August 01, 2024

**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 July 26, 2024**

Pursuant to Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have enclosed herewith the transcript of the Earnings Call held on July 26, 2024, post announcement of financial results of the Company for the quarter ended June 30, 2024.

This announcement is also available on website of the company i.e., https://www.latentview.com/.

This is for your information and records.

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

PARTHASARATHY SRINIVASAN
Digitally signed by PARTHASARATHY SRINIVASAN
Date: 2024.08.01 11:37:59 +05'30'

**P. Srinivasan**
**Company Secretary and Compliance Officer**

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"Latent View Analytics Limited

Q1 FY '25 Earnings Conference Call"

July 26, 2024

**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 LatentView Analytics Limited Q1 FY25 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from EY Investor Relations. Thank you and over to you ma'am.

**Asha Gupta:** Thank you Neha. Good evening everyone and welcome to Q1 FY25 Earnings Call of LatentView Analytics Limited. The results and presentations have already been mailed to you and you can also view them on the website www.latentview.com. In case anyone does not have the copy of the press release or presentation, or you are not marked in the 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, Rajan Sethuraman, whom we will be referring to as Rajan and we have the CFO of the Company, Rajan Venkatesan, whom we will be referring to as Raj. This is just to avoid the confusion while doing the transcript. We will start the call with a brief update on the business, which will be given by Rajan and then followed by financials given by Raj.

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 risk 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 reports 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 first quarter earnings call for Financial Year 2025. I hope you all had a chance to go through our presentation and the press release.

Very happy to report that we have started off the year on a fairly strong note. As you all know, the macro environment continues to be challenging and you would have already started looking at results that have been shared by other publicly listed companies in the IT services space. We are very happy that we were able to grow our revenue sequentially on a quarter-on-quarter basis, 4% plus, and also on a year-on-year basis, 21% plus. Our EBITDA margin came in a tad lower in comparison to the last quarter, mainly on account of wage revisions and costs that we had incurred on visas for people in India as well as people in the U.S.

In general, I would say that the growth continues to be a little on a muted note given the sluggish macroeconomic scenario. A lot of the growth that we are witnessing is coming from work that we do for our existing accounts, both existing as well as new groups and new stakeholders. New logos, I would say, are still harder to come by and even when we win that, it is starting off on a much smaller scale in comparison to what we were experiencing maybe a year and a half back. That being said, there is a lot of interest, especially on the back of new technologies in relation to artificial intelligence and Gen-AI and predictive analytics work and there are a lot of conversations that are moving in the right direction. We did win quite a few marquee logos in this quarter and some of them we were able to start off at a fairly large clip of close to half a million dollars or more and we saw such traction with some of our existing accounts as well where we kicked off fairly substantial engagements for existing as well as new stakeholders.

However, I would say that in general, when new initiators get kicked off, we see that the quantum and the size of the initiatives tend to be a bit more experimental and smaller. Specifically on the Gen-AI front, there has been a lot of experimentation that has happened over the last 12 to 18 months and in our recent conversations, we hear a lot more positive orientation in terms of now moving from pilot and experimentation to production. Many of them are contemplating how they prioritize some of the initiators that have proven successful in the experiment stage and there are quite a few conversations where they are looking to move it to the next stage of production. At this point in time, our Gen-AI pipeline is also looking fairly strong, over $4 million worth of conversations that are at a closure stage and many more in the top stages of the funnel. In general, I would say that the positive signals we see a bit more of that in North America. Europe, I would say, is still a little behind the curve on that one, but in Europe as well, there are quite a few conversations with larger Fortune 500 companies, which are in the Gen-AI space as well as in the predictive analytics space.

The other important update I have for you is that we have now completed the acquisition of Decision Point. The integration efforts are on in full swing. The teams, both from Decision Point as well as LatentView, are now working in a fairly collaborative fashion in terms of taking value propositions and solutions that each of us have into our existing and prospective clients as well. There are at least half a dozen conversations where we believe that the joint capabilities will be of significant importance in terms of new work that these accounts are looking to do.

At this time, I would say that for the year, full year, depending on how things pan out in the second half of the year, we could see a growth of somewhere definitely close to what we did last year, which is in the 16% to 18% range. But depending on how the second half of the year pans out, it could come in much better than what we saw in the last year. We are continuing to double down on a bunch of investments that we have started making in our marketing analytics horizontal partnership with Microsoft Fabric, Databricks, the NVIDIA partnership and so on. And at this point in time, we are also looking at repositioning some of the investments that we have in the front end to the channels and the areas where we are seeing more traction, be it in terms of the partnership or be it in terms of the specific capabilities that we intend to take into the market.

Overall, I would say that there is a general sense of positivity and optimism at this time within the client ecosystem that we are in conversations with and that is also reflected in the sentiment within the company in terms of what we can accomplish this year.

With those opening remarks, let me hand it over to Raj to take you through some of the financial details in a bit more detail.

**Rajan Venkatesan:** Yes. Thank you Rajan. Good evening everyone. Welcome to the Q1 FY25 earnings call. As Rajan mentioned, we actually started the year on a positive note with a strong performance in Q1. For the quarter ended June 30th, we closed with revenues of INR 179 crores, which reflects a 4.2% sequential growth and a 21.1% growth on a year-on-year basis. Most of this growth as already explained by Rajan, was driven by, I would say existing relationships that we have had. But I think just to add to what Rajan also said while some of the new logos that we have signed up for, while they may not have started off on a fairly large sort of contract value, each of these logos I think at least three of them that we've added in this particular quarter, have the potential to become fairly large-size opportunities if we deliver the initial piece of work well. So, two of them are Fortune 500 logos of the three that I spoke about. So definitely from a logo addition standpoint these are the right type of logos that we would like to work for. So that's again a positive aspect.

On the existing relationships again bulk of this revenue increase came from our clients in the technology vertical, but more importantly I think this quarter we also saw a good amount of expansion that happened in the BFSI vertical where some of our existing relationships we've been able to expand into those relationships and really sort of grow them and that is reflected in the contribution that you will see from the BFSI sector as well. For this particular quarter, BFSI contributed close to about 10.4% as opposed to the 8%-odd levels in the previous quarter.

Our other income for this particular quarter stood at INR 17.4 crores, an increase of 10% on a sequential basis. This increase was primarily driven on account of a forex loss that we had to book in the last quarter which was offset by a gain or a lesser loss in this particular quarter. The quantum of the loss that we booked in the last quarter was significantly higher. That number has come up. These losses are not operational in nature, they are more losses that are driven by intercompany or group company loans that we've granted to our subsidiaries overseas, the corresponding effect of which is booked under other comprehensive income. So there is one leg that gets accounted for in other income and the other leg goes to other comprehensive income. And so this particular quarter that loss being lower we were able to see an expansion in other income.

Our EBITDA for this quarter stood at INR 38.3 crores, a decrease of about 5.2% in absolute terms on a quarter-on-quarter basis, but on a year-on-year basis grew by about 36.3%. As indicated last quarter and we had sort of emphasized on this when we did our last earnings call, wage hikes in the range of 10%-odd for India and about 4% to 5% for overseas regions were given out effective 1st April and that did have an impact on our margins for Q1. Incrementally, there were higher spends owing to cyclical visa costs that are typically booked in Q1 where the H-1B lottery happens and the US government fees, and the attorney fees paid in relation to applying for these H-1B visas is typically booked in Q1 and that had an impact as well. On top of that we also had incremental advisory and professional charges on account of the acquisition that we closed in this particular quarter. The incremental visa plus the professional and advisory fees contributed about 0.9% of the EBITDA contraction and wage hikes contributed about 1.2% of the EBITDA contraction. So, of the 2.1%, 1.2% came from wage hikes and 0.9% came from higher visa and professional and consultancy charges. The second bucket, which is the visa and the professional fees, we expect that we will not be incurring at similar levels in the quarters to come and so therefore the impact of that should definitely go away in the following quarters.

Our PAT for this quarter stood at about INR 38.9 crores, reflecting a decline of 13.9% on a quarter-on-quarter basis, although it grew by 18.5% on a year-on-year basis. One of the primary reasons for the decline in PAT, of course, besides the drop in EBITDA that we've already discussed is attributable to the 10 AA benefits for our SEZ units going away and this is something again that we had indicated in our last earnings call. Incrementally, the last year we also had the benefit of fairly large tax breaks that we got on account of exercise of ESOPs in our US subsidiary. So the full benefit of which or almost the 80% benefit of which was booked in the previous year itself. We only have a residual 20% benefit that we're able to book in this year and that too we will be doing that on a staggered basis or a prorated basis over the course of the year. Both these two mains that are at ETR for this year and this should be fairly reflective of how our ETR will be going forward as well, will be between 24% to 25% going forward. That's fair and we believe we are already at those levels in Q1. So, this effective tax rates will continue going forward.

In terms of industry or vertical offerings, the technology continues to be the strongest vertical as has been the case in historical periods contributing to about 70.9% in the current quarter followed by industrials at 11.5% and financial services that I already mentioned contributed 10.4% followed by consumer and retail. Now please bear in mind that consumer and retail for this specific quarter does not include any results of Decision Point, neither does the financial results of the company. Like Rajan mentioned, while we close this acquisition as of 1st of July we will be consolidating the results of decision point with the LatentView results starting Q2. So, the following quarter is when you will see the full impact of the merger or from the acquisition. We expect that the synergies that we will be able to generate owing to the acquisition should have a positive impact on the consumer vertical. Not just the consumer vertical, we are seeing significant traction in industrials as well as financial services. Technology to a lesser extent, but definitely significant joint go-to market efforts are underway in consumer, industrials and financial services and we believe that there will be significant synergies that should come from the acquisition itself.

In terms of the overall geographical split, the U.S. continues to be the dominant geography contributing 93.7%. Europe is still at 1.3% continues to be fledgling. But one of the good news is again with Europe is, we are adding several small marquee logos each of which we hope to convert and make them into fairly large opportunities, but still the traction in terms of the deal size continues to be fairly small and sluggish as far as Europe is concerned.

Overall, our balance sheet continues to be strong. Excluding the IPO money, the cash and cash equivalents stood at about INR 1,133 crores as of 30th June. However, with the acquisition of Decision Point that was concluded on July 1st close to about INR 330 crores of the cash balance will be invested for closing this acquisition and therefore, you will see some impact of the lower investment balance that we will carry on the other income. You will be able to see that in the following quarter.

In terms of our overall headcount, we stood at about 1,261 at the end of the quarter. We are very happy to announce that we have honoured our commitments to onboard all our campus hires as we speak right now. We onboarded close to about 60-plus people in this quarter, but while on a net basis you will see a decline in the headcount for this quarter compared to the last quarter. That is also attributable to typical attrition that we see in Q1 as we announced our wage hikes as well as bonuses. We do see a spike in attrition in Q1 and that's been the trend historically as well and this year is no different.

In terms of the outlook, I think Rajan has already spoken about the revenue outlook. In terms of the EBITDA margin, while we clocked close to about 21.4% in this particular quarter, we do expect some of those one-off costs in relation to visa as well as the other professional charges to go away in the following quarter. We also do anticipate that as revenue continues to grow through the course of this year, we will be able to see some of that operating leverage kick in and so we should be back at those 23% odd levels by Q3 is the estimate at this point in time.

With that, I'm going to be handing it back to Asha and we can open up 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 Jamnadas Gohil from Alchemy Capital Management. Please go ahead.

**Vimal Jamnadas Gohil:** Gentlemen thank you so much for the opportunity. My first question is on our progress that we have made on Gen AI. I think you mentioned that we have been sort of looking at a lot of deals that are now getting converted into pilot. I just wanted to get a sense on what is the nature of these deals. Is it more towards data engineering, cleaning up data for enterprises who are looking to develop their own LLMs? If you can just help us get a sense on that? Another question is on the growth in our top 20 that seems to be a bit muted this quarter. Most of the growth has come from excluding of top 20 accounts. If you can just highlight the reason for the same?

**Rajan Sethuraman:** Vimal, thanks for the question. I will answer the first one and then I will have Raj address the second question.

The Gen AI opportunities that we are pursuing they tend to be across two, three different categories. On one hand, we have opportunities related to analyzing unstructured data. Data that exists in the form of contract documents, process flow charts and the like. And getting insights out of that in terms of how contracts are set up or how they are performing, what kind of discrepancies are there. In general, any kind of unstructured content be it around procurement, be it around marketing, sales, that's one type of work that we are doing.

The second category of work is generating new content. And this new content could be content that is used for a promotional campaign, for example, these could be content for personalized marketing and discount programs, for example. So this is the second category where Gen AI is being used to generate new content that is personalized and tailored depending on the context.

And the third type of work using core Gen AI solutions is analyzing structured data. And this could be data from the client organization, supply chain or from their marketing department or it could be from sales or customer experience even from HR. There is a very interesting conversation that we are having right now in terms of using Gen AI to improve the employee experience and define what we call the employee segment of one, looking at employee lifetime value. So this is the third category where you are pointing the Gen AI LLM, large language models that structured data and answering questions about that data as well as any analytics that exist on the data without any kind of hallucination, which means that you are using only the data from the enterprise to answer those questions.

So those are the three types of work that we are doing. A lot of it is currently a work that we are currently doing at least is more on the analytics side of it as opposed to the data engineering side of it. However, we do see that some of the conversations as they move from a pilot POC to a larger enterprise kind of scale application, it will be necessary to bring together data from across the enterprise both structured and unstructured and create the right kind of a foundation before you can apply the LLMs on top of it. So that's broadly the kind of conversation that we are having at the moment.

**Vimal Jamnadas Gohil:** So Rajan, just one follow-up there. Talking about getting insights from the data that you already have and analyzing structured data and helping inter-department movement of the same, how is it different from the work that we did in the pre-Gen AI era?

**Rajan Sethuraman:** So the Gen AI enables you to do this at a much faster, rapid scale and turnaround. There is a huge amount of productivity uplift that we can see in terms of performing the nature of the work. It is not necessary for you to go into writing the sequels and in some instances even the modelling.

For example, the latest launch from Azure, the AI studio that they have launched that allows you to actually use predefined components that are available for you to do a lot of this work and without the need for complicated assembly of the different components as well as iterating through all of them in terms of what works. The Gen AI platforms and the technologies that are available allow you to execute many of these in a seamless fashion, while at the same time getting the benefit both in terms of computational speed and processing power reduction, as well as how you store from a memory standpoint. They are also allowing the use of different types of LLMs. You are not bound to one LLM, so therefore the platforms that are available allow you to play around with different kinds of LLMs. So basically, if I were to summarize it is really the speed at which you are able to execute the same type of projects and the options that are available for you to experiment and then figure out the solution that generates the best kind of response for you with the least amount of cost both from a computing as well as from a memory standpoint.

**Vimal Jamnadas Gohil:** Understood, sir. And sir, on the Ex of top 20 client growth, if you could just answer that one.

**Rajan Venkatesan:** Yes, sure. So specifically on this question, you will see that there has been growth in the top 5 and the top 10. I think you are specifically referring to the 10 to 20 bucket, is that correct?

**Vimal Jamnadas Gohil:** I am just looking at the top 20 and then Ex of top 20, that's all.

**Rajan Venkatesan:** Yes, so if you look at the top 5 and the top 10, I would say that there has been growth in those buckets. Specifically in the customers that sit between 11 and 20. There were, I would say a few one-off projects that we had executed and some of these were signed together in Q3 and Q4, which we delivered and once we delivered those pieces of work, we didn't have any follow-on work or they didn't get extended for instance or we didn't get additional work on the back of some of these one-off projects that we had executed. So that is primarily the reason why you will see a small dip in the 10 to 20 bucket. But outside of that, you are right, there have been close to about eight odd new accounts or new clients that we have signed on in Q1, each of which contributed fairly meaningful number, but still not very sizable in terms of their overall as clients they are not sizable clients but there was a meaningful chunk of revenue that we were able to generate from some of these new logo signings, which also meant that the growth came outside of the top 20. So your assessment is correct.

**Vimal Jamnadas Gohil:** And sir, last question, if you can just help us quantify the M&A advisory fees for the quarter.

**Rajan Venkatesan:** So the M&A advisory fee for the quarter would be close to about in terms of rupees that we would have paid close to between INR 9 million to about INR 1 crore that we would have paid in this quarter.

**Vimal Jamnadas Gohil:** Okay. Thank you so much, sir and all the very best.

**Moderator:** Thank you. The next question is from the line of Mohit Jain from Anand Rathi group. Please go ahead.

**Mohit Jain:** Sir, I missed the revenue growth outlook. So one was why Q1 was slightly slower and then in terms of demand, what are you seeing in the near term, like 2Q and 3Q?

**Rajan Sethuraman:** The growth outlook for the year, Mohit, it continues to stand at the 17%, 18% mark that we had talked about. In fact, if I take a look at the probability weighted pipeline that I have that number looks better but some of them are still at the 25% and 50% probability. So we just want to see how this pans out in terms of actual conversions coming through. But at this time, there is confidence in terms of getting to that 18% kind of a number from year-on-year for the full year. Q1 itself has been a bit of a slower start in comparison to what we anticipated when we were in Q4 of last year. But that is largely because some of the deals that we were expecting to commence, commenced a little later in the quarter. So instead of getting started in the month of April itself, we have had to wait until end of May or even June in terms of the work itself getting started. So we are seeing that uptick from that will be there and we also see some closures happening in this quarter itself, which will contribute to this quarter and beyond. So, yes, that's the overall commentary. I mean, reasonable confidence on about 17%, 18% for the full year could get better if things unravel and gets fructify faster.

**Mohit Jain:** And this was primarily in high-tech verticals? These lower deal ramp-ups?

**Rajan Sethuraman:** No, high-tech has been okay, I would say, in fact. I think the sluggishness has been in some of the other sectors. In industrials, in consumer, in retail, some conversations for example. These have taken a bit longer. Overall, with technology, we are seeing the traction seems to be picking up at this time.

**Mohit Jain:** Okay and earlier we were looking for around 23% margin for the full year. But now your outlook is 23% by end of the year like 4Q.

**Rajan Venkatesan:** So, I'd say if we get to the top end of the 18% to 20% type growth, while we are projecting 16% to 18% Mohit, if we are able to go beyond 18% growth for this year, I think we should be able to, on a full year basis also get to that 23%. Because most of the investments on the SG&A side are all fully baked in. I don't think there will be any incremental investment that will kick in. So most of the growth that we will deliver, will all sort of flow through to the EBITDA. So if you're able to stick to the higher end of the guidance and maybe go a little beyond, we should be able to deliver at 23% on a full year basis as well. But right now, our comfort level is on guiding that we will be back to the 23% by Q3. And then Q4 if we are able to do slightly better numbers then it could be even higher in Q4.

**Mohit Jain** This is without including acquisition?

**Rajan Venkatesan:** That's correct. All of this is just organic. So inorganic we will start guiding once we start consolidating their numbers from Q2 onwards. At this point in time, all the projections that we are giving is all organic.

**Mohit Jain:** Right. And they are operating at 30% ind of margins, right?

**Rajan Venkatesan:** Yes, they are operating at 30%. That's correct.

**Mohit Jain:** So we should take into account wherever the consolidation happens?

**Rajan Venkatesan:** That's correct. Yes.

**Mohit Jain:** That's all sir. Thank you and all the best. Thank you.

**Moderator:** Thank you. The next question is from the line of Karan Uppal from Phillip Capital India. Please go ahead.

**Karan Uppal:** Thanks for the opportunity. Good evening, Rajan and Raj. First question is on BFSI. So BFSI has been growing very well, congratulations on that. So, if you can elaborate on what sort of projects you guys are winning and which are the end clients in BFSI. Given that BFSI is such a large vertical, are we serving the big banks, capital markets, cards and payment companies, insurance companies. So if you can elaborate that will be helpful.

**Rajan Sethuraman:** Good evening. The focus for us in BFSI till date has been largely related to the fintech and the non-traditional space. So, trading platforms, payment mechanisms, investment, asset management investment companies. These are the ones that we are focused on.

While we are currently pursuing opportunities with a few banks and insurance companies they are yet to take off or fructify. So therefore, there isn't much happening in that space. All of the action has been in the other areas that I talked about. And there it has been fairly broad spectrum. There's quite a bit of work that we have been doing around fraud, risk, financial, compliance analytics type of work. There is work that we do quite a bit related to customer experience and marketing analytics. There are projects that have been kicked off on the underlying data engineering and data platform requirements for the asset management companies.

We are also doing work related to some Gen AI areas. In fact, one of the conversations that we are now having with a bank is about using for analysing the filings that companies do, with the exchanges and the central authorities and how can you use Gen AI to come up with financial analysis of those companies.

So that's the kind of problem statement that we are examining. So a fairly broad spectrum of work but I would say that till date it has still been largely in the non-traditional space. We are spending time and effort on the banking and the insurance space. The expectation is that we will have a few that we will be working with, in the next two to three quarters timeframe.

**Karan Uppal:** So Rajan just a follow-up here. So the sequential growth has been in the range of high teams or even more than that. So do you expect this momentum to continue?

**Rajan Sethuraman:** Related to I mean the overall growth of the company, right?

**Karan Uppal:** No, I'm talking specifically for BFSI. For last three quarters the growth is almost 20% on an average. So, do you expect this to continue or it will moderate?

**Rajan Sethuraman:** No, we are expecting it to continue. In fact we are expecting that it should get better in the coming quarters. In fact one of the discussion points that we had in the board meeting today was further doubling down on the domain expertise that will bring even more domain specific solutions. I mean I talked about the broad range of areas where we are working but there are a few specific value propositions that we have identified as well wherein we want to double down even more. So there will be some investments that we will be making on shoring up on the domain expertise in that area and that coupled with using Gen AI and some other areas with the traditional sectors we are expecting to see more traction in BFSI.

If you remember BFSI was one of the areas that we had identified even during our IPO in terms of doubling down and building out for the opportunity. While the market has been a bit sluggish, we also used the opportunity to understand where we are strong and what we can play at and at this point in time there is increasing confidence that we will be able to pursue the opportunities that are coming our way in that space.

**Karan Uppal:** It's a bit intriguing because you are also lowering the guidance. Last time when we spoke you mentioned about 18% to 20% kind of a growth. Right now you are talking about 16% to 18%, given that most of your large verticals like BFSI and Technology, where you have spoken about positive outlook. So, where is the stress coming in your portfolio?

**Rajan Sethuraman:** I would say that the sector where we are concerned at this point in time is only retail. We are seeing a positive momentum in all of them. In terms of the overall growth trajectory we are indicating, we are taking into account while the conversations are underway and there is a great deal of interest, it does take time for clients to sign up even for the first pilot or initiative and even when they do that, they are starting off a little small and not at the kind of ticket sizes that we were anticipating.

So I am just being cognizant of all of that happening. As I said earlier during my opening remarks, if things start getting better in the second half of the year we would be able to do much better than the 17%-18% that we are talking about at this time.

**Karan Uppal:** And last is on Europe. Basically, we had invested in leadership as well as in S&M in the past but we are yet to see substantial results there, so what is the update on Europe?

**Rajan Sethuraman:** So Europe has been a tough situation. I mean in general the degree of conservatism that prevails in Europe given the current macroeconomic scenario is definitely a lot more in comparison to the US. On top of that Europe is also a tougher market to break into from a relationship standpoint. The good news for us though is that at this point in time there are at least half a dozen logos that we have either signed up or we are on the verge of signing up which are all of the right sizes.

It has taken quite a bit of investment and effort on our part even to get the first initiative agreed there. But all of them are talking about how the relationship can scale if we do the right thing. On our end, I would say that the investments that we did at the front end, in the sales and business development, some of them panned out for us and some of them didn’t, in terms of personal calibre, what they brought to the table, the solutioning approach that they were able to employ versus what the client was looking for and what we had to offer. So we are also learning from all of that experience and we are adjusting the model.

Some of our people who we had earlier deployed from a sales perspective, are helping with the solutioning because that's where they are able to play a more impactful role. The expectation is that with all of this we should start seeing some uptake. Raj mentioned that we are currently less than 2%, 1.6% or so in terms of contribution. If things go well even in the remainder of the year, I would expect the contribution to double for the current fiscal itself. We should be approaching the 3% plus mark in terms of overall contribution as we close this year. If we have the right foundation clients, many of them do spend money on analytics and we would expect to grow with them in the coming quarters.

**Karan Uppal:** Thanks a lot and all the best.

**Moderator:** Thank you. The next question is from the line of Nilesh Shah from Julius Baer. Please go ahead.

**Nilesh Shah:** Just to sort of zoom out a bit, I am looking at the industry structure as you had really structured it in your DRHP where you had sort of broken down the data and analytics new pool, in these sort of four parts, you had enterprise data, then these sort of three parts that follow from that, which are descriptive, predictive, and prescriptive. Now I just want to take your perspective, if you were to compare how the market was, before the advent of Gen AI and now, how do you see the market shifting into these different pies.

The concern that we have is that, do you see a trend that more of the customer mindshare and dollars are going towards the data engineering side because you have a lot more data that can be processed. And the second bit is that are the later parts of that value chain where companies like yourself would operate, do you see any signs that companies may choose to either do them in-house or use some of these tools at scale that may sort of curtail the size of projects that firms like yourself could get? If you could share your thoughts on that, it would help. Thank you.

**Rajan Venkatesan:** Yes, sure. Thanks for the question, Nilesh. You are right in the sense that as the industry evolves and the maturity of companies go up in terms of how they use data analytics, they will pursue more complex and fuzzy problems which require them to bring in data from across the enterprise, outside the enterprise, necessitating a more sophisticated data platform. So there is definitely going to be a ton of work that happens on data engineering and data platforms and this is something that we have anticipated and we have prepared for as well. I mean, today about 20% of our revenue comes from doing that type of work. We are expecting that percentage could go up in the coming quarters, in the coming years. In fact, one of the things that we discussed in some amount of detail in the board today was about doubling down even more with specific partnerships that we have, adding people to the front end, the partnership channel directly in the market in the US and also hiring people on the sales business development side with the kind of connects with the CIO city organizations that will be undertaking the central data platform type of initiative. So that is definitely happening. Now, having said that, the data engineering and all of this work is not something that any organization will do in isolation. It is always as a means to an end and the end objectives typically will be in the use cases that they seek to execute and these use cases will, while they will benefit from the advent of Gen AI and other kinds of tooling and technologies available, the scope and the opportunity there is very vast.

I mean, most organizations, even with using some of the tooling that is available, will only be able to raise themselves up to a certain kind of a level playing field. And when organizations do that, all that happens is the level playing field changes for a broad spectrum of companies within that. A technology like Gen AI will accelerate that process of creating that level playing field, but then you will have to look at the next level of sophistication and advancing in terms of how you use the information.

The underlying analytics that will need to be done, the predictive prescriptive type of work, the underlying analytics around connecting that between the business use case and decision making, that will still be there to quite some extent. I mean, I gave you the example of using Gen AI to look at financial statements and come up with investment thesis on how the companies are performing, as an example. Another recent example that we have encountered is how we can use Gen AI to actually do fairly complex entry, market entry and market positioning type of analysis.

Now, we have been having conversations with a company that does this kind of work. But all that means is that, that tool and the technology will create a new level playing field with the work moving on to a more sophisticated plane, right, in terms of what you can do with that information. So our philosophy and our expectation on this one is that there will be a lot more work that will happen on the predictive prescriptive analytics side. Some of the simpler stuff, though, right, which is the look back analytics and the business insight generation type of work, that could get commoditized and automated using the technology because that is well understood. You can avoid the problems of hallucination and stuff and so on, right, in those areas. So that will happen. But in terms of the decision making and the optimization, the tooling and technology will create more opportunities to get on into a more advanced type of approach.

**Moderator:** Thank you. The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.

**Pranay Khandelwal:** Hi, thanks for the opportunity. I just wanted you to talk a little bit about the products that we have and also the product that Decision Point has, BeagleGPT, how has the adoption for those products and if you can give a breakup also of the revenue from products versus revenue from services?

**Rajan Sethuraman:** Yes. So, hey, Pranay, I just want to, I mean, at the outset say that we don't consider what we have built so far as products. I mean, I would best classify them as accelerators and solutions because we are not at operating in any kind of a license revenue or a subscription type of a model. Whatever we have built, we are typically using them in the provisioning of the services, right, that we bring to the table. So I talked about LASER or AI Penpal earlier, right? These are the GenAI products, the solutions that we have, which help analyse either unstructured data or generate new content.

Similarly, our smart innovation solution or connected view supply chain solution, I would say all of these are in the nature of solutions and accelerators that create a fairly good starting point for us as well as non-linearity in terms of effort that we need to expand. For example, recently we completed a significant migration project for a large media retailer. Media retailers, they are a retail company, but they primarily use television as the channel, right, for their business. It was a significant amount of migration work and we were able to almost cut down 60% of the effort required using our MigrateMate solution. However, none of these are solutions that we can sell or give away as a product and we still need to be in the mix in order to make use of that solution to deliver the services. On the other hand, BeagleGPT, I would say, is a product. They have been able to actually sell them, sell BeagleGPT as a subscription, as a license model. So it's a bit of a first of a kind for us. They have also integrated it very effectively with the Microsoft Teams environment. So therefore, deployment and usage also becomes fairly simple. There will be learnings for us as well in terms of taking some of those components and then making it possible for us to maybe evolve the solutions that we have, right, to a product level. At this point in time, though, we are kind of fairly clear that overall strategy and philosophy for us is that we will continue to be a bespoke analytics consulting and services organization. Product revenue, if any, will be marginal in the scheme of things. And we will be using that more for creating the non-linearity and the entry point, right, in terms of conversations. BeagleGPT has good potential. It's already generated a million dollars of revenue, right, for Decision Point in the last year. And this year, if conversations are anything to go by, it could generate even more revenue. So we will continue to double down on that and then make further investments to see how we can continue to evolve the product as well.

**Pranay Khandelwal:** All right. That'll be all. Thank you.

**Rajan Sethuraman:** Thanks.

**Moderator:** Thank you. The next question is from the line of Aagam Shah, an individual investor. Please go ahead.

**Aagam Shah:** Thanks for the opportunity. So most of my questions have been answered. Good question. On the opening remarks, you said that in terms of client, you have 100 new logos, but it's taking time in terms of spending level from them. So when you see them, you know, the spending level increasing or the getting more business from them. You can elaborate on the same?

**Rajan Sethuraman:** Yes, sure. Thanks for your question, Aagam. I think it's a matter of time. What has happened is given the general uncertainty on the macroeconomic environment, discretionary spending that clients have kicked off, have focused more on the newer areas and technologies, you know, like the Generative AI type of solutions. And obviously, in those areas, they are being cautious that they seek to understand what the technology is about, what it can do for them. Therefore, the pilots that they have kicked off have been smaller. And this has been the case, you know, even with larger organizations.

I'm expecting that as these pilots yield results and they can see some direct benefit, right, either on the top line, bottom line or the metrics, then the appetite for expanding this will come in. And we are also seeing softening in terms of the interest rates and potentially, you know, likely the macroeconomic uncertainty itself unwinding. So it's just a question of time. I mean, our expectation at this point in time is that the second half of this year itself could see some of that uptick happening as clients move from smaller to larger initiatives. Even in these new areas, some of the clients with whom we have been working for a longer period of time, whether it's a relationship 3 years or more, they have already taken that kind of an approach.

One of the largest accounts that we work with, we were able to win a $1 million Generative AI engagement, right, this year already, and we are executing on that. So I'm expecting that uptick could happen even in a quarter or so.

**Aagam Shah:** So just a last follow up. So basically, what I understand is, so all levers are in place in terms of hiring, in terms of investments, technology, everything. So you just need the macro environment to support you, right?

**Rajan Sethuraman:** That is correct. The good news is that even in this sluggish macroeconomic environment, we have been able to grow our existing accounts and bring in new logos as well. So that is giving us confidence. That plus the fact that there are multiple conversations and opportunities that we have in the pipeline, that gives us confidence that once the sentiment improves a bit in terms of starting to invest for the future, things could pick up pace pretty fast.

**Aagam Shah:** Okay, that's it from my end. Wish you the best.

**Moderator:** Thank you. The next question is from the line of Narayan, an individual investor. Please go ahead.

**Narayan:** Sir, my question is in the field of risk management. So what are the major risks and challenges that you foresee and how are you planning to mitigate them in the near future?

**Rajan Sethuraman:** Yes, thanks for the question, Narayan. It's a very broad question, of course. There are risks all the way from strategic type of risks to what one might encounter on the IT and the cyber security space. From a business standpoint, right, if I were to just look at business risks, I think we typically look at two or three areas. One is the risk related to general demand environment and the macroeconomic scenario. This is what you have been seeing playing out over the last almost 6 quarters, right, when things are softened up. And we are seeing that the growth rates are much lower in comparison to what we were anticipating, right, before this whole downturn started. And there the best defense is to keep investing in the right kind of capabilities and the tooling and the expertise so that our solutions and expertise make sense even in that type of an environment. And I believe that that is the approach that has actually stood as well in the last 4 quarters to 6 quarters, where we have continued to grow, albeit at a lower rate in comparison to what we were doing earlier. But we have still managed to grow during those periods, right, in terms of quarter-on-quarter and year-on-year growth.

Another big risk that you typically see from a business standpoint is just the pace at which the technology is evolving and the need to keep abreast of those technology changes and make sure that we are not only aware and we are able to learn all of the stuff, but we are also able to incorporate it in performing the work that we do for our clients and bring the best and the newest innovations and ideas that emerge from the advent of those technologies.

I think Generative AI is a great example of that. And in fact, I was talking to somebody earlier today and they were asking me, do you have a Generative AI practice? And I was responding to them saying that for the kind of work that we do and the industry that we are in, we cannot say that we have a Generative AI practice because everything that we do has Generative AI embedded in it in some form or the other, whether it is around Generative AI core solutions or Generative AI wrapper in the solutions and the services or whether improving our own productivity as an organization and the performance of the work. So I think that's the second risk. And we need to stay completely clued in and then we need to be fast and adapting to all the new technology changes that are coming.

The third is, in general, this area also lends itself to rapid commoditization and automation, which means that we cannot just keep doing work that we did in the past and hope that clients will continue to pay top dollars for that type of work. We have to continuously keep innovating and finding new problems, more complex and fuzzy problems.

I talked about how any new technology raises the level playing field. But the good thing is that it also raises and increases the visibility that we have. It's pretty much like a climbing a mountain. The higher you go, the more becomes visible to you. And therefore, that is the visibility and understanding that we try and bring to the context that we are aware of more advanced problems and approaches and solutions, and we can take them to the table.

So I would say broadly from a business standpoint, those are big things. I'm not talking about other risks like geography, client diversification risk, and I mean, there are any number of risks. And of course, cybersecurity itself is a fairly big area because we deal with data, and we have to be very careful about it. But those are all, we obviously have awareness of what is happening and we are putting in the right kind of mechanism. I'm assuming that you are talking about business risk rather than those other types.

**Moderator:** Thank you. The next question is from the line of Hasmukh Vishariya from Tata Mutual Fund. Please go ahead.

**Hasmukh Vishariya:** Yes. Thanks for the opportunity. My question is around the guidance and risk to that guidance. So just wanted to understand that for the lower end of the guidance, what sort of deals momentum you have considered for the existing book of business, how from the existing book of business, how much, let's say, revenue growth can come from and how much is built in from the potential, let's say, deal conversion?

**Rajan Sethuraman:** Yes. So I would say that right now, if I just look at the confirmed revenue that we have, which means these are all deals that have been signed and switched up, as well as the high probability extensions that we are looking at, that itself amounts to about 10% plus growth. So, 10% of growth will come just from all the confirmed work and the high potential extensions that we have.

On top of that, there are other projects where extensions are feasible. And in addition to that, we have almost $45 million pipeline for this year itself, meaning that this is revenue that can convert in this year if all the stars align. Now, of course, the $45 million pipeline, the opportunities are at various stages of the funnel. And we have assumed a certain kind of conversion and probability to arrive at the guidance that we are given. If things move faster, all these are real opportunities which have a non-zero probability of conversion anywhere from 10% and above. Some of them will be at 25%, 50%, and so on. So the pace and the velocity at which these deals will move through the funnel and the actual conversion is what will determine whether we are able to go past the higher end of the guidance that we have given.

**Hasmukh Vishariya:** Got it. Just a thought process behind the question was basically you have talked about macro improving or the macro improving from H2 onwards. If that, let's say, gets pushed by a quarter or two, whether there is any risk to the guidance is what I wanted to understand?

**Rajan Sethuraman:** I don't think the lower end of the guidance will get impacted by that. We will be able to deliver. I mean anyway, the range that we are given is fairly narrow. We are talking about 16% to 18%. At this point in time, I would say that 18% is fairly confident of that, even without any improvement in the macroeconomic scenario. If the macroeconomic scenario improves, then we could go well past the 18% guidance.

**Moderator:** Thank you. The next question is from the line of Abhishek Murarka an individual investor. Please go ahead.

**Abhishek Murarka :** Yes. Keeping our growth trajectory in mind, I just wanted to know what type of investment are we looking in terms of talent?

**Rajan Sethuraman:** Yes, thanks for the question, Abhishek. Right now, the main investment that we are looking at is doubling down on a few areas. Right. One is around data engineering and the capability. As we have said, the data engineering will become even bigger in the coming quarters and the coming years. Today, we have about 200, 250 personnel who do data engineering work. But there is no concentrated expertise in a particular area. We are kind of agnostic and we do work across all the hyperscalers. We do work with Snowflake and Databricks. We use a bunch of other tools and technology as well to do the data engineering work. The intention now is to pick one of them and double down. We have chosen at this time Databricks as the partner that we want to really build some serious expertise. And there are some specific things that are happening within the Databricks ecosystem as well in terms of new things that they are introducing. This then and Microsoft Fabric that I mentioned earlier, this is the other one in which we are going to be making some substantial investments. So some of the hiring and talent additions will be in those areas, just shoring up even more on the Databricks high-end architecture type of skills, as well as people with certification investments that we make into training people and all that. So that is one area.

The other one is related to the domain expertise that I alluded to, especially in the area of financial services. I talked about traditional areas of banking and insurance services and also the work that we do in other parts of the BFSI spectrum. Likewise, investments that we want to make around industrials, automotive, around retail as a business area. These are all the areas where we are looking at adding more domain experts into the mix.

At this point in time, some of the value propositions that we are able to offer in these areas, they are more of the generic horizontal value propositions that we are offering, like supply chain analytics or marketing analytics. We want to make it a lot more specific and tailored, similar to what we have in the consumer package good space. If I can recall, remind people on the call, with CPG, we are focusing on three specific areas. We are focusing on R&D and innovation with our smart innovation solution. We are focusing on-shelf availability, demand forecasting with our connected view supply chain solution. And then we are focusing on revenue growth management with the acquisition of Decision Point. We want to be able to do similar type of value prop and offering with a very tailored to the particular challenges that BFSI or Banks and Insurance are similarly right in industrials or in retail operations. That is the attempt and that is where we'll be adding more domain experts. I hope that answers your question.

**Moderator:** Thank you, ladies and gentlemen. We'll take this as the last question. I would now like to hand the conference over to the management for closing comments.

**Rajan Sethuraman:** Yes, thank you. We feel at this time, in closing, I would say that the start for this year, quarter one, the while it's coming at the 4% plus kind of a mark and it is a tad lower than what we were hoping for, right? When we were in the second half of the last fiscal, I would say that the signs that we started seeing then are still intact.

We would want to be able to accelerate some of the opportunities that we are chasing. And we want to move on to that trajectory, right, depending on how the external scenario unfolds. But I would also add that a lot of the investments that we had made, right, either in building the solution or the front end bandwidth is what has made all of those conversations and opportunities in the pipeline possible.

So at this time, I would say that while we will make some adjustments in terms of repositioning and reprioritizing the investments, right, moving some of the front end into the capability and the domain expertise and stuff that I talked about. I think we are well positioned for capitalizing on the opportunities, right, when they do start getting unlocked. There are good signs of that happening in many of the verticals.

We are also energized by the acquisition of a Decision Point and just bringing in more thinking, thought leadership, and solutions right to the table, specifically in the consumer package good space. In general, when something like this happens, it's also a shot in the arm for the entire organization. And we can see that kind of momentum and positivity in all that we do.

So the expectation is that this year, in the coming quarters, we will see even greater momentum on not only CPG, but also in the rest of the industries where we are operating. Technology already, we are seeing some good traction. Raj talked about the optics that we are starting to see in the financial services space. Retail is still a bit sluggish. And I expect that there will be some more pain in that space. But otherwise, in all the other sectors, we are starting to see some momentum. And then we want to ride that momentum right in the coming quarters.

So overall, positive about how things will pan out right over the remainder of the years. We don't want to run ahead of ourselves. And we want to watch how things unfold as we make the reprioritization decisions right with respect to our investments.

With that, I'll hand it to Raj for any further comments that he has.

**Rajan Venkatesan:** Yes. Thanks, Rajan. In closing, I'd just like to reiterate some of the points that Rajan already spoke about. While Q1 did come in at the lower end or slightly below our expectations, and a lot of that was primarily driven by, I would say, delay in signing on some fairly promising or high probability deals, right? But the good news is we were able to stitch together some of those deals towards the end of Q1, which means that we will be able to see revenue from those deals flowing in Q2, right?

We've also added close to about eight logos, of which I would say three would be Marquee logos that gives us the confidence that if you're able to land some of these POCs or initial pilot projects that we are executing in these Marquee logos, we should be able to build on the strength of the relationship over the rest of the period.

The acquisition of Decision Point unlocks several joint go-to-market pursuits, some of which is in positioning their RCM services to our client set, some of the solutions that we are building to their client sets. Also, nearshoring opportunities in LATAM, again, represents fairly significant joint go-to-market opportunities where we are positioning resourcing from either Mexico or Chile for clients of population. This, again, is a new, I would say, dimension or new area of growth for us, which seems to be fairly promising at this point in time.

So all in all, I would say there are several positives to take from the Q1 performance and also some of the sort of activity that has been happening, even though they may not have necessarily converted it to active deal closures. But having said that, as always, we continue to tread with caution, right? I mean, we do understand that while the confirm plus the order book will mean that we will be able to deliver a 10% to 12% type growth. There is still work to be done. There are deals to be closed. Also, on the account management side, we have to continue ramping up our efforts on mining the existing relationships, right? Some of the large accounts that we have grown to very, very sizable values. And therefore, that means that there is increased pressure on us to deliver outstanding quality to these accounts. And we will have to continue to do that, watch our service delivery excellence metrics very, very closely, right? So, that would be on the top line side. But as we continue to grow and scale, we will also continue to look for opportunities to drive some of the operating metrics around utilization, non-site offshore ratios, look at near-shoring as well as offshoring as opportunities for us to improve the margin profile.

Also, look at Gen AI and as well as, using internal repository of solutions and accelerators to drive efficiency as well as improve pricing, right? So, we will continue to work on the operating margin side as well to improve the margin profile and not just rely on top line growth. And, all that I can say is at this point in time, it does feel, that we are ending Q1 on a fairly strong footing. But having said that, there is still work to be done. But we are hopeful that we have the right team in place to deliver the sort of growth trajectory that we've indicated on this call.

With that, I would want to hand it back to Asha to close the earnings call.

**Moderator:** Thank you. On behalf of LatentView Analytics Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.

*Note:* *This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.*