February 01, 2023

The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.
Scrip Code: 543398

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex Bandra East,
Mumbai 400 051
Scrip Symbol: LATENTVIEW

Dear Sir/Madam,

Sub: Transcript of Earnings Call held on January 24, 2023

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call held on January 24, 2023, post announcement of financial results of the Company for the quarter and nine months ended December 31, 2022.

This is for your information and records.

Yours Sincerely,

Thanking you,
For **Latent View Analytics Limited**

PARTHASARATHY SRINIVASAN
Digitally signed by PARTHASARATHY SRINIVASAN
Date: 2023.02.01 13:03:37 +05'30'

P. Srinivasan
Company Secretary and Compliance Officer

"Latent View Analytics Limited Q3 FY2023 Earnings Conference Call"

January 24th, 2023

MANAGEMENT: **MR. RAJAN SETHURAMAN – CEO**
MR. RAJAN VENKATESAN – CFO

Moderator: **Ms. Asha Gupta, E&Y LLP - Investor Relations**

Moderator: Ladies and gentlemen, good day and welcome to the Latent View Analytics Limited Q3 FY 23 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from E&Y LLP, Investor Relations, thank you and over to you Ma'am.

Asha Gupta: Thank you Faizan. Good evening to all participants in this call. Welcome to the Q3 FY 23 Earnings Call of Latent View Analytics Limited. The Results and Presentation has already been mailed to you and you can also view them on the website at www.latentview.com. In case anyone does not have the copy of press release or presentation or you are not in our mailing list, 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 the CEO of the company – Mr. Rajan Sethuraman whom we will be referring to as Rajan and we also have CFO of the company Mr. Rajan Venkatesan whom we will be referring to as Raj to avoid the confusion while doing transcription. We will be starting the call with a brief update of the quarter which will be given by Rajan, which will be then followed by the financials given by Raj.

As usual, I would like to remind you that anything that is said on this 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 risk and uncertainties that we face. These risk and uncertainties are included but not limited to what we have mentioned in the prospectus filed with the SEBI and subsequent annual report that you can find on our website.

Having said that, I will now hand over the floor to Rajan, over to you Rajan.

Rajan Sethuraman: Thanks Asha. Thank you all for joining the call. Wanted to start off by wishing everybody a Happy New Year. We are very happy to report another very strong quarter for Latent View Analytics. I will give you some of the business highlights and then after that I will pass it on to Raj to talk about some of the financials.

Starting off first with client addition, this quarter we added five new accounts and the good news for us was that one of these was in the European region. You will remember that I have talked about adding more people at the front end as well as capability and delivery right for the European practice as that's one geography that we intend to double down on.

Since the onboarding of our new Europe business head, this is the first new account that we have won in the Europe region and this is in the BFSI space in the asset management investment area and we are very happy that we are able to bring this client onboard. We also onboarded another new client in the India APAC region and this is an experiment that we had kicked off at the start of the year to look at the India market and we have a smaller core team which is looking at India. Interestingly, this first engagement is also a consulting exercise that we have done, helping the client with their analytics strategy and roadmap of initiatives. We have now concluded that consulting exercise and we are on our way to commencing the implementation right of the initiatives that have emerged from this initial piece of work. I'm pretty happy that we've been able to open up the India account as well in this quarter.

In addition to this, we had three accounts that we started off in Europe. One in the two of them, one of them in the media and entertainment space, one of them in the banking financial services industry and one in the CPG space.

In addition to the new accounts, we also had strong growth in our existing accounts. Our top two accounts continued to grow for us. We are also very happy that two of the accounts that we added in the previous quarter were able to expand the scope of work. One of them was reported in the earlier quarter as the first $2 million plus account that we had won. Since then, we have expanded the scope of work that we are doing for them even further. We are very happy to note that our engagement is progressing very well.

At this point in time, we have a fairly healthy pipeline of opportunities that we are chasing. However, I did want to point out that given the current economic uncertainty, we sense sluggishness on two accounts. One is the fact that in general, many of the organizations are adopting a little bit of wait and watch mode with respect to how the uncertainty unfolds and is resolved. There is a general delay in decision making with respect to new initiatives. The other trend we are also noticing is that the initiatives are getting larger and more complex. I mentioned this in the past earnings updates and we see good evidence of that right now. As we speak, there are five big opportunities all of which are in the $2 million plus range that we are currently in discussions with. Two of them are on a sole source basis at this point in time and while there are a few hurdles that we need to sort out and we need to get the right contracting principles in place. Three of the other opportunities, they are all competitive RFP driven processes, so the initiatives are getting larger, but it also means that more competitors are in the fray. The good news for us is that we are getting invited to the party head on this RFP deals as well. In the past we have indicated that 80-85% of our business comes through a sole sourced type of situations where we are co- creating the opportunity along with the stakeholders. We are seeing a trend where the opportunities are getting larger, which means that the client and the prospect will take an RFP and a competitive route, but we are very happy to get invited to the party on the back of the business perspective and the analytics orientation that we are able to bring to the table. Overall at this point in time, we are expecting that the next quarter will actually result in plenty of conversations of a similar nature and we are expecting that some of the opportunities that are currently in fly will also get closed out before the end of the fiscal year.

A few other updates on the business side, we onboarded three new people to our Advisory Council. With that, our Advisory Council has now gone past half a dozen mark and we are in the process of putting in a framework in place to ensure that the advisors are aligned and are contributing to the growth of the organization. We are expecting that we'll bring on more people as part of the Advisory Council in the coming quarters as well.

We also won The Great Place to Work, ITES award. In the last quarter we were listed as one of the certified companies. In this quarter, we got listed amongst the top 100 companies to work for in the ITES space. That's another interesting initiative that happened in this quarter.

We have been partnering with campuses in India for quite some time. We have now expanded that partnership to cover a few select campuses in the US as well. Currently we have a relationship development program going on with North Carolina State University, Carlson and Santa Clara University and we have hired over a half a dozen people in this last quarter. The expectation is that we will significantly ramp upon on that front and have a very strong campus relationship and a campus hiring program in the US as well, to take care of the growth we are expecting in terms of roles in the United States. We also continued to add people to the sales and business development team as well as the client servicing organization. This quarter we onboarded a few client partners in the technology space and also in retail. We also onboarded growth heads for the industrial practice and growth leads in other areas. The intention is that we will continue to focus on hiring people into the frontend be it client servicing or be it sales and business development in the US and in Europe as well.

On the people front, our attrition has come down significantly. In fact, it came down by 9 percentage points quarter-on-quarter and we believe that this trend will continue. We are expecting that the supply demand mismatch scenario that was there earlier will get tempered significantly right on account of this. Our onsite-offshore ratio came down at tag, because of some of the newer engagements that we took up. But we are expecting that this ratio will again improve significantly in the coming quarters on the back of some of the larger RFP driven opportunities that I talked about. Finally, our internal process for filling roles through the internal job portal and the rotation mechanism has also improved quite a bit in the last quarter. We have been now able to staff 14% more roles through internal rotation as opposed to finding people for every new role through the lateral channel. The intention is, that with every large opportunity we will have a one-third, one-third, one-third mix where one-third of the people come from inside the organization who are tenured with lateral view. One-third of the people will come through lateral hiring and one-third through the campus hiring that we are doing.

So, broadly those are the business updates that I had. I will now pass it on to Raj to touch upon the financial highlights.

Rajan Venkatesan: Thank you, Rajan. Good evening everyone and wish you all a very happy New Year. We are very happy to announce another strong quarter. Like Rajan mentioned, Q3 has traditionally been a fairly strong quarter for us and this Q3 was no exception.

On a quarter-on-quarter basis, we reported a revenue growth of about 10% on a sequential basis and 35% on a year-on-year basis. We closed the quarter with revenue of Rs. 145 crores, which is the highest that we ever clocked in the company's history. The growth was broad based, but was primarily driven through our tech verticals, which is our strongest verticals, industrials and BFSI. Both those verticals contributed to the strong growth that we have witnessed. During the current quarter, what we've also witnessed is our order book grew, and expanded significantly. Some of the sluggishness that the Rajan was alluding to has not really trickled down to our order book. In fact, a lot of the client set that we work with typically work in Jan to December type of budgeting cycle. Therefore, a lot of the renewals or extensions that happen typically happen at year end. We are happy to announce that most of those in across most of our largest clients have been able to extend or renew our contracts and there is no substantial cut, at least in our existing order book. That's a fairly positive sign for us.

The long-term trajectory again continues to be good. The pipeline continues to be strong. There are several large opportunities within the pipeline today which could be transformational in nature, but what that also means is there is a slightly longer sales cycle for some of these pipeline deals as well as there is a procurement angle that we have to go through. There is an RFP route in some of these deals. But the good news is that analytics as a space is now witnessing some of the large size transformational deals and this could be in some sense like a watershed moment for the industry itself. We could see many more of such deals coming through in the future, that's something that we are very excited about.

Coming to profitability, you would see that other income for the current quarter was at Rs. 22.1 crores which grew significantly compared to the Rs. 8 odd crores of other income that we had in the last quarter. Just wanted to let you know that, of course the interest rates or rising interest rates helped us expand the interest income on the treasury portfolio that we have. But besides that, last quarter we had a forex loss of about Rs. 1 crore, compared to that, in the current quarter we've actually booked a forex gain of Rs. 6.5 crores or close to Rs. 7 crores in the quarter. There's a swing of almost Rs. 7.8 crores between last quarter and this quarter on account of forex. So, that helped the other income. The second factor that contributed to the higher other income was the service export incentive scheme, income of about Rs. 2 crores. This is again related to the year FY 15-16. The way we account for some of these export incentives is we only book them as income as and when we collect the duty scrips associated with the export incentive itself and not on an accrual basis. Therefore, this is something that is related to the year 15-16 and to that extent may not be sustainable or it's more like a one-time income that we had in the current quarter.

From a profitability standpoint, EBITDA margin as well as on an absolute term continues to be healthy. For this quarter we clocked EBITDA of almost close to about Rs. 43 crores reflecting a growth of 15% on a QOQ basis and almost 33% on a year-on-year basis. The EBITDA margin for the quarter came in at 29.5%. Of course, strong execution coupled with the rising dollar or appreciating dollar, all of that helped us, but also Q3, while from a revenue standpoint is traditionally strong for us. Some of the marketing events or marketing related travel that we do is typically lower in Q3. The marketing events that we do are either in Q2 or we are going to do one in Q4 and therefore marketing spends are typically a little muted as far as Q3 is concerned. All these three factors strong execution coupled with favorable exchange rates coupled with slightly lower marketing spends all of that helped us expand our EBITDA margins significantly over the last quarter. I know we've been guiding the market that we will maintain EBITDA margins in the range of 25% to 28% and we continue to maintain that stand and we will continue to invest in growth as well as capability building in the coming quarters. Our PAT for the quarter stood at Rs. 52.5 crores reflecting a growth of 40.8% on a QoQ basis, again very strong. In the current quarter one of the other benefit that we got was also on account of the exercise of ESOPs in the US. There was a fairly large ESOP exercise that happened for some of the US employees and in the US we tend to get a tax benefit on federal taxes. This is accounted as payroll and therefore we are able to sweat this entire expense in the US and claim a deduction. That is what has resulted in a tax benefit in the US. And this we believe, this particular exercise will help us maintain the same ETR for the next few quarters, before which we'll be able to exhaust this entire deduction.

Coming to our nine-month performance, operating revenue stood at Rs. 397.7 crores. We were just Rs. 10 crores shy of the full year number that we achieved for the last year. Last year full year revenue was at Rs. 408 crores. We are about Rs. 10 crores shy of that number. Fairly happy with the level of growth that we've achieved in the nine months. EBITDA margins for the nine months stood at 28.9% and PBT came in at 33.6%. In terms of geographies, the US still continues to be the dominant geography, contributing 95% of our revenues. Europe while it is still at 4%, good news is that in the current quarter, like we mentioned, we added one new logo in Europe and a couple of the large RFPs that we spoke about, are again emanating from the European region, which is, again a fairly positive sign for us that this region will start firing in the coming quarters.

In terms of our balance sheet, our cash levels continue to be fairly healthy. Overall cash balance, including the IPO balance stands at about Rs. 1,057 crores. Of course, there is this impending question that we always have on M&A at this point in time we are in fairly advanced stages of discussion with two to three targets. Hopefully we will be able to push one or two of these to the next stage and come out with an announcement fairly soon. But there is a lot of activity as well as work that is happening on the M&A side and you should hear some news on that front fairly soon from us.

In terms of headcount, we added about 80 odd people on a net basis in the current quarter compared to the closing headcount for the last period. We continue to invest in the front end as well in the current quarter we onboarded our head of growth for the industrial practice in the US. She's someone who comes with a very strong industry background again. Overall, we continue to witness good momentum on the organic side. There is a good deal flow, a fairly healthy order book, fairly healthy cash balance at this point in time. We also believe that our campus intake last year has also helped us augment our capacity to deliver for the future.

As far as the revenue growth outlook is concerned, at least for the next few quarters, what we would like to maintain is we would like to maintain the current momentum, although in the most immediate quarter, there could be some impact on account of the sluggishness that Rajan alluded to. But the next few quarters, we hope to replicate the performance that we've delivered through the current year.

With that, we would like to hand it back to the operator and we can open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vimal Gohil from Alchemy Capital Management. Please go ahead.

Vimal Gohil: Yes, thank you for your opportunity, sir. So, my first question is on the large, some of the large accounts that you spoke about are sort of sluggish. Firstly, just wanted to clarify, these are amongst the top ten accounts. I'm sorry if you've already highlighted this, because I came in a bit late, but these are part of your top ten accounts, right?

Rajan Sethuraman: Yes, that's correct some sluggishness in terms of starting off new initiatives within these accounts. We have renewed all of our ongoing work and there has been no issue with respect to the renewals. Typically, the renewals happen in the November-December time frame, given that is the end of the financial year for most of these accounts. So, all the renewals have been completed we don't have any issues on that front, but some of the newer initiatives that these organizations are contemplating, there is some amount of sluggishness on that.

Vimal Gohil: But there's no issue in terms of the work being shelved or a permanent business loss or anything like that. You do expect the work to come back in subsequent quarters whenever?

Rajan Sethuraman: Yes correct. There is no business loss at all at this time. All the work that we currently contracted they've all been renewed for next year. Where we sense some slowness is in signing up new initiatives, expanding the scope of work, adding to the managerial services contract. That's where there is some sluggishness. But as I mentioned, there are large opportunities in the pipeline as well, with many organizations many of these are new accounts. We are sensing that the current ongoing economic uncertainty with the budget cuts and other constraints is propelling them to look offshore to a larger extent and set up capability centers in India if they already do not have one. I mentioned five big, large opportunities. Most of them are in the nature of creating and setting up an India capability. So, we see some traction on that, but obviously these are large opportunities. In some cases, this might be the first time that we might be doing. So, we expect that this will take a little bit of time to close out.

Vimal Gohil: Understood. My next question was on your growth prospects that you are alluding to in the European region. Given the fact that, most of the engagements that you will enter into will be new or fresh engagement. There is a possibility that all these engagements might start onsite. Do you expect your onsite ratio to continue to increase and that could have a momentary impact on profitability?

Rajan Sethuraman: Europe is still a very small operation for us at this time and we are perfectly fine with kicking off new engagements in Europe with a larger than normal onsite contingent. In fact, it should be substantially offset by the large opportunities that I talked about right in the context of US. One of these large opportunities is actually with a European prospect and even in that case we are talking about a large offshore contingent as well. I'm not particularly worried about the onsite offshore ratio getting skewed. In fact, I would expect that in the coming quarters the ratio should actually improve for us, so no concern on profitability because of that account.

Vimal Gohil: Understood, sir. And sir if you could just quantify what is the attrition right now on absolute basis in percentage terms what would be the number?

Rajan Sethuraman: So, As of the last couple of months, it's come down to the 20% range.

Moderator: Mr Gohil we may request that you return to the question queue for follow up questions. We'll move on to the next question from the line of Krishna Thakker from Anand Rathi. Please go ahead.

Krishna Thakker: Hello, sir. Thank you for the opportunity and congratulations on the great set of numbers. Sequentially I want to know what happened in the CPG retail vertical because it declined again, we saw some uptick in Q2, but then now it's back down in Q3 and relating to that only relating to verticals only, what happened in the industrial vertical, what is performing well out there?

Rajan Venkatesan: I'll take the question on retail, specifically CPG and retail. The sluggishness that you see is all attributable to one fairly large project. This is in fact, a data engineering project that we are doing for a fairly large retail account in the US. As far as the project is concerned, there is while we went through we started this project in Q2 of FY 23 the project itself went through some bit of scoping changes as well as there was overall rethink on what the project requirements were. Therefore, what happened, essentially in Q3 was we had to go back and sit with the client and really rescope and redo some of the contours of the contract itself. What that meant was delivery to some extent on this particular project was put on hold and we started reengaging them with them towards the end of the fiscal. So, we started work on this project again towards the end of December. For bulk of Q3, we had put the project on hold because we were rescoping and as well as re-contracting with the client. That's the reason why you see this sluggishness in CPG and retail. Just to update you, the contract is back on track and we are on track to deliver the project in Q4 of FY 23.

Krishna Thakker: And on the industrial vertical?

Rajan Venkatesan: On the industrials, of course there are a couple of accounts. There is a food distribution company in the US where we've seen increased volumes. Again, there is a fairly large automobile manufacturer where there's a client that we've been engaging for fairly extended period of time. There, again, we've seen additional volumes, additional work that has been coming our way and that is what has led to the growth in industrial practice.

Rajan Sethuraman: So, Krishna, it's on the back of work that we're doing with existing clients that's driving the action.

Krishna Thakker: Understood. Thank you for the color. Regarding attrition, you call out 20%. Is that on an LTM basis?

Rajan Sethuraman: No, it is not, on an LTM basis it will probably be in the 25-26% range. I was referring to the last two to three months. It's trending down significantly. Most of you will also be hearing similar commentary from others. Right. In general, the supply demand situation seems to be moderating quite well on the back of some of the hard news that you've been hearing in the market.

Krishna Thakker: Yes. Regarding the utilization, I believe our utilization had dipped a little bit last quarter. Has it moved up again this quarter to the 78-80% range that we intend to operate at?

Rajan Sethuraman: Yes, we are at the 80% range. I mean, in fact, this morning when I took a look at it, our unbilled has come down to under 20%. Our preference in the past has been to operate at 15% unbilled or 85% utilization kind of levels. We are expecting some of these big ticket items that I talked about. I mean, even if a couple of them come through, even if one of them comes through, we will be in need of a good number of people. We are not worried about carrying a little extra buffer at this point in time. We are currently at the 80% mark.

Krishna Thakker: Understood. And Raj, this one's more for you. The ETR, I believe you said it's going to continue to stay around 15% for the next two or three quarters. And then where should it move to? Should move to like 24%, 25%?

Rajan Venkatesan: That is correct. Yes. You will see the benefit of this ESOP exercise that happened, and there will be another round of ESOP exercise that might happen in March of next year, March of this fiscal. Again, that will result in a further tax benefit that will come in the US geography predominantly and therefore we expect that at least for the next two to three quarters, we will have similar ETRs. Although, just to let you know, for our SEZ unit in Chennai, which is the larger one, we have two SEZ units, SEZ 1 and 2, the tax benefit for the first SEZ unit will come to an end in

March of '23. So, this will be the last fiscal year where we'll be eligible for the section 10 benefits for the SEZ unit for 1, there will still be an SEZ 2 where we will continue to get the tax benefits and that will accrue for another year. But SEZ 1 was the larger amongst the two units. Therefore, like I mentioned, we will have this benefit of a lower ETR for the next couple of quarters. Thereafter we'll start seeing the ETR inching up back to the normal levels of 24%, 25%.

Krishna Thakker: Sure. Thank you so much for that.

Moderator: Thank you. The next question is from the line of Hitesh Malla from Steinberg India Advisors. Please go ahead.

Hitesh Malla: My first question was on bill rates. We are hearing a lot of chatter around Hi-tech clients requesting for reduction in bill rates given their own cost savings initiatives, is that something that you are seeing with your contracts as well?

Rajan Venkatesan: Not really so like I mentioned a lot of our large customers we just went through around extensions and renewals and we have not heard of any negotiations on billing rates. In fact, we have been able to renew an extent on the same rate as last year. In fact, we have been right through the whole of last year we were actually pushing for 3%, 4%, 5% increases across most of our clients and that is what we have witnessed within our client set we have not had any instances where the customers come back or the clients come back and ask for lowering the billing rates. We are not witnessing any billing pressures at least or billing rate pressure at this point in time.

Rajan Sethuraman: Hitesh to add to that I mean in general when I look around the industry the data analytics space and the other few of the companies and we get market intelligence on that we see that the billing rates continue to be fairly strong even with other organizations. So, we are not an exception, but I believe that data analytics that way continues to command premium and we are witnessing that as well.

Hitesh Malla: And then wanted clarification on the statement that you have made in your opening remarks and you said you are getting invited to this RFP based contracts, I just want to understand were these contracts always happening in RFP based and like you did not have the scale to sort of bid for them, is it that a lot of the analytics project themselves are moving away from a source contracting to a RFP based contracting?

Rajan Sethuraman: It is more of the latter however I would not say that whole lot it is moving away I have been mentioning this in the past that data analytics in general is moving from being fringe initiatives to becoming more mainstream and obviously the more mature organization are starting to do that. We also see that in the context of first-time movers so I mentioned these large opportunities and a couple of them are about organizations that had a fledgling onsite in-house analytics capability earlier, but now they realize that they need to get a lot of things done and they have impending budget cuts and other challenges and they believe that going the offshore route, partnering with somebody who knows how to do this for them is probably the best. So, we are seeing this at both ends of the spectrum. Mature organizations looking at consolidating their analytics initiatives and deriving the benefits of working with few partners, but who understand the entire spectrum all the way from consulting to data engineering to look back to advance analytics that is one kind of trend. The other trend being first timers and early adopters saying that let us leave leapfrog and that directly go to an offshore capability center kind of a model and at both ends of the spectrum there are opportunities. However, having said that I would say that this is still only a small percentage of all the analytics work that is happening. The bulk of the analytics work at least in our context and in the context of many other pure play data analytics companies 70% of that would still be in the co-creation model that I have talked about earlier. In the coming quarters I am expecting those and this trend will continue because of the factors that I have talked about.

Moderator: Thank you. The next question is from the line of Pankaj Murarka from Renaissance. Please go ahead.

Pankaj Murarka: Can you give me some more insights for me to get a better understanding that when you reach out to clients whom do you compete against, is it large companies which are into consulting or is it niche data analytics focus companies and what is the competitive landscape for your business?

Rajan Sethuraman: Pankaj is a mix of both, but we see competition from other pure play niche data analytics companies like us that is one segment. We see competition from some of the large strategy consulting firm including the likes of BCG or McKinsey for example and many of them are talking about their analytics capabilities that they are building. So, we see them in the context of some of the opportunities. We see competition also from traditional large IT system integrators and IT services organization like Accenture and Infosys and TCS for example. So, it is a mix of all three and then sometimes we also have product companies with very niche products or platform that they have built. So, it is a mix of all of them. As I have said in the past all of them, they have their advantage points large system integration firms comes from a very strong technology orientation and an infrastructure advantage point. Strategy consulting firms come with a very strong business and domain understanding as their advantage point and analytics companies could come with a very deep mass specialization and statistical skills. The niche area or the sweet spot for us this is the ability to bring in all the three in good measures to the problem at hand and see whether we can grab value propositions that hit hard on the particular pain points, trends and opportunities that the client might be experiencing and as I mentioned in many instances these have been about co-creating those opportunities, sitting down with the prospects with the clients and then understanding what is the data ecosystem they have, what problems are they trying to solve and what is the art of the possible with the use of data analytics so that has been the kind of construct, but this will evolve in the coming quarters, coming year because all of these type of segment they are looking to build muscles which they might currently lack or which they may not be their best exercise muscle in some sense. So, it will be a question of how we can also play upright on the advantages points that we have built and how we can continue to stay relevant in the context of evolving scenario. When I said earlier that we are getting invited to the large RFP processes that are coming about in the data analytics space I believe and this is my theory in hypothesis that this is because of the very strong combination of the domain expertise, analytical capabilities and the technologies expertise that we are able to bring to the table, much of a statistical, mathematical, analytical orientation as well as our technology progress and design architecting skills are business led and business first. I have said this in the past in the last 15 years of our existence much of the work that we have done has been in working with business stakeholders in the CMO, on the CFO and the chief supply chain officer and the chief HR officer organization their direct reports, solving very specific decision making and optimization problems that they experience in a day-to-day basis. So, it is that orientation that gives us the edge at this point in time and this is the edge that we will want to continue to own in the coming quarters as well.

Pankaj Murarka: Just one more question I have related if you can throw some more light you talked about acquisitions so what kind of these acquisitions, are these adjacencies or capabilities or geographical expansions in terms of whatever add to our this thing and secondly obviously all of this is to accelerate our favorable growth the question I understand is how transition from being small company to be a midsized companies and as you understand that better that landscape itself is evolving, over a medium term would you also consider getting into SI because given the relationships that you have with client level those are some of the low-hanging fruits to build scale from a slightly more medium-term to longer-term perspective?

Rajan Sethuraman: Let me address first question in terms of the type of targets that we are interested in, we are interested in opportunities that are very aligned with the main strategic pillars that we have for driving organic growth because we believe that in our inorganic strategy has to be aligned with the organic growth strategy. So, on the three dimensions that you mentioned from a geographic standpoint were very clear that we will focus on the US, Europe and within Europe very specifically the three geographies where we are active UK, Germany and Netherlands and in India at this point in time so that is really the geographic perspective. From a vertical perspective at this point in time given the additional focus that we are putting on BFSI, retail and CPG those would be the sweet spots for us from an acquisition standpoint as well and from a horizontal type of work capability standpoint we are really looking at supply chain, data engineering and advance analytics these are the three areas, within advance analytics we are particularly looking at image analytics, grab an NLP and NLG these are the specific areas of focus. So, an ideal acquisition front can be there for us would be something that can tick on more than one of these dimensions. So, for example, if we find a company that has built a very strong data engineering and modeling capabilities for retail supply chain problems in Europe then it will tick a lot of these boxes then we would be particularly interested in that kind of a capabilities. So, we are evaluating these dimensions and obviously we do not expect that all candidates will tick on all these dimensions, but the more that they tick on the better aligned they would be with our organic growth strategy as well. So, that is the plan from an acquisition standpoint. With respect to your second question, we believe that there is enough headroom for growth within the data analytics space itself for the next 3 to 5 years at least. In fact, in response to an earlier question I had mentioned that organizations also they are ticked in a spectrum from very mature to organizations that are just getting started on their data analytics journey and even with the most mature of organizations if you scratch the surface and you dig deep you will find that there is so much more that they can do even with the data that they already have access to within their own organization. Most organizations are still only doing what would be called low hanging fruit and getting the easier things done. So, with that we believe that there is a lot of runway ahead of us and there is enough headroom for growth and our intention is to stay close to our meeting at this point in time maybe we will add a few adjacencies. In fact, the entire data engineering space for something that we have gotten into in the last two, three years in a serious fashion before that most of the work that we did it is pre to post that the data was already in place and we just had to come and do the analytics, but as we do the more complex initiatives we find that the data that is needed might be scattered across the organization within and without and it might be structured unstructured. So, we got into the data engineering field. So, we might do a few adjacencies like that, but we are not at this point in time planning to stay very far from the warehouse.

Pankaj Murarka: This is very insightful if I can squeeze one more, so how susceptible are clients spends on what you are doing to the economic environment I am saying because data is just emerging as the core and client who just started spending you understand some of the other verticals when client spend on in terms of discretionary and keep the lights on kind of thing or on the product engineering side and so on and so forth, so in terms of your understanding, your discussion and with your clients in terms of what part of business that you do with clients is like is a must need for clients to keep their show on kind of thing and what part of his discretionary which are susceptible to economic environment?

Rajan Sethuraman: Again, this is an interesting question because what you constitute as lights on and basic operational stuff will have a specific definition depending on which organization you are talking about. If you talk to a company like Netflix, for example, I mean Netflix is not a client of ours at this time, but if you talk to them or if you talk to a company like Capital One, data analytics is their mainstay because that is what they use day in and day out in order to drive market share, in order to drive action, growth, customer experience, cost reduction all of those things. For them data analytics can be very core and important. So, it depends on where the organization is in terms of their digital evolution or transformation journey and how much they are able to use data and digital channels to connect with their customers, with their employees, with their ecosystem so it is dependent on that, but having said that in general Pankaj one point I would note is that it is typically in resource constraint scenarios when budgets are being cut, when there is a lot of uncertainty on the horizon that you need to use the power of data and analytics to take halve even on prioritizing which initiatives you want to undertake and which initiatives you want to sell. Marketing budgets are being cut in the light of what is happening and Chief Marketing Officer and their organization will need to decide where do they want to spend the money, which campaigns to run, which of them to shut down, which media to advertise and which of them not to and those are exactly the kind of questions that the data analytics can help answer in a very structured and scientific fashion. So, it is our hypothesis and belief that even in a tough economic scenario data analytics will be a fairly important aspect of how organizations makes decisions, majority of the organization will however determine whether they would want to go into the dark with guns firing right from their hips or whether they would want to take a more targeted approach to what they want to do. At this point in time at least the organizations that we are working with we do hear from our stakeholders and how this is very important, but obviously they do need to navigate what is happening on the economic front and I believe personally that when some of the uncertainty resolves and dust starts settling down at least in terms of the uncertainty coming down, data analytics will be a fairly strong contender for budgets that are available.

Moderator: Thank you. The next question is from the line of Karan Uppal from PhillipCapital. Please go ahead.

Karan Uppal: Couple of questions from my side firstly on the order book which I had spoken about you mentioned that order book expanded significantly and also you mentioned that there are five large deals in the pipeline, so any quantification in terms of the order book or deal wins or anything you can share in terms of deal ratio which will help us understand and forecast growth rate better?

Rajan Venkatesan: Karan, as a number we are not giving out order book numbers at this point in time. All that I can say is like I mentioned typically a lot of the extensions that happened within our clientele happen in the December and January timeframe which will typically give us revenue visibility for the next three to four quarters. So, all the extensions that we have within our clientele has come through and that is what is resulting in a fairly healthy order book. We will not be able to give you an exact number at this point in time, but coming to your question on the pipeline each of these deals is greater than $2 million and from the largest deals amongst these RFP can go to almost $8 million. So, historically if you see and Rajan also spoke about this the initiatives that we would typically start with used to be in 500 to 800 K type buckets but what we are witnessing this the newer deals that we are participating in, the starting size itself is $2 million and goes up to $8 million. So, that is the raise that we are talking about.

Karan Uppal: So, are these deals you expect them to close maybe in Q4 or it may take time?

Rajan Venkatesan: Yes the decision-making itself on these deals should happen in Q4 and if we land a few of these deals then we should start revenue or start seeing revenue booking from Q1 of next year.

Karan Uppal: So, given these deals as well as the ordering book which you have and also you spoke about some sluggishness in your top 10 accounts, 2 of the top 10 accounts, so given everything do you think that you will be able to maintain the 25% to 30% kind of a growth rates in even FY24?

Rajan Sethuraman: So, at this point in time the billion-term perspective remains fairly strong as I mentioned there are few of these large deals in the pipeline that was the fact that our frontend investment are starting to work and they will start kicking in. I am optimistic about the growth rates that we can have in the next year. I do not want to put an exact fix on what the percentage would be I mean this year you would see that the general industry growth percentage if we take IT services as a whole and even data analytics would have moderated downwards because of the economic uncertainty and we have done better than. So, as in the past my guidance would be that we will continue to do much better than what the industry growth rate would be, but personally I believe that the growth rate will start coming back in a quarter or two as some of those uncertainty resolves or alternatively even if there is uncertainty as I said earlier that they will start looking at how they can better make use of the data analytics ecosystem or offshoring capabilities centers to drive more of the actions, budgets are being cut uncertainty is there, but the stakeholders are still being demanded to deliver on their initiatives and their promise to their internal clients. So, definitely they will want to make use of the skills and capabilities there are partner like one can bring to the table. So, I am expecting that the growth rates will remain fairly strong.

Karan Uppal: The other question was on M&A so you spoke about the areas which we will focus on to for the candidates I want to ask about the size of the M&A in terms of your scale right now you are at around $80 million run rate, so would your scale is there some bottleneck for you in terms of the size for acquiring candidates?

Rajan Sethuraman: Not really Karan this is a very fragmented space and the 30 odd opportunities that we have evaluated in the last 12 months or so. We see a fairly broad spectrum I mean there are companies with a revenue of even a million dollar right that might be in the market and wherein there are obviously organizations that are even at a 30, 35 and then there are some which are even larger that are looking for either investment, funding or other kind of merger acquisition opportunity. So, there is a very broad spectrum it is also a very fragmented space with many players take that all these different levels in the spectrum, all sweet spot will be organizations with $5 to $20, $25 million kind of revenue it is around two standpoint if one is what does it mean for us in terms of the cash outflow that we will need to have for that acquisition, but more importantly given that this will be a first acquisition we also want to take on something that manage you and integrate and realize the synergies. So, that will be a sweet spot, but within the spectrum we are fairly flexible. Right now for example out of the three, four candidates that we are evaluating at the second, third level of scrutiny I mean we do have the spectrum and there is one which is at a $4 million kind of annual revenue and there is another one which is at a $15 million revenue point. So, that will be the kind of spectrum that we will be looking at.

Moderator: Thank you. The next question is from the line of Hitesh Malla from Steinberg India Advisors. Please go ahead.

Hitesh Malla: I just had a quick follow up for Raj can you give us some guidance in terms of your CAPEX requirements in the medium term I understand that right now you guys are operating from a single location in Chennai so as you scale up would you be leading a newer facility and how would that put pressure on your balance sheet?

Rajan Venkatesan: To be honest with you we never had CAPEX while yes it is true that we have been operating out of the single facility. We also have a co-working facility in Bangalore apart from our own premises that we have or our own lease premises that we have in Chennai. Given our growth ambitions and targets for the next year if assuming there is a situation where 50% of our workforce starts coming back to work. At present we are still following a hybrid model where about on average 25% of 30% of our workforce comes into the office on any given date. Now if that were to materially change where we have about 50% of our folks coming in it is only at that point in time we will be evaluating if there is a need for us to rent further space. At this point in time we believe that our current space in Chennai plus the new space that we are looking for in Bangalore. Bangalore we might look for some bit of additional capacity both of these should be enough for us to serve the increase in demand for the next year. However, if the remote working situation changes and there is higher footfall in the office that is when we will look to evaluate and even then on an average based on the rentals that we manage to negotiate just to let you know we renegotiated our current lease in the Chennai office. We have also got a clause which would enable us to lease any additional new space within the GIFT City at the same rates for the next one year. So, even if we do need additional space we will be able to contract it for the same current commercials and therefore we do not believe that there is going to be any significant outflow on account of either rentals or the CAPEX spent that we would have to take. I think our balance sheet today, we are sitting on Rs 1,000 plus crores of cash so we are slightly well capitalized for us to be able to support any CAPEX requirement.

Hitesh Malla: So, then a follow up on that would be since you said you have Rs 1,000 crores plus in the balance sheet so that is around $120 million, $125 million and your asset that you are looking to acquire you said is in the range of $5 to $25 million, so what would still leave you with a great chunk of cash in the balance sheet, so how should we think about usage of that cash?

Rajan Sethuraman: I mean obviously while the intent is to obviously acquire one asset we will not stop it once. So, we will look at a series of fairly small or small-to-mid sized acquisitions so there could be two to three potentially in the next 12 months to 18 months so that is the sort of target that we have intent we will not at one and also in terms of the multiple I think this is guidance that we have given in the past typically what we have seen is analytics companies depending on the IP that they owned quality of people, quality of management plus the quality of customer logos that they have and the billing rates that they are able to command in the market, the premiums or the valuation multiples tend to range between 3x to 5x of revenues. So, the current cash that we have on our balance sheet should be sufficient for us to be able to accommodate two to three acquisitions.

Moderator: Thank you. Ladies and gentlemen that was the last question for today I would now like to hand the conference over to the management for closing comments.

Rajan Sethuraman: Thank you Faizan and thank you all for joining the session today. I just wanted to leave you with a little bit of feel good, we are pretty excited about some of the actions that we are seeing on the CSR front as well while there are many initiatives that we are partnering with. One of the flagship programs that we are driving is called as a Chennai Kaalpandhu League, Kaalpandhu stands for football in Tamil so you can equate it with Chennai Football League. This is an initiative that we are kicked up prior to the pandemic, but which went into a pause mode because of all the challenges related to the pandemic. We are very happy that we could revive it this quarter and we have partnered with a set of government institution schools in Chennai and identified it is a talent sprouting program for football. We actually identified an initial cohort of 300 plus students split equally between boys and girls and we took them through a 6 week long training program as well as league matches and it culminated as an identifying 7 or 8 kids who have a natural talent for the game and we are now looking at partnership with them and helping nurture their talent both on the sport front as well as on the education front in the coming year with the intention that can we create a pool of football talent and players that can participate and play for the country in the coming years. So, that is a bit of a long-term aspiration and ambition that we have. It is an initiative that many of our young employees are particularly excited about and they have contributed to the design and the execution of the initiative as well and we believe that there will be more to come in the coming quarter we will keep you posted as this progresses, watch out for our updates on the social media on this Chennai Kaalpandhu League CKL right as we call it. The other initiative that we have been partnering with again on the CSR front though it does not come under the formal CSR umbrella because we are an India registered company and CSR initiatives are limited to what we do in India, we have been partnering with the International Myeloma Foundation in the US, they are an NGO and they are focused on research related to treating and curing myeloma and this is a condition that affects many people known more so in the United States , but I am sure that there are people suffering from these conditions in India and other parts of the world as well. We are helping them by bringing our data analytics capabilities to look at how they collect data and how they organize data to understand so many different aspects of the disease progress and the treatment protocol and what not. So, this is again a matter of pride for our employees who are participating and for us as an organization that we are helping to solve a fairly critical health problem we face in the world today. So, pretty exciting kind of things and opportunities for us as an organization, but also for our talent and our employee base so we are fairly kicked about it. So, I will leave you with that and thank you all for joining Thank the call today and look forward to connecting in and when the next part of results are out, take care.

Moderator: Thank you. Ladies and gentlemen, on behalf of Latent View Analytics Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.