

# Latentview Analytics Limited

**Nifty: 24460    CMP: Rs. 401    Target Price: Rs. 624    Rating: Buy**
**Computers - Software & Consulting**

**LatentView Analytics Limited (LATENTVIEW) delivered a strong 4Q performance with healthy growth across revenue and profitability. Revenue rose 35% YoY to Rs 2,322 mn, aligned with estimates. EBITDA improved 36% YoY, though came in 5% below expectations, due to employee cost pressures. PAT saw a sharp 74% YoY growth, driven by margin expansion and operational efficiency.**

## 4QFY25 Management Call Highlights

- 22% YoY organic growth, exceeding 18-19% guidance
- 7 new logos added with \$0.5M+ engagements
- 3 Fortune 500 accounts revived in retail, CPG, and financial services
- 8-10% of FY25 revenue from Gen AI; ~1/3 of it in production
- 16% of future pipeline tied to Gen AI/Agentic AI
- AI Penpal included in Databricks Brickbuilder Accelerators
- Center of Excellence (CoE) launched for Gen AI & Agentic AI
- 250+ Databricks-certified professionals; 25+ joint customers; 4 partner champions
- Data engineering at ~19% of revenue; expected to reach ~30% in 3 years
- Databricks expected to contribute ~25% of revenue at \$200M milestone
- Broader ecosystem (Databricks) seeing 40-50% growth in data engineering
- Strong tailwinds from Gen AI adoption demanding robust data platforms
- Nearshore expansion in Canada and Mexico; dedicated talent acquisition lead hired
- Europe expansion focused on CPG; largest investment area outside U.S.
- Decision Point generates 65%+ revenue from LatAm;
- Lease accounting: New San Jose office adds depreciation and finance costs
- \$35M redemption liability for Decision Point stake
- 2 large tech clients contribute ~\$50M of ~\$100M revenue base
- Lower automation risk in tech accounts due to high-end analytics and Gen AI work

- 25+ accounts identified for focused growth and cross-sell
- FY26 revenue expected to grow 18%
- Priority shift from new logos to expansion within existing accounts
- Caution in consumer goods, retail, and industrial verticals due to demand softness

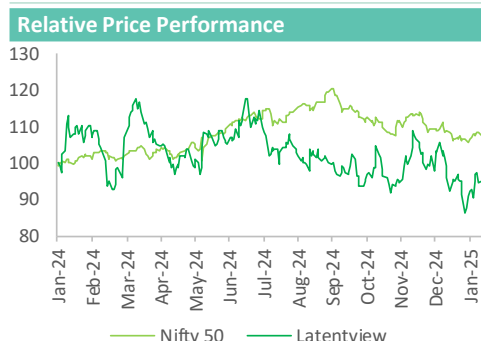
### Outlook & Valuation

LATENTVIEW continues to command a premium valuation, underpinned by its high-margin analytics business, growing AI capabilities, and a robust balance sheet. However, the relative softness in the CPG sector, combined with broader macro uncertainty and high client concentration (two clients contributing ~50% of revenues), warrant a more cautious approach. We revise our assigned P/E multiple from 52x to 48x, reflecting these headwinds and the elevated execution risks. Despite this, LATENTVIEW'S differentiated positioning in Gen AI and data engineering, along with steady expansion into Europe and nearshore locations, supports its long-term growth narrative.

We estimate Revenue/EBITDA/PAT CAGR of 24%/29%/25% over FY25-27E, led by: Strong traction in Gen AI and Agentic AI, contributing ~8-10% to FY25 revenue with a growing pipeline, Expansion of data engineering services expected to reach ~30% of revenue in 3 years, aided by strategic partnerships (Databricks), Geographic diversification with new investments in Canada, Mexico, and Europe, partially offsetting U.S. dependence, Shift in focus toward deepening existing accounts rather than chasing new logos-likely to aid margin resilience.

Softness in retail and CPG, high reliance on a few tech clients, and continued investment for scale (which could pressure near-term margins) remain key risks. Rolling forward EPS to March 2027E at Rs 13.0, and applying the revised 48x multiple, we derive a target price of Rs 624, implying a 56% upside from current levels.

Shareholding (%)	Dec-24
Promoters	65.24
FII's	3.02
DII's	3.27
Others	28.47



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)	83
52 Week H/L	575/340
Current Market Price (Rs.)	401
Target price (Rs)-	624

(Rs. mn)	FY25	FY26E	FY27E	CAGR (FY25-27E)
Revenue	8,470	10,638	12,930	24%
EBITDA	1,879	2,499	3,122	29%
EBITDA Margins	22.2%	23.5%	24.1%	196bps
PAT	1,724	2,155	2,686	25%
EPS (Rs per share)	8.3	10.4	13.0	25%
PE Multiple (x)	47.8	38.2	30.7	

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Quarterly Financials

Particulars (Rs in mn)	4QFY25	4QFY24	YOY	3QFY25	QoQ	Est	Dev
Revenue	2,322	1,716	35%	2,278	2%	2,321	0%
EBITDA	549	404	36%	503	9%	576	-5%
EBITDA Margin (%)	23.7%	23.5%	1bps	22.1%	2bps	24.8%	-2bps
PAT	512	295	74%	426	20%	511	0%
PAT Margin (%)	22.1%	17.2%	5bps	18.7%	4bps	22.0%	1bps

Change in Estimates

Particulars (Y/E March)	Old Estimates		New Estimates		Change in Estimates	
(Rs mn)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	10,555	13,040	10,638	12,930	1%	-1%
EBITDA	2,474	3,180	2,499	3,122	1%	-2%
EBITDA margin	24.1%	24.9%	23.5%	24.1%	-62bps	-76bps
PAT	2,156	2,788	2,155	2,686	0%	-4%
EPS (Rs per share)	10.4	13.5	10.4	13.0	0%	-4%

The company maintains a long term guidance of doubling \$100mn revenue in 3 years. To achieve this growth it has laid out detailed path which includes focus on data engineering (exp- 30% of revenue in 3 years; out of which Databricks will contribute 25% of \$200mn target), focus on Gen AI, Europe expansion focused on CPG (although this will take longer timeframe).

It has suggested that it may continue to do investments to achieve this \$200mn goal, which might put some short term pressures onto margins.

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## Financials

### Income Statement

Y/E Mar (RS. mn)	FY25	FY26E	FY27E
<b>Net sales USD mn</b>	<b>101</b>	<b>123</b>	<b>149</b>
Net sales	8,470	10,638	12,930
Net sales growth	32.2%	25.6%	21.5%
Employee cost	5,609	6,863	8,515
Other Expenses	982	1,277	1,293
EBITDA	1,879	2,499	3,122
EBITDA growth	38.2%	33.0%	24.9%
EBITDAM	22.2%	23.5%	24.1%
Depreciation	293	285	331
EBIT	1,586	2,213	2,790
EBITM	18.7%	20.8%	21.6%
Other Income	758	800	880
Interest cost	66	133	80
<b>Profit Before Tax</b>	<b>2,279</b>	<b>2,880</b>	<b>3,590</b>
Tax	555	726	905
<b>PAT</b>	<b>1,724</b>	<b>2,155</b>	<b>2,686</b>
PAT growth	8.7%	25.0%	24.6%
Pat margin	20.4%	20.3%	20.8%
EPS (Rs per share)	8.3	10.4	13.0

### Key Ratios

Y/E Mar (RS. mn)	FY25	FY26E	FY27E
<b>Per share data (Rs)</b>			
EPS	8.3	10.4	13.0
Book value per share	74.6	85.1	98.2
<b>Return Ratios (%)</b>			
ROE	11.8%	13.1%	14.2%
ROCE	14.2%	16.1%	17.2%
Ex cash ROCE	18.8%	26.2%	30.7%
<b>Margin</b>			
EBITDA Margin	22.2%	23.5%	24.1%
Effective Tax Rate	24.4%	25.2%	25.2%
PAT Margin	20.4%	20.3%	20.8%
<b>Liquidity Ratios</b>			
Net Debt/Equity	1.9%	1.6%	1.4%
Interest coverage ratio	24.19	16.64	34.88
Current Ratio	6.64	7.57	8.71
<b>Efficiency Ratios</b>			
Asset Turnover Ratio	5.43	5.99	6.62
Working Capital(in days)	71	68	68
Debtors (in days)	80	75	75
Creditors (in days)	9	7	7
<b>Valuation Ratios</b>			
P/E(x)	48	38	31
P/BV(x)	5	5	4
Dividend Yield (%)	-	-	-
<b>Total cash</b>	<b>9,455</b>	<b>11,589</b>	<b>13,651</b>
shares	206	206	206
cash per share	45.79	56.13	66.11
dep/NFA	19%	16%	17%
Debt	287	287	287
Cash	976	1,589	1,651
Net debt	-688	-1,302	-1,363
<b>Growth rates</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
Revenues	32%	26%	22%
EBITDA	38%	33%	25%
PAT	9%	25%	25%
Particulars	FY25	FY26E	FY27E
Headcount	1,651	1,771	1,931
Revenue per employee	5.1	6.0	6.7
Cost per employee	3.4	3.9	4.4
EBITDA per employee	1.1	1.4	1.6

### Balance Sheet

Y/E Mar (RS. mn)	FY25	FY26E	FY27E
Share capital	206	206	206
Reserves and surplus	14,794	16,948	19,634
Non-Controlling interest	370	370	370
<b>Total Networth</b>	<b>15,370</b>	<b>17,524</b>	<b>20,210</b>
Trade Payables	198	198	198
Long term borrowings and lease liability	190	190	190
Short term borrowing and lease liability	97	97	97
<b>Total Debt</b>	<b>287</b>	<b>287</b>	<b>287</b>
Other Liabilities	2,030	2,030	2,030
<b>Total Liabilities</b>	<b>17,885</b>	<b>20,040</b>	<b>22,725</b>
Net Fixed Assets	1,560	1,775	1,953
Investments	8,480	10,000	12,000
Trade Receivables	1,848	1,740	2,186
Cash and bank balances	976	1,589	1,651
Other assets	5,021	4,935	4,935
<b>Total Assets</b>	<b>17,885</b>	<b>20,040</b>	<b>22,725</b>

### Cash Flow Statement

Y/E Mar (RS. mn)	FY25	FY26E	FY27E
<b>PBT</b>	<b>2,287</b>	<b>2,880</b>	<b>3,590</b>
Depreciation and amortisation expense	293	285	331
Finance costs	64	133	80
Changes in working capital	(192)	108	(445)
Taxes	(528)	(726)	(905)
others	(619)	-	-
<b>Cash flow from operations (A)</b>	<b>1,306</b>	<b>2,680</b>	<b>2,651</b>
Purchase of property, plant and equipment	(162)	(415)	(510)
Purchase of investments	(8,593)	(1,520)	(2,000)
<b>Net cash (used in)/ generated from investing activities (B)</b>	<b>(8,755)</b>	<b>(1,935)</b>	<b>(2,510)</b>
Finance costs paid	(28)	(133)	(80)
Net cash flow from / (used in) financing activities (c)	(28)	(133)	(80)
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(7,477)</b>	<b>612</b>	<b>61</b>
Cash and cash equivalents at the beginning of the year	1,649	696	1,307
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	1,307	1,369
<b>Free cash flow</b>	<b>1,144</b>	<b>2,265</b>	<b>2,141</b>

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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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