	-9%
EBITDA	504	383	32%	549	-8%
Dep & Amortisation	96.02	29.27	228%	90.71	6%
EBIT	408	353	16%	459	-11%
Finance Cost	23.13	6.6	250%	47.13	-51%
Other income	234.35	174.3	34%	211	11%
PBT	620	521	19%	622	0%
Tax Expenses	113.92	134.49	-15%	110.01	4%
PAT	506	387	31%	512	-1%
% of Sales					
Emp cost	67.8%	68.0%	-1bps	64.2%	4bps
Other expenditure	10.9%	10.6%	1bps	12.1%	-2bps
Headcount	1,670	1,261	32%	1,650	1%
new additions	20	-19	-205%	28	-29%
Revenue per employee Rs mn	1.4	1.4	0%	1.4	0%
Cost per employee Rs mn	1.0	1.0	-1%	0.9	6%
Latentview	2,137	1,789	19%	2,130	0%
Decision point	222	-	NA	192	16%
Total Revenue	2,359	1,789	32%	2,322	2%
EBITDA Margin (%)	21.4%	21.4%	-1bps	23.7%	-229bps
PAT Margin (%)	21.4%	21.6%	-1bps	22.1%	-65bps

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- Organic revenue grew 2.8% QoQ in dollar terms; new clients contributed 0.6% of QoQ growth, rest came from existing accounts.
- EBITDA margin declined 230bps QoQ due to 180bps increase in employee cost due to wage hikes under new pay-for-performance model, and 50bps due to decision point expenses. Adjusted EBITDA Margin (ex-Decision Point): 22.2%
- Attrition stood at 23%: Typical post-increment/Q1 seasonal spike
- PAT was affected by higher depreciation costs, which was offset by higher other income (Rs 6cr forex gain), lower finance costs and lower tax expenses due to transition to new tax regime.

Particulars	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue by geography (%)								
USA	95.4%	94.5%	95.1%	93.7%	89.0%	90.0%	90.0%	89.0%
APAC	0%	0%	0%	0%	7%	6%	6%	6%
LATAM	0%	0%	0%	0%	3%	3%	3%	3%
Europe	1.3%	2.2%	1.4%	1.3%	1.0%	1.0%	1.0%	2.0%
RoW	3.3%	3.3%	3.5%	5.0%	0.0%	0%	0.0%	0.0%
Revenue by industry (%)								
Technology	71.2%	71.3%	72%	71%	64%	65%	68%	67%
Industry	13.7%	12.6%	11%	12%	9%	7%	7%	6%
consumer & retail	8.4%	8.6%	8%	7%	18%	19%	15%	15%
Financial services	6.7%	7.6%	9%	10%	9%	9%	10%	12%
Revenue by offerings (%)								
Diagnostic	NA	NA	NA	NA	60%	60%	60%	59%
Data Engineering	NA	NA	NA	NA	18%	20%	18%	16%
Predictive analysis	NA	NA	NA	NA	8%	8%	9%	10%
RGM	NA	NA	NA	NA	8%	7%	7%	7%
Consulting services	NA	NA	NA	NA	4%	3%	3%	4%
Others	NA	NA	NA	NA	2%	2%	3%	4%
Revenue from deals(% revenue)								
less than Rs 50mn	9%	9%	8%	9%	10%	9%	9%	11%
between Rs 50-100 mn	10%	10%	9%	6%	7%	6%	6%	8%
between Rs 100-500mn	29%	29%	28%	29%	26%	27%	26%	27%
above Rs 500mn	54%	52%	55%	56%	57%	58%	59%	53%
Client concentration								
Top 5 clients	63%	63%	65%	64%	59%	60%	62%	62%
Top 10 clients	76%	76%	77%	76%	71%	71%	72%	75%
Top 20 clients	92%	90%	91%	91%	85%	84%	84%	86%
Employees split by function								
Delivery	927	946	1072	1044	1269	1291	1316	1326
sales and marketing	80	77	78	80	99	92	86	84
corporate functions	72	69	66	75	125	126	127	124
Center of excellence	67	70	64	62	115	113	121	136
Utilization rate								
offshore	74%	77%	77%	78%	78%	83%	83%	82%
Attrition rate	83%	83%	85%	85%	85%	85%	84%	83%
		19%	22%	21%	21%	22%	22%	23%

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	10,355	12,804	16,439	10,112	12,501	16,020	-2%	-2%	-3%
EBITDA	2,439	3,157	4,375	2,333	3,036	4,209	-4%	-4%	-4%
EBITDA margin	23.6%	24.7%	26.6%	23.1%	24.3%	26.3%	-49bps	-38bps	-34bps
PAT	2,045	2,712	3,644	2,033	2,537	3,424	-1%	-6%	-6%
EPS (Rs. per share)	9.9	13.1	17.6	9.8	12.3	16.6	-1%	-6%	-6%

Key factors contributing to the revision include:

We have slightly lowered our revenue and EBITDA estimates for FY26–28, aligning them with management's long-term guidance of maintaining EBITDA margins at 25–26%. Our margin forecast now settles at 26.3% for FY28E, down 30–50 bps from the earlier estimate of 26.6%.

Earnings projections have also been revised downward to reflect higher depreciation and finance costs.

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Financials

Income Statement

Particulars (Rs mn)	FY25	FY26E	FY27E	FY28E
Net sales USD mn	101	118	146	187
Net sales	8,479	10,112	12,501	16,020
Net sales growth	32.4%	19.3%	23.6%	28.1%
Employee cost	5,609	6,672	8,153	10,129
Other Expenses	982	1,107	1,313	1,682
EBITDA	1,888	2,333	3,036	4,209
EBITDA growth	38.8%	23.6%	30.1%	38.7%
EBITDAM	22.3%	23.1%	24.3%	26.3%
Depreciation	293	384	444	519
EBIT	1,595	1,949	2,592	3,690
EBITM	18.8%	19.3%	20.7%	23.0%
Other Income	758	804	900	1,000
Interest cost	66	92	100	112
Profit Before Tax	2,288	2,661	3,392	4,578
Tax	555	628	855	1,154
PAT	1,733	2,033	2,537	3,424
PAT growth	9.3%	17.3%	24.8%	35.0%
Pat margin	20.4%	20.1%	20.3%	21.4%
EPS (Rs per share)	8.4	9.8	12.3	16.6

Key Ratios

Particulars	FY25	FY26E	FY27E	FY28E
Per share data (Rs)				
ROE	11.9%	12.4%	13.6%	15.8%
ROCE	14.2%	14.8%	16.5%	19.1%
Ex cash ROCE	18.9%	23.1%	29.2%	28.5%
EBITDA Margin	22.3%	23.1%	24.3%	26.3%
Effective Tax Rate	24.3%	23.6%	25.2%	25.2%
PAT Margin	20.4%	20.1%	20.3%	21.4%
Net Debt/Equity	1.9%	1.7%	1.6%	1.4%
Interest coverage ratio	24.33	21.15	25.92	32.95
Current Ratio	6.64	7.52	8.57	10.26
Asset Turnover Ratio	5.43	6.04	7.02	8.61
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	41	33	24
P/BV(x)	5	5	4	4
Dividend Yield (%)	-	-	-	1.00
Total cash	9,455	11,494	13,599	16,467
shares	206	206	206	206
cash per share	45.79	55.67	65.87	79.75
dep/NFA	19%	23%	25%	28%
Debt	287	301	311	326
Growth rates	FY25	FY26E	FY27E	FY28E
Revenues	32%	19%	24%	28%
EBITDA	39%	24%	30%	39%
PAT	9%	17%	25%	35%
Particulars	FY25	FY26E	FY27E	FY28E
Headcount	1,651	1,761	1,901	2,046
Revenue per employee (Rs)	5.1	5.7	6.6	7.8
Cost per employee (Rs)	3.4	3.8	4.3	5.0
EBITDA per employee (Rs)	1.1	1.3	1.6	2.1

Balance Sheet

Particulars (Rs mn)	FY25	FY26E	FY27E	FY28E
Share capital	206	206	206	206
Reserves and surplus	14,794	16,826	19,363	22,788
Non-Controlling interest	370	370	370	370
Total Networkth	15,370	17,403	19,940	23,364
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	19,932	22,479	25,918
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	2,078	2,569
Cash and bank balances	976	1,494	1,599	2,467
Other assets	5,021	5,021	5,021	5,021
Total Assets	17,885	19,932	22,479	25,918

Cash Flow Statement

Particulars (Rs mn)	FY25	FY26E	FY27E	FY28E
PBT	2,287	2,661	3,392	4,578
Depreciation and amortisation expense	293	384	444	519
Finance costs	64	92	100	112
Changes in working capital	(192)	106	(336)	(491)
Taxes	(528)	(628)	(855)	(1,154)
others	(619)	-	-	-
Cash flow from operations (A)	1,306	2,615	2,745	3,564
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)	(92)	(100)	(112)
Net cash flow from / (used in) financing activities (c)	(28)	(92)	(100)	(112)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(7,477)	502	95	852
Cash and cash equivalents at the beginning of the year	1,649	696	1,211	1,317
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	1,211	1,317	2,184
Free cash flow	1,144	2,115	2,195	2,964

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