

# “Latent View Analytics Limited

# Q2 FY27 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day, and welcome to Latent View Analytics Limited Q2 FY27 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 then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pratik Jagtap from E&Y, Investor Relations. Thank you, and over to you, sir.

**Pratik Jagtap:** Thank you, Anam. Good morning, everyone, and welcome to Q2 FY27 Earnings Call of Latent View Analytics Limited. 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 the copy of press release and presentation, or you are 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 with us CEO of the company, Sonal Ramrakhiani; Strategic Adviser to the CEO, Rajan Sethuraman, to whom we will be referring as Rajan; and 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 brief update by Sonal, which will be then followed by Raj, who will take us through the financial performance. After the management remarks, we will open the floor for Q&A session.

As usual, I would like to remind you that anything that is mentioned on the call that reflects any outlook for the future or which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks 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 the management. Over to you, Sonal.

**Sonal Ramrakhiani:** Thank you so much, Pratik, and thanks, everybody, for joining the call, and good morning to everybody. Happy to report our Q2 results. And as we've shared, we are back on the growth trajectory. We have reported a 2% sequential growth in dollar terms. And glad to share that the growth was broad-based. We are seeing good traction in our automotive business and the gains that we've seen in the past in financial services continue and CPG and retail is also showing good signs.

Specifically, I did want to call out that AI continues to be an important growth lever. It is scaling across our business. We are seeing efficiency and productivity improve across the board. And we continue to leverage top-tier technology and as well as invest on the ecosystem partnerships. So fairly positive feedback from customers on the AI support that we've been providing and the way that we've been working on accelerating their adoption.

We have called out that in the short term, and especially in the context of the macroeconomic sentiment, maybe the midterm elections in the U.S., which is our largest market, and I'm sure all of you are familiar with the headwinds that we're seeing in the technology sector. Some of our largest customers have announced some changes over the last couple of weeks. While on the tech side, we are seeing that, we are fairly confident in our medium- to long-term growth prospects. And working actively on balancing the portfolio in order to buffer some of the headwinds that we are seeing on the tech side.

So, we will continue to invest for the future. We are investing in our sales and go-to-market channels, continuing to expand our geographic presence. Europe will be an important area for us to grow in. And specifically, we had called out investment last quarter as well in terms of the CTAIO function. So that is something that we're doing as far as senior leadership investment to advance our overall technology and AI offerings.

I'll talk a little bit about our plan slightly longer term and then deep dive a little more on Q2 and some of the key client wins and some of the specifics that we're seeing as far as AI is concerned. So fundamentally, from a strategic perspective we have put together a fairly detailed plan around our growth aspirations of $200 million in two years. That's something we'll come back to you separately on to deep dive and share specifics.

But basically, there are three specific growth levers from a revenue perspective. We will continue to deepen our customer relationships with the existing customers that we have, but also at the same time, broaden those relationships, which means more of cross-sell. There is a fair bit of activity and initiatives that we have started emphasizing further on and deep diving into as far as making sure that our pyramid of accounts and the growth from the top 5 is also replicated in the next set of accounts.

So, there's lots more emphasis on that. And at the same time, our teams have started working on emphasizing more on multiyear programs and ensuring less dependence on a few customers. Rebalancing across industries is something that, again, is part of our strategic tenet. So, you've already seen financial services has yielded good results. We are continuing to invest in that. Consumer goods, overall consumer ecosystem is reviving, showing steady signs of growth. And at the same time, on technology, we are conscious.

We have some great relationships. So, we will continue to mine those in order to buffer some of the headwinds that are there. At the same time, from an industry perspective, we have called out in the past that we are continuing to invest in healthcare and life sciences. And all in all, this will ensure that the growth comes from multiple engines and not one industry focus.

From a geographic perspective, again, diversification is important. Europe is an important element of this growth strategy. We are being very deliberate on how we will grow in Europe. The emphasis will be on verticals like automotive, CPG and retail as an entry point into Europe and to chase higher impact AI projects.

From a readiness and activity perspective, we believe that these markets, these units will be a little quicker on the uptake. Needless to say, and I'm sure you will appreciate this, financial services, health care tech tend to be more regulatory and therefore, may have a slightly longer sales cycle. But we are looking at helping customers there in the context of data for AI services. The idea being that we can act as a wedge for more governance and data foundation work and help them be ready as some of the rules and regulations settle.

So basically, in terms of the areas that we'll be focusing on we are quite clear that it would be industry solutions, rebuilding some of the industry-specific AI solutions and make sure that we focus on shorter sales cycles. Just to call out specifically on AI and a little bit around technology. And I've been meeting a lot of customers over the last few months. There is a lot of recognition and appreciation for the work that Latent View does across the board in ensuring that customers can get true business impact as far as AI is concerned. A lot of our customers have been struggling with what we call the imperfection

data.

At their organization level, they've not been able to get that whole standardization of data in place, which is a basic foundation for the initiatives around AI and the productivity gains and the monetary gains that they expect to realize.

And that's where they've been seeing a lot of value working with Latent View. So that is a differentiator for us. We'll continue to do that. So that is a foundation. Data for AI will continue to be a primary focus area. And we are looking at, of course, scaling around Agentic AI and decision intelligence.

At the same time, we are quite actively focused on specific services for the industries that we are looking at, industry-specific blueprints. That's work that's also playing out. And so the data for AI ladder will be the emphasis that we will be driving and clear proof of the depth that we have. Just to call out, we already have a whole portfolio of services. We have accelerators, like MigrateMate, ObserveMate, ContextMate.

In fact, even this quarter, we've had a few good wins with these accelerators because customers have seen their benefits in terms of shortening the time to AI readiness and these have helped us as a tip-of-the-spear solution as well, right?

So, AI continues to be an important area of focus. And in order to double down and ensure that we are focused from a strategic perspective and driving this very, very actively, we are constituting a new CTAIO office, so CTO office. We are in advanced stages of discussions with candidates. So that's fairly confident on early joining. Obviously, at this point of time, I won't report exact dates, but that's something that's very actively  in the works.

Specifically, the leader for the CTAIO function will look at multiple things. One is, of course, unified development of the reusable IP and AI products, making sure that there's thought leaderships, almost like a studio, building solutions/products for our clients. There's a lot of work that we need to do around partnerships because the partners as well as customers would appreciate accelerators and solutions, which would help them ramp up faster, execute faster and that does become a differentiator for us when we do co-selling with our partners. So that's an important role, again, that the function will play.

We do have this already, but the idea is to kind of cement this across the organization and have it as a unified channel. And of course, building the AI capability. So, there's a whole element around the AI DNA that we are working on actively. So that's as far as the investments are concerned. I'll do a quick call-out of some of the key wins that we had in this quarter, just to give you a flavor of the kind of work that we are winning and where we are winning against, the kind of competition that we're winning against.

So, we had an engagement with a leading apparel manufacturer, which came through one of our partnership channels. There was a joint pitch that we did there. That particular company got acquired. This was a supply chain project that we had done. Company got acquired by a larger industry player and we treated the acquisition as an expansion opportunity.

And there was significant credibility from our delivery in the past. So, we made sure that we positioned our capabilities and won a project, agentic AI project, with the parent organization. It's a good example

of partnerships, scaling and as well as the AI work that we do.

For a large financial services company, a top financial services company, I spoke a little earlier about some of our solutions. So ObserveMate, which is our Agentic AI accelerator on data observability, demonstrated very great value through a POC and we've given now a full enterprise data observability program that we are driving for this customer. And incidentally, we are seeing good traction working with both the corporate as well as the GCC in this case. So interestingly, this one was won against a very large SI. So, our ability to win business and go toe-to-toe with some of the larger companies is also very clearly visible.

For another large global tech company, we have won another fairly large project for their finance controllership team. And the idea over there was around how do we cross-sell into the account. We have a large relationship there. So, we started working with some of the enabling functions also in that organization.

And the whole role over there is the finance team deals with a lot of old, unstructured code and that's being moved to a standardized platform. The agent is doing a lot of work that's around restructuring, rewriting legacy scripts and making it compliant, ready for production.

And what was interesting, and the customer called out the support that we provided and the fact that the migration time was cut by around 95% and very high level of transformation accuracy, which was 9.5 on 10.So those were some of the key wins that we had from an accounts and revenue perspective.

And of course, I did want to share more details around some of the industry recognition that we've had. You've probably seen the updates that we had shared in the past but won a few awards from AIM. One of them is Innovative Practice Best Industry Application. And I'll share a little bit about what we did.

The customer had fragmented messaging. This was for a tech customer. 5,000 marketers, different audience segments, a lot of manual iteration and like very limited ROI. And the way that we've managed to work on it, the customer has already realized some 10 million plus realized impact. Time saved is 90% and multiple devices reached and that entire set of marketers were enabled.

We also won the best AI solution showcase technology. That was something which was, again, for a financial services company, for a global payments leader. And we did a fair bit of work with them for their prospects and the research that they were doing and how we actually ended up helping them reduce their research time from 14 days to 10 minutes. It just enabled faster intelligence gathering, more effective sales outreach, which is a direct impact for the customer. So good recognition from the industry on the work that we're doing.

I also want to call out the investments that we're doing on talent. There's a good recognition in the industry for some of the work that we're doing there. We've got best firm certification for data engineers and AI engineers. We have received an award for the Databricks Service Partners 2026 in the leadership quadrant. And also, happy to report that for some of our talent as well, we have seen good recognition, and specific individuals in our management team have also been called out, whether it's the Women in Digital Awards or 40 Under 40 AI Builders.

So just a quick update from me overall. And I will hand over to Raj now for an update on the financials.

**Rajan Venkatesan:** Thank you, Sonal. Good morning, everyone. As Sonal already highlighted, we are happy to be back on a positive growth trajectory. For this quarter, with our USD revenues growing by about 2% sequentially in relation to Q1. And in INR terms, of course, the revenue came in at about 2.5% higher.

The growth was, like Sonal mentioned, quite broad-based, with FS continuing to grow very strongly. We had a 3.5% sequential quarter-on-quarter growth. And this growth was broad-based within the FS vertical. And we are also particularly excited by the strength that specifically the wealth management and the asset management business within the FS is showing.

I mean, you would have seen that in this particular quarter, we reported close to about 10-plus wins. Happy to report that three out of those ten were specifically in the asset management or wealth management side and that is a business that we are particularly excited about.

We're also happy to report that CPG and retail for this quarter came back to sort of the positive territory and they grew by about 2.7% sequentially. More specifically, within the CPG and retail, retail continues to exhibit a fairly strong growth momentum. We had a couple of good wins, new logos that we added during this quarter.

One, particularly the apparel manufacturer that Sonal just spoke about. The agentic solution that we are building for this apparel manufacturer based in the U.S., where we are trying to optimize GEO and SEO. So that's a fairly large project win. So, retail continues to exhibit fairly strong growth momentum.

Industrials, again, we are very pleased that for this quarter, came in at about 21.4% sequentially. The growth in this specifically was led by auto and auto component manufacturers. There, again, we've continued to see, one, a rapid expansion in a fairly large logo and we are poised to go past the $4 million mark almost on a full year basis with this one large logo.

And there is another logo, which we won on the back of the Databricks relationship about a year back and we are already poised to go past $1 million mark as far as the auto component logo is concerned. So, I would say good momentum across auto and auto components, which is driving the growth in industrials.

Sonal did speak about the macroeconomic sentiment and, in particular, the headwinds that we continue to see in the tech vertical. So, this particular quarter, again, we did see impact of consolidation as well as budgetary cuts in the tech vertical relative to the previous quarter.

One of our large accounts where the annual renewals and budgeting cycle happens in June, while we've managed to renew most of our book of work with this particular large account, there was some amount of consolidation and as well as budgetary cuts that happened in the gaming business with this large technology company, and that led to shrinkage on a full year basis for this particular account.

We also do see that in our largest account, there is, continued consolidation as well as impact of some of the AI investments that we are making, which is resulting in budgetary cuts and that has continued to happen even during this quarter. While we managed to win new pieces of work across other business streams, the largest business that we work with for this technology player is the video streaming business and there we've seen continued headwinds.

But we are fairly confident that at this point in time, we are almost at the bottom of all the consolidation that we witnessed in the technology vertical. We will, of course, as we head into the renewal season, and we are in November already, most of our renewals for our top technology accounts happen in the months of November, December and January. So, when we do come back for the Q3 update, we will give you an update in terms of how the outlook for the technology vertical is for the next year.

I'll talk a little bit about profitability and our margins. You would have seen that the last time when we reported numbers, we did call out that this would be the last time we'd be reporting an adjusted EBITDA metric. And while that was true at that point in time, you would all note that the difference between the adjusted EBITDA and the reported EBITDA numbers were primarily owing to transaction-related bonuses that were payable to the Decision Point employees and these were transaction-related costs and hence, we were showing it as an adjustment to reported EBITDA numbers.

While all the provisions were already booked as of end of last quarter, the actual payouts for those retention bonuses happened in Q2. And there was some forex fluctuation of close to about INR 80 lakhs , which was what was reported as a transaction-related cost and hence, the adjusted EBITDA metric continues for this quarter as well. You will see us not reporting adjusted EBITDA going forward. And the next quarter, you will have one line, which will be the reported EBITDA line.

I also wanted to quickly touch upon what has really moved the EBITDA numbers for this quarter relative to the last quarter. You will see that our gross margins for this quarter came in lower than the previous quarter. I would say there were two to three reasons for this.

One, of course, the wage increments or the wage corrections for all our management and above, which is L4 and above category within the organization, happened with effect from 1st of July and we did wage corrections ranging between 8% to 10% in India and about 4% to 5% in the U.S., and that had an impact of close to about 1% to 1.2% on an overall basis across the board. Apart from that, you also would notice that our utilization levels for this quarter came in at about 84% relative to the 85% last quarter.

We have been carrying, I would say, a sizable bench in anticipation of a few large project wins that got pushed out in this particular quarter. We are happy to report that the projects are likely to start beginning 1st of November, but the initial anticipation was that the projects would kick off effective 1st of September. And so we were carrying a bench in anticipation of the large project kickoff. And that resulted in further sort of compression on the gross margins.

Lastly, as you would have noted in the investor presentation, our spends on COE, which is specifically comprised of folks on the Databricks side as well as the AI COE, our spends on the COE has come down. But in reality, what has happened is many of the AI engineers as well as some of the Databricks talent that we had were redeployed on to active engagements, because in a few of these cases, we wanted to capitalize on immediate revenue opportunities.

You will see, of course, and we'll talk about the COE initiatives as well as the COE spends separately. Sonal did touch upon the fact that we are in the midst of bringing on a CTAIO, who will spearhead all our initiatives specifically on the capability building as well as the COEs. But you will see, it's more of a onetime adjustment. You will see us continuing to focus on building out our COE capabilities. So that's a little bit about why gross margins for this particular quarter trended close to about 2% lower

relative to the quarter that went by earlier.

I know all of you guys would also want some sort of commentary on specifically why the PAT margins for this quarter were higher. Again, despite having only slightly better PBT margins, our PAT margins came in higher than the PAT margins for the last quarter.

And that is primarily because of a onetime benefit on deferred taxes that we had from ESOPs that was recorded in this particular quarter, owing to some of the leadership hires that we had done. You will see that going forward, our ETR will remain in the range of 26% to 28% and that will be consistent throughout. On the outlook for the full year, I would want to also highlight that while Sonal spoke about the macroeconomic headwinds as well as the continued muted demand outlook for the tech growth, on a full year basis, specifically, I want to start with the financial services vertical.

We do anticipate that we will be delivering anywhere between 45% to 46% growth on a full year basis for FY27 relative to FY26 as far as the FS vertical is concerned. For industrials, the outlook is that we will be delivering between 60% to 65% growth on a full year basis relative to the previous year. The CPG and retail business, depending on how a few of the large deals that we spoke about, should be almost flattish, but the retail vertical specifically will continue to do well.

But CPG and retail on a full year basis may be flattish relative to the previous year because of primarily the impact that we saw from some of the leadership exits that happened immediately after the Decision Point earnout was concluded.

Specifically on tech, while we did anticipate that we will have a flattish year for FY27 relative to FY26, the outlook right now is that on a full year basis, the tech business specifically will have a negative sort of growth of about 5% on a full year basis, which will mean that for the full year right now, the visibility that we have is closer to about $127 million of revenue relative to the $119.5 million that we clocked the last year, which will be a 6%-plus growth.

Now please bear in mind, the reason why we want to put this guidance out is this is like the number that we have a lot of confidence in delivering. This, of course, is all organic. Inorganic, if any, will be on top of this. And specifically on inorganic, as we continue the conversation, we will give you a little more update in terms of what our current initiatives are. But at this point, this is the number that we are comfortable guiding to.

With that, Sonal, did you have anything else to add on to what I said?

**Sonal Ramrakhiani:** Yes. I think just on that last point, I wanted to reiterate that having come in looking at all the granularity of the numbers, the $127 million aligns with making sure that we deliver well there. But by no means are we holding ourselves back on that. There's a lot of work that's being done on seeing how we can get better as far as that is concerned.

But obviously, from a guidance perspective, we will look at coming back to you as those numbers start getting cemented. So, a lot of background and work that's being done on getting better there, but we are very focused and confident in medium to long term around the potential that's there in the business.

The foundation is extremely strong. And just having come in, I guess, 110th day today, I am very

positive from the perspective of the depth of domain expertise, the confidence that our customers have, the depth of the logos that we already have, the relationships that we have, and as well as the teams and the talent that we carry. That's just a quick closing comment from me. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditi Patil from ICICI Securities.

**Aditi Patil:** My first question is on our technology vertical. So apart from our top clients, do we see scope for any other clients growing as large as our top clients, maybe more than USD 15 million or USD 20 million annual run rate?

And my second question is on industrials vertical. We have seen a strong growth in this vertical this quarter. Do you see this growth sustaining? And like how BFSI has grown for us over the last 2 years, do you see similar trajectory for this vertical? If yes, what would it be driven by?

**Rajan Venkatesan:** Specifically on the tech vertical, right now, at least the visibility that we have, Aditi, is we do have a couple of really, I would say, solid logos that are in the sub $5 million category, which have the potential if we execute well to probably go up to a $10 million sort of a number.

But I wouldn't say based on what we see right now, we have accounts that are $15 million, $20 million potential accounts for this year. But I think one of the aspects that Sonal spoke about is doing fairly detailed account management as well as farming sort of an exercise where the expectation is that we want to look at high potential accounts, accounts that can grow to $10 million plus in the next 2 years and continue to, one, invest as far as having people onshore in build roles as well as in client partner roles to mine those accounts is concerned. So that's something that we will continue to work towards.

For this year, we don't have accounts that are likely to scale to $10 million plus outside of the top 5 accounts that are already reported. The second question?

**Aditi Patil:** Yes, I was asking from a medium-term perspective, like over 10 years.

**Sonal Ramrakhiani:** Perfect. Great question, Aditi, and I'll also come in here. I spoke a little bit about the fact that we do have a number of great logos. So a lot of large enterprises that we have already signed up and there are existing revenue being clocked relationships that are there.

The point that Raj made around account management, the entire approach is exactly what you called out. How do we build the pyramid? And that's what the teams are working on in terms of taking those sub $1 million, scaling them to $5 million, the ones which are $5 million, how do you scale them to $10 million and etcetera.

Fundamentally, do these accounts have the potential to become $10 million-plus or $20 million-plus? Yes. But again, that's a more medium- to longer-term growth story. And what we are looking, there's a lot of goodness in our large accounts in terms of the work that we are doing. That's the whole mindset that we are bringing and investing from client-facing roles who would help them grow and cement the growth in that account.

So I'm confident that we have the right set of logos. Of course, we are not stopping our hunting activities. Those are also continuing. But specifically, the accounts that we already have, there is a very structured program, and I'd be happy to speak to you separately on that, structured program

around account management and account mining that we've put in place over the last 3 months.

**Rajan Venkatesan:** On industrials, like I said, on a full year basis, right now, the visibility that we have is to clock a 60% Y-o-Y growth, largely aided by growth or the traction that we're seeing in auto and auto component clients of ours.

We do anticipate again that this could be a significant growth area for us. And we will be, on the back of what we've seen in the U.S. specifically, we will also be making investments in Europe, to drive growth because the two verticals that we want to focus from a Europe standpoint would be consumer as well as auto and auto components.

So, we will come back to you with medium to longer-term outlook on industrials specifically. But to us, it's a no-brainer that it can be at least the size of what an FS is today, which is a $25 million practice on a full year basis for this year. It can easily scale to those, I mean, today, we work with just one large auto manufacturer and a couple of auto component companies.

And as we expand into Europe, this can again easily double. And so from the $11 million-$11.5 million that we are tracking to on a full year basis this year, this number, at least over the next 2 to 3 years, can easily double for us.

**Sonal Ramrakhiani:** Just to further add on, customers are really appreciating the work that we're doing around creating impact on supply chain, the work that we're doing as far as plant production efficiency is concerned. We're seeing good traction there. Obviously, some of our partnerships and the relationships that we have with the partners around accelerators are also giving us good confidence in this area.

So fairly bullish on the ability of auto to grow, and that's why it's also aligned with the investments that we will make strategically into Europe. And again, that's more a medium to longer term, partly aligned with our diversification strategy as well. So just wanted to call that out.

From a traction perspective, there are some really good logos that we are in very active conversations with, some on the verge of being signed, documentation, etcetera, is being worked on. And again, the customer feedback wherever we've interacted is fairly positive in our ability to bring the right talent who can help drive the right solutions and has a very business mindset in terms of ensuring impact for the customers.

A lot of this work is also linked to the work that we do around AI and Agentic AI. So, I wanted to emphasize that also specifically in the industrials area, that is a differentiator for us.

**Aditi Patil:** Got it. Just one small question. We have reported 11 deals in this quarter. So, this number seems to be higher than the average 5 to 7 we were reporting every quarter. So, is the volume of deals higher than Q2? And has this also translated to higher TCV?

**Rajan Venkatesan:** While we'll not be able to give you an exact TCV sort of a breakup, but yes, we have seen a significant uptick in the overall activity levels, and as well as there has been a marginal uptick in the overall pipeline that we are currently tracking, Aditi. I'm afraid I will not be able to give you the TCV value, but we did have a couple of decent-sized wins specifically. The biggest win amongst the logo wins that we spoke about was close to about 850,000 project that we won.

**Sonal Ramrakhiani:** And Aditi, in this context of more strategically, not specifically data at this point of time, the initiatives that we've been driving over the last quarter have been around scaling and driving growth. And those will result and materialize in greater deals pipeline, hopefully larger deals as well. So that's the whole focus that we are driving from a go-to-market perspective.

**Moderator:** The next question is from the line of Dipesh Mehta from Emkay Global.

**Dipesh Mehta:** A couple of questions. First about a clarification. I think you indicated $127 million for FY27. Is it right? Or I heard something wrong?

**Rajan Venkatesan:** Dipesh, that is correct. Yes. That is the number that we have very high confidence on executing right now, Dipesh. So, $127 million is the right number.

**Dipesh Mehta:** So if I, let's say, expect $127 million to play out, you expect material acceleration in second half compared to what you delivered because you are closer to $61 million in H1?

**Rajan Venkatesan:** That is correct, yes.

**Dipesh Mehta:** What gives you confidence in terms of whether it is largely deals signed kind of thing? Or maybe if you can give some sense? Because it is largely reflecting what our earlier run rate used to be in terms of sequential growth. That is question one.

Second question is on the EBITDA margin. Now, how you expect EBITDA margin trajectory to play out in H2 as well as medium term? Because earlier, our margin used to be at different level. Now, we are at, let's say, close to 20% kind of number in H1. So how one should look at your margin trajectory with growth acceleration expected in H2, whether some benefit will be reflected even on margin side?

And what would be, let's say, your aspiration for medium term, considering some of the steps you are taking? And last question is over slightly medium term and some of the things which you indicated about your prepared remarks, the structure program, let's say, you have plan to have for account management and other things. Can you provide some sense how you intend to do it? How you want to scale accounts? Because typically, so far, we observed this is more like project-driven business. Once project ends, you have a headwind for growth.

So how you want to have more annuity kind of approach and how you want to, let's say, play overall AI transformation journey, which give you, let's say, medium-term visibility rather than a few quarter visibility?

**Rajan Venkatesan:** Dipesh, I'll take the first two questions, and I'll let Sonal answer the third question. Specifically, on your question on the visibility for the $127 million, today, based on what we've already signed and locked in, the visibility is closer to about $125 million, okay, of the $127 million.

Roughly about $2 million of the $127 million will be linked to pipeline that we still have to convert in Q3 and Q4, where there's a very reasonably high level of confidence because these are conversations that are in advanced stages where we either submitted paperwork and which is yet to be signed off, or there is commercials that are being negotiated. So, these are deals that are in advanced stages of pipeline. I hope that answers your question.

In fact, just for the next quarter, based on what we see right now, there is sufficient evidence for us to

deliver a 3% to 4% sequential quarter growth. I'm talking about Q3 relative to Q2, just based on what we've already signed and locked in. And of course, the deals in the pipeline will give us the upside towards the end of Q3 and Q4.

Your question on the EBITDA margin, and where it is likely to be on a full year basis for this year, as well as in the medium term, we did give you a guidance of 21% to 22% this year, more specifically because we do want to continue investing in not just the Databricks capabilities, but also there's a larger program around the CTAIO office where we want to obviously hire AI engineers and build FDE practice.

So you will see us committing capital and allocating capital to some of those initiatives, which is why on a medium-term basis, I would say, 21% to 22% is the sort of margin levels that we would want to continue to hold on.

You would have also seen as part of the investor presentation that there was some level of rationalization that happened on the GTM side. And some of this was fairly deliberate as well that we are, at this point in time, evaluating what are the investments that are delivering returns. And to the extent we need to prioritize or reprioritize some of the capital, we are continuing to do that.

And so, not all of the investments that you will see in the capability building will be net new investments. Some of this will be a reallocation from our existing GTM spends where we are not seeing commensurate returns. So, I would say, medium-term guidance would be to maintain EBITDA at the 21% to 22% band. I will let Sonal answer the next question.

**Sonal Ramrakhiani:** On Account mining and management. And that's a great question, Dipesh. And I wanted to share that when I came in into the company, and my analysis also showed the same observation that you had that we have good logos. But in terms of the kind of work that we were doing, there was an opportunity for us to move up the value chain. The methodology that we've used, and some of it from my past experience, industry best practices around how do you create a large account?

How do you create large deals? So we've done a company-wide, initially, when I'm saying company-wide, I mean sales and delivery and the key leaders, some of our COEs, practice, etcetera, who's involved with specific accounts. And this was done not just for only the top 5 accounts, but amore broader base around accounts that have potential for growth.

And specifically, the way that we've looked at it, again, standard template methodology approaches around mining the account, how do we do more cross-sell, how do we do more upsell? What kind of large deals can we shape? And there's solutioning that's being done linked to that. And how do you scale the account? What's the kind of stakeholder management relationships, etcetera?

Where do we need to move up, like I said on the value chain. Now, a fair bit of activity that we've managed, and that was more the strategy for the account. Now, the emphasis is shifting to the execution on that. The potential exists, like I said, it's more about now taking that to the market and implementing on that. The good thing is, we've already started seeing some green shoots. And whenever those happen, I think teams also take on challenges.

So, if one team is curating a large deal, the other team automatically starts saying that let me also try and do that. So we are seeing good traction and uptick from the teams internally on what they want to

do.

We are also seeding some of those conversations with customers. It's not going to change overnight. It is a journey, and I'm sure you appreciate that. But that's something that in – the medium term, I would say, it's something that will help us shift. And the metrics, again, are very similar to what you were talking about.

How do I get more annuity business? How do I increase the size of the contracts that I sign? When customers have renewals and things like that, how do I get ahead of that cycle so that I'm not spending time every 3 months or every 1 year just on that hamster wheel of deals? And that's really the approach that we are taking in order to pivot the way that we run the business.

I hope that answers the question. Happy to take on any more clarifications that you may have.

**Dipesh Mehta:** Sure. The last one bit on incentive structure, any changes we are making?

**Sonal Ramrakhiani:** We are in the process of reviewing it, and we'll be doing it, but we won't be able to time it for this financial year because it creates confusion. But fairly active conversation and activity going on with our HR teams, and we are putting that in place. And incentive is both short term, as well as long term. So, both those levers are being looked at.

It's not something that I'm saying just in the context of this call, but a lot of work that's already happened in the back end around the mindset that we want to drive and what we want to do, and specifically, especially in short term and the incentive, a lot of it will be linked to the outcomes and the behaviours that we want to drive.

So hypothetically, just to give an example, if we are talking about larger deals, there will be structures around that. If you're talking about the margin profile and some of the levers that we want to drive on that, then the structure will include that as well. and similarly, the growth mindset that we are driving. That's already work in progress. But like I said, timing-wise, we will time it for Q1 of next year because we wouldn't want to touch it in the middle of this year, considering we are already in November.

**Dipesh Mehta:** Understood. Maybe next quarter or next to next quarter, you can share some more detail around it. That would be very helpful.

**Sonal Ramrakhiani:** Yes, we should be in a position to do that, yes.

**Moderator:** The next question is from the line of Aagam Shah with Aagam Investments.

**Aagam Shah:** A quick question. You framed the guidance for this year. But are we intact for, let's say, $200 million target by FY28? There's a delay by 1 year?

**Rajan Venkatesan:** Yes. I will take the call, and I will also let Sonal chime in. So Aagam, we are obviously reviewing the numbers as part of, obviously, Sonal's first 100 days at the company. We are looking at, one, industry by industry, what's our ability to execute towards that $200 million. While our initial guidance was that we will try and get to the $200 million by end of FY28.

I think right now, at least the internal thinking, plus the way we are allocating capital, the way we are reassigning portfolios within the company, what we want to definitely track to is delivering $200

million by the end of calendar year 2028. So that's something that we want to work towards.

We also are going to do an Investor Day later after the Q3 results are announced. Please watch out for the dates, but it is most likely to happen in the first week of February. And there, we will come and we will also talk with a lot more granularity in terms of how we will achieve that $200 million. But yes, to your point, we will continue to work towards that $200 million. In fact, the internal plan will be to go past the $200 million.

But to the market, we still want to keep up that promise of getting to the $200 million. Of course, the time line right now is being shifted out by about 9 months, and it will be the end of calendar year 2028.

**Sonal Ramrakhiani:** Thanks for the question. And we had spoken last time about driving growth, and I remember that conversation. The whole emphasis is- and what I've been doing over the last 3 months has been on how do we get to that target, the granularity that Raj spoke about. And some of it like while we share the complete detailed plan in the Investor Day, I'll just give you a flavor of the kind of work we are doing without sharing specific numbers.

So from a levers perspective, there's obviously farming and there's the organic growth that we are looking at and what we'll do there. There's the hunting, which is, again, organic and what we're driving there. Partnerships as a channel, and then, of course, inorganic is separate. And there's active work on how do we fire in all of these in parallel. Because if they fire altogether, then you overachieve the number.

If at least 2 of the 3 fire, then you hit the number. That's the whole approach that we are taking. And that's coming again from an execution mindset and a say-do ratio and making sure that we land on the numbers.

So very detailed plans that we've done around with the account teams on what is that number at an account level and a growth number for the newer logos that we have and what can we achieve from there. It includes an element around Europe. And of course, like I said, inorganic would be a separate bucket. And partnerships as a channel is also something that we will look at while the numbers get counted in the individual verticals, but it becomes a very strong way to accelerate growth for us.

The elements around what we will do. So the plan is not just about the $200 million and the revenue and the financial plan, but there's a lot of structure behind it. What do we want to do? We spoke about technology, the CTAIO function. What do we want to do from that perspective? What is the AI moat for growth that we will be driving?

I spoke earlier in the call around AI for data. That's something that we are fleshing out in quite a lot of detail. Our approach around talent, how do we ensure readiness for the future? How do we pivot our pyramid in order to keep the margin steady and along the lines that we've committed and possibly better, but at the same time, our ability to invest for the future, the work that we need to do on the brand as far as market-facing activities are concerned.

So, there's a lot of depth and granularity that we've already fleshed out. By early February, we will come back to you, obviously, our Board and all needs to sign off on some of these things. So we'll come back early February and walk you through this in detail. But there's already a lot of detailing that we've done in the background, which gives me the confidence of achieving that number by CY28.

**Aagam Shah:** Two questions. You spoke a lot on the CTO front. So, can you more elaborate, so what kind of hirings or what kind of people are we looking at? Maybe it's an entire structural change, or fouror five people hiring senior level or what kind of hirings are we looking at?

And second, I think automotive is a new vertical we are adding. So any more verticals or anything which you would like to comment on or verticals you would need to reach your targets or something like that?

**Sonal Ramrakhiani:** I'll take the first question and Raj will comment on the second one. The CTAIO, which is Chief Technology and AI Officer, that's that function that we are creating. We will have four functions within it. I spoke about it earlier in the call. And I know your question is specifically around the talent, so I'll comment on that. This hiring is happening in India. We have been very deliberate on that. Our largest teams are here. There's some great tech talent. So, we will invest that over here.

Specifically, three or four areas that the leader will focus on. So, there is one senior leader hiring that's happening related to this. The whole approach around our offerings, the bouquet of offerings, things that are already work in progress and how do you get them ready for the market. That's one part of it.

The second is for the future, any new solutions, accelerators, wrappers that we may require either in the context of the industries that we operate or industry plus partnerships. There is an element around AI Studio, which is more around the innovation for the future. And the fourth element is around what I call AI DNA, which is equipping the talent that we already have in the company for the future because AI is not static. It's constantly evolving. There's so much more that's going to come our way, so making sure that we are aligned on that. So those four buckets are what this function will focus on.

From a talent perspective, we already have some talent. So for these three or four roles, we will align, and the COEs also, which will roll in into this function. We will align the existing talent over there, and there's a possibility that there may be a couple of more positions that we may need to fill, but those will be 1 or 2 levels below the CTAIO function. So that's the way that we are looking at fleshing this out and making sure that it's ready.

There's a lot of market-facing and customer interaction also, we believe that this role will really help us on. In fact, we've already been investing and we'll continue to do that around what we call a field AI or business AI function, which is more on site, and that's not like something completely new.

We spoke about it in the past around whether you call it forward deployed engineers or more AI investments closer to where the customers are. And the role of those people is basically to help with client-specific solutioning, helping adoption of AI for customers and our projects and really helping define the kind of, how do you differentiate yourself and get the customer and really be that partner to help them implement.

So that's the whole field AI or business AI, whatever term one relates to, which is kind of in addition to that forward deployed engineer, which will be very specific to client engagement, but this is something that we are continuing to invest. That will also roll in into the CTAIO function. But that is a lot of work in progress and not necessarily additional. I hope that answers the question, Aagam.

**Rajan Venkatesan:** Aagam, I'll very quickly answer your other question. Specifically, in terms of auto and auto component, I mean, while we are calling it out separately, this already existed within our industrial

practice.

The renewed focus when I say because we're seeing good momentum and traction in this, as well as we believe that as far as Europe is concerned, we also don't want to spread ourselves too thin. I think in the past, when we did try to expand our footprint in Europe, we did go after, I would say, multiple verticals, and we made investments across verticals.

So, this time, the focus is to, I would say, concentrate on auto and auto components, which, again, there are big auto components and auto manufacturers in Europe and your consumer where we already have a fairly strong footprint in terms of existing anchor accounts. So we will continue to focus on those two.

But as far as new verticals that are likely to be a part of this $200 million growth plan that we will talk about, healthcare and life sciences is one call-out that I wanted to have. I don't know if you've tracked this, but very recently, we brought on a fairly senior leader, someone who comes from the industry and was at HCLTech, working specifically in the healthcare and life sciences space. So, we brought on this leader, one to drive our healthcare practice specifically.

But while I've not specifically spoken about inorganic, from an inorganic standpoint, the big focus will be in adding capabilities on the life sciences side. So put together, I think between healthcare and life sciences, out of the $200 million, we anticipate that at least $20 million of that $200 million will come from healthcare and life sciences.

So it is something that doesn't exist within the organization today. But through some of the investments that we're already making or have made, plus the inorganic, we expect that this vertical will be at least 10% of our overall revenue in 2028.

**Moderator:** The next question is from the line of Srinath from Bellwether Capital.

**Srinath:** Just first quick question, I wanted to understand how are the ramp-ups of AI projects we have done for our large customers, these POCs, which had possibilities of getting converted into live orders. So, has that kind of played out? One. Second question would be, we got into the Anthropic certification program and got significant part of our workforce trained. So, what is the update on that? Have we had any joint go-to-markets with Anthropic and so on and so forth?

Last of the set of questions would be, could you give a Databricks update? Last year, from what I remember, the top line was maybe around $17 million. Where are we today? What are the kind of wins we are seeing in the Databricks practice? And even we empanelled with them for their AI workflows or any updates on that, that would be great.

**Rajan Venkatesan:** Yes. So, I'll take the first and the third question, Srinath, and Sonal can talk a little bit about the partnership with Anthropic and some of the work that we are doing on the certification and getting our workforce also enabled. As far as the uptick from the AI work itself that we are doing and how we are seeing that ramp-up, we are continuing to see good momentum. Sonal spoke about a couple of the wins that we've had in this current quarter. In fact, the work that we have won with this large apparel manufacturer is completely agentic AI work that will not just be a POC.

It will be directly going into production, and that is close to about 800,000-plus engagement that we've

signed. So we are already beginning to see that shift where while there are still POCs, there are some set of customers who are still looking at 100,000- 200,000 type POCs before signing up for larger programs, but we're also seeing the other end where customers are willing to sign up for work, which is larger in size and also going into production. Even very recently, in one of our large financial services account, there was a specific agentic work that we've signed on.

Again, this is all in the past, some of this work that we would have done would have been in the form of a POC eventually, and then the client, depending on the outcome of the POC, would have decided to productionize it. But again, we signed a 500,000 deal very recently with a financial services account where, again, the work will be completely agentic.

So, we are seeing ramp-ups as far as the more modern AI work is concerned, Srinath. And while we would like this to be a lot more broad-based before we tell you that, yes, we are seeing that shift, but we are already seeing some of that in the more recent wins that we are seeing. Your third question, Srinath, just help me.

**Srinath:** The third question is on Databricks. So, $17 million was our base and where are we and what kind of wins are we having in our joint go-to-market? And they were also supposed to kind of help us land customers?

**Rajan Venkatesan:** Yes. So I'll give you a bit of an update on that. So, the $17 million number is closer to, as we look for on a full year basis right now, that number is closer to about $30 million of influence revenue. When I say that this is revenue that we are delivering on top of Databricks, plus there is also migration and POs migration type work that is involved. So, all of that put together is at about $30 million.

But this also includes work where we are building solutions on top of Databricks. So the $17 million for this year is already up at about $30 million plus. As far as the joint go-to-market wins is concerned, I mean,, very recently, and this I think Sonal did touch upon this.

**Sonal Ramrakhiani:** I didn't take that example, but yes, there's a win even this quarter.

**Rajan Venkatesan:** There's a win that is there this quarter, and this is on the back of the Databricks partnership program, the DPP program, where essentially Databricks funds initial POC, where you have to demonstrate basically the value that Databricks will be able to bring in to move work that was currently being executed through a traditional platform, which in this case is, I think, Teradata, and there are close to about thousands of dashboards that are currently existing on the old platform, and they want to move all of that to Databricks.

So, we are executing an initial POC, which will be close to about 200,000. But if the POC is successful, right, it could potentially lead us to a $1 million-plus large transformative program that we will execute.

And this, by the way, has come in through a Databricks workshop or a Databricks event that we did in Latin America for a large cosmetics brand that we are talking about. And this was a client that Databricks has taken us to. So, we are seeing that also play out. It's not just us taking Databricks to our client set. Databricks, on the back of the good work that we have been executing till now, is also happy to refer us to clients, and we are already witnessing that.

**Sonal Ramrakhiani:** And just a softer point that I want to land, the general feedback from Databricks on this is, again, around the domain and the depth of expertise that they get with us, which is why they have confidence in taking us to the customers because it helps them win their product deals as well. So that's been a positive. So, a fair bit of traction, Srinath, across the board as far as Databricks specifically is concerned. I gave a couple of examples when I was speaking, or at least one detailed when I was speaking earlier. Raj just gave one.

We are quite positive about the relationship and the opportunity that it represents for us. Obviously, from a numbers perspective, it reflects in each of the verticals. But interestingly, for Databricks, again, we are seeing work happening across multiple industries with them, and it continues to be something that we are quite bullish on.

Your question was on Anthropic specifically, and I'll just talk a little bit about partnerships before I deep dive into Anthropic. In the whole strategic approach, I spoke about partnerships as an important lever. It's on the back of the goodness that we've seen in Databricks and also on the back of some of the market trends that we're seeing, what other companies have been doing as well.

It is an important element of the ecosystem to drive growth, and we are very, very particular and conscious of that. So it will be, of course, companies like Snowflake, Databricks, a few other companies that we're locking in with and also the frontier AI labs like the example of Anthropic that you gave.

In addition, the partnerships will also have some specific industry-led solutions. So, without naming the company, there's like a wealth tech company where we are doing a joint go-to-market kind of an approach. That's also an element of partnerships. So not just with the regular tech companies, but also with some of these industry-specific GTM motion is something that we're putting in place as far as overall partnerships is concerned. That's again has been fleshed out, is being fleshed out because there's a lot of depth and detail that we're putting on that.

That's part of that whole plan that I was referring to. Specifically, as far as your question on Anthropic is concerned, the first step that we've taken over there is to make sure that the AI certifications are in place. So almost 153 of our employees have been certified specifically on claude solutions. I'm not talking about the other certifications there. We had followed a similar model when we had done Databricks as well to make sure that the talent is ready.

And in parallel, there is a go-to-market initiative activity that we're driving. One of our leaders will also be taking on an additional responsibility for driving partnerships across the board. And that's something that we are deep diving on because even for Anthropic, they want to see the talent that they can help deploy.

So that's really the approach that we're taking, which is also similar to what we had structured when we looked at Databricks. And I'm just not comparing the two, but I'm just giving it as an example of the process that gets followed.

**Srinath:** Perfect. Just one suggestion, guys. Please do table a buyback to the Board. See, given the fact that we are generating the kind of cash flows we do, even if we do not consume any of the cash in the balance sheet, given that we have aspirations to do acquisitions, I feel we should contemplate a buyback, especially in the context that acquisitions take their own time and there is a level of uncertainty and

the cash remains largely unproductive. So, I would, please, request you to take that as a suggestion.

**Moderator:** The next question is from the line of Pritesh Thakkar from PL Capital.

**Pritesh Thakkar:** I just had a question on margins. Raj, you indicated we were anticipating one of the largest number, but we could not do it on time, and we ended up creating a buffer of employees. So, I just wanted to understand if you can quantify the impact on margins from that and how much we can recoup in the next quarter?

**Rajan Venkatesan:** So the margin impact of this large project bench that we were carrying was about 0.4%, Pritesh. So that's something that we should be able to recoup in the coming quarters.

**Pritesh Thakkar:** So I just had a question on the pricing side. So, what would be your premium gap on pricing of traditional services versus new-age AI services? The percentage that you indicated in the last quarter, 35% of revenue coming from there. So, any kind of pressure are we seeing on the traditional versus the premium ones, the AI services?

**Rajan Venkatesan:** So, not as yet. Of course, purely from a skill standpoint, the more modern work, hiring for some of these skill sets is definitely higher. And that's a great question that you have brought up because even within some of our large technology accounts, we continue to do some of the traditional work, plus there's also active demand for some of these AI engineers So there is an active demand. In fact, as we head into the renewal season, we are looking to seek price increases specifically for some of these new skills, Pritesh.

But at this point in time, I wouldn't say there is too much of a pricing difference. I think on the margin side, though, because we also tend to execute some of the new-age stuff in a fixed-fee, fixed-scope sort of a model, the margins on these projects are typically about 4% to 5% higher relative to the traditional work. So that's something that we've been tracking. Pricing on a like-to-like basis, we've not been able to get better pricing, but that's something that we are working towards as we head into the renewal season.

**Moderator:** That was the last question for today. I now hand the conference over to the management for closing remarks.

**Sonal Ramrakhiani:** Thank you, everybody, for joining the call. Appreciate your support and the depth of the questions, of course. We are quite committed to ensuring that we drive the company on a growth trajectory. And we'll share more details. Look forward to meeting everybody when we set up the Investor Day in early February.

**Rajan Venkatesan:** Yes. I'd like to echo the same sentiment. I know it's been a tough quarter. And obviously, our intention is to try and be as transparent and as upfront about the business update, as well as how the business is trending. But having said that, to Sonal's point, I think we are not going to obviously, while the macroeconomic sentiment is muted and there are headwinds in the technology vertical, which is our largest vertical, we are pleasantly pleased with the work that we're doing on all the other verticals, which is financial services, industrials, as well as CPG and retail, and the strong momentum that those verticals are demonstrating.

We're also excited about the prospects in health care and life sciences and what we can drive over

there. So, focus over the next couple of quarters is to put our heads down and execute and execute well, bring in the leadership needed to also drive some of the changes that we want from a capability and offering standpoint. So that's what we will be focusing on. And to Sonal's point, when we come to the investors as part of the Investor Day, we will unveil a much more granular plan on how we will execute to the $200 million.

**Moderator:** Thank you. On behalf of Latent View Analytics Limited, that concludes this conference. Thank you 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.*