

July 28, 2025

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 for the quarter ended June 30, 2025 held on July 21, 2025

Pursuant to Regulation 30 read with Part A of Schedule III and 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call held on July 21, 2025, post announcement of financial results of the Company for the quarter ended June 30, 2025.

The transcript is also uploaded on the Company's website at <https://www.latentview.com/investor-relations/>.

This is for your information and records.

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

P. Srinivasan
Company Secretary and Compliance Officer

LatentView Analytics Limited
(Formerly known as LatentView Analytics Private Limited)
Unit 6,7,8, 5th Floor, Neville Tower, Ramanujan IT City SEZ
Rajiv Gandhi Salai (OMR), Taramani, Chennai, Tamil Nadu 600113.



**“LatentView Analytics Limited
Q1 FY '26 Earnings Conference Call”**

July 21, 2025

**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 LatentView Analytics Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from E&Y LLP, Investor Relations Management.

Asha Gupta:

Thank you, Shubham. Good evening to everyone, and welcome to Q1 FY '26 Earnings Call of LatentView Analytics Limited. The results and presentation have already been mailed to you, and you can view them on the website, www.latentview.com. In case anyone does not have the copy of press release or presentation or you are not marked in the mail, please do write to us, and we will be happy to send you the same.

To take us through the results today and to answer your questions, we have the CEO of the company, Rajan Sethuraman, to whom we will be referring as Rajan; and we have the CFO of the company, Rajan Venkatesan, to whom we will be referring as Raj. This is just to avoid any 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 in this call that reflects any outlook for the future, or which can be construed as forward-looking statements, must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included, but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report that you can find on our website.

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

Rajan Sethuraman:

Thank you, Asha, and thank you all for joining us for this quarterly investor update. You have probably already seen the press release that we have put out for this quarter. So, I'm not going to repeat whatever is there on the press release.

I just wanted to start off by saying that we are very happy that we had a 10th consecutive quarter of growth, and we are starting to see some more positive signs, right, in the external environment. I wanted to touch upon a few points that have transpired for us over the last quarter and then also some early thoughts on how the rest of the quarters in this fiscal are looking like. And then after that, I will pass it on to Raj to provide some additional commentary on our financials.

So first off, you would have seen that we won 7 new accounts this quarter. More than the fact that we had 7 additions to our logos, I'm really happy about the quality of the new client deals that we are bringing on board. On 3 of them, we see fairly high growth potential as well, which could materialize and transpire even within the next 12 to 18 months' time frame. In addition to that, our existing accounts also grew really well, especially in the Financial Services space, we saw that 2 new accounts that we have added in the last 6 months, they're already showing immense potential for growth. If all things go well, we might very soon be able to share that we were able to grow from INR 0 to INR 5 million dollars in one of those accounts within a 12-month period itself. So, there is definitely a lot of momentum in the Financial Services space. Last year, that was the fastest-growing vertical for us. We are expecting that there will be a repeat of that. And in fact, this year's growth will far exceed what we did in the last year.

There are also some early signs of revival in consumer goods. I don't want to specify numbers here at this time because it's still a little of early days. However, we did have new wins in this quarter. More importantly, we are starting to see some traction with the CIO, CTO audience as far as the consumer goods vertical is concerned.

In some sense, we are starting to see that many of the clients are starting to think about a more integrated transformation program that brings together the 3 important capabilities that we are taking into the consumer goods vertical. Research and development, which helps them spot trends and identify new product innovations. Supply chain capabilities that help them all the way from procurement, manufacturing, inventory planning, demand planning and on-shelf availability and integrating that with our revenue growth management capabilities that ensure that all of that translates into real money on the top line as well as bottom line, helping with product price promotion architecture. So, we are starting to see the emergence of conversations where these capabilities can be integrated into one holistic kind of an approach, driving true digital transformation for them.

Finally, we are also seeing in the consumer goods space a lot more traction with our Databricks partnership. In fact, I'm about to travel to the U.S. in a day for a series of events that we'll be holding in the consumer goods space in Atlanta, Dallas and in New York. And the consumer goods GTM lead for Databricks will be a keynote speaker for us in one of these events. So, there's quite a bit of interest and traction from the database side as well.

If you recall, we talked about 3 important pillars of our growth strategy in terms of getting to the USD 200 million mark over the next 3 years. I wanted to touch upon each of them in terms of what's happening and how we are doing.

The first one is our strategy around the focus accounts that have been identified about 26 of them. There were 3 broad objectives there.

- The first one was just to significantly increase the sales process rigor and discipline. This is something that the project team has been focused on over the last 3 months. And I now believe that we have put in place a fairly robust mechanism to understand where we are in terms of the opportunity funnel all the way from opportunity identification through to closure and what could be bottlenecks holding up in each of those opportunities, in each of those key accounts. So that mechanism is in place. At this point, the focus of the project has shifted to expanding and defining the opportunity space at a more granular detail, and that work is currently underway. And there is also work that is being done on sharpening the relevance and narrative that we have around the content and solutions that we are taking into the market. So, the focused account strategy, I would expect will give us more benefits in the remainder of this quarter and through this fiscal, not to mention the next 2 years as well.
- The second pillar that we had talked about earlier was the partnership with Databricks. I already alluded to how there is good traction with leadership in the consumer goods space as far as the Databricks partnership is concerned. From our end, we are going ahead with the formation of a full Center of Excellence around Databricks that will bring together with many aspects, starting right from the relationship that we have with Alliance leads and account executives and the industry solution people, right, on the Databricks side. And then stepping up on the GTM and the sales team that we have and then moving on to people we are bringing

in from a solution and a technical architecture standpoint. And finally, the team that we are building out to support Databricks on professional services. So, this Databricks CoE will now have identified leader that we have already identified internally. And this person will now bring together all of these different elements that I talked about to further drive and accelerate how we do on the partnership. We are also in the process of expanding the GTM and sales team on the Databricks side. One of the people has already joined us. There are 2 more roles. We have made a few offers, and we expect to close them fairly quickly. There is also a great deal of traction with Databricks on everything related to generative AI. In the recently concluded summit by Databricks, the Data and AI Summit that happened in San Francisco, they talked a lot about how the Databricks platform is going to dramatically improve GenAI capabilities for everybody, integrating even native capabilities for Gemini or OpenAI, for example.

We are also looking to capitalize on that significant shift and new functionality that we are incorporating into the platform. To that extent, recently, we had organized a generative AI workshop for one of the prospects that we were chasing, and we were able to convert that account on the back of the GenAI workshop. This is a workshop that we were able to jointly orchestrate and conduct along with Databricks.

This is one of the accounts that I'm expecting to scale to INR 2 million or more, right, even within the next 12 months itself. There's a great deal of interest in this account. And on the back of this success, Databricks is also looking at taking us into 15 more workshops with several accounts right from their portfolio as well as from our portfolio. We were also very happy that many of our solutions, including MigrateMate and ConnectedView and MARKEE, they have been included as part of the Brickbuilder Solutions portfolio that is there in Databricks.

And finally, at this point in time, we are also doubling down on building competency around SAP data migration. You would all know that Databricks has announced a solid partnership with SAP, and there will be a lot of work that will be related to managing SAP data within the Databricks environment and we're building capabilities around that.

- And finally, on the third pillar of priorities that we talked about, that was in the area of generative AI and agentic AI. The good news from our end is that we have again already identified internal leadership that is going to be running this Center of Excellence for us. Not only that, we have already staffed the Center of Excellence with 10 people, half of them coming from our own teams, experts that we had within the context. And then we have hired another 5 people from outside.

In addition to that, we are also supplementing the team with interns, many of them PhDs who bring very, very specific capabilities in terms of the type of use cases and architectures that we are chasing. So, we are in the process of building out the team, and we'll continue to build out the team right in the next few quarters.

At this point in time, for the current year, we already have \$6 million of work confirmed on GenAI and agentic AI, and there is another \$8 million of work that is in the pipeline that we are actively engaged, and we expect to close. This quarter also saw us getting recognized by Analytics India

Magazine as one of the top players in the GenAI and the agentic AI space as part of their PeMa Quadrant, and we are really proud about that outcome.

Finally, when it comes to the actual focus of the GenAI, agentic AI CoE, we will be doubling down on Gemini, Azure AI Foundry and Databridge as the most important LLMs and platforms on which we intend to deliver the kind of work that we do. Of course, we will keep our eyes and ears open for all other development that is happening in this space. In fact, you will recall that one of the significant objectives that we have for Center of Excellence is to do the R&D and the experimentation that needs to be done so that we are able to help clients resolve the optionality that is emerging in this space and help them choose the right technical architecture for the GenAI and the agentic AI business use cases.

Finally, before I hand over to Raj, I also want to update you on the development at our end. Our Chief Client Officer, Krishnan Venkata, who had been with us for 17 years, he decided that to take a break and pursue opportunities elsewhere. His last date with LatentView will be the 8th of September. We are currently in the process of making some internal changes related to the consolidation of horizontals and how the entities will report. At this point in time, all the entity teams and the horizontal capabilities that were reporting into Krishnan will now report into me and I'll directly oversee them. Of course, there will be an evolution over a period of time that will help us in terms of bringing the necessary management bandwidth and leadership on all of the accounts. We are very thankful to Krishnan for the service that he has provided to LatentView over the last 17 years. He was our first employee in the U.S., and its no small measure right in terms of the kind of success that we have achieved. So calling out Krishnan's contribution and thanking him for that.

With that, I'll pass it on to Raj to give some additional commentary about our financials.

Rajan Venkatesan:

Thank you, Rajan. I think you've fairly covered the business update as well as the outlook in terms of where the business is headed. I'm going to keep it a little shorter, and I'll focus on the financials and then we can open the floor for Q&A.

In terms of the performance for the quarter, of course, we are very happy that we were able to report a 10th consecutive quarter of demonstrating revenue growth with the total operating revenue coming in at INR 236 crores, which in percentage terms was a growth of about 32% on a year-on-year basis and then this also included INR 22.2 crores of revenue from Decision Point. Please note that the acquisition of Decision Point was consummated towards the end of Q1 of FY '25 and therefore, on a Y-o-Y basis, Q1 results for last year did not include the results of Decision Point. This, by the way, concludes 1 year since we acquired Decision Point and of course, going forward, the goal will be to significantly accelerate that business. But from the next quarter onwards, even the corresponding quarters will be on an apples-to-apples basis. So, it will include the results of Decision Point as well.

In terms of what really drove the growth for this particular quarter, Decision Point, you would see that we've given a split of revenue between LatentView and Decision Point, there was a lot of positive momentum in the Decision Point business.

And I'll come back a little later in terms of the commentary that we had on the CPG industry itself in the last few quarters where we were witnessing strong macroeconomic headwinds. We are seeing some temporary leg down in that. And therefore, there is some good positive momentum. I'll come back to that.

But in terms of the other businesses, we are particularly pleased with the performance of Financial Services in this particular quarter, which delivered a revenue of close to 21.3% sequentially and 48.4% on a Y-o-Y basis. We are fairly upbeat about the growth momentum in Financial Services. You will all know that last year, Financial Services grew by about 60% on a Y-o-Y basis. We would ideally want to replicate a similar performance this year. But at this point in time, we're fairly confident that the business could deliver a growth in excess of 40%.

Tech, of course, in this quarter relatively witnessed a flattish quarter, partially attributable to the fact that there were a few one-off projects that I think or consulting projects that we had executed in the last quarter, which came to an end. But then there was no follow-on work that we were able to sign up for those projects in this particular quarter.

The positive update again over there is that there is some pipeline that is generated on the back of these one-off consulting projects that we delivered in Q4. We expect that these pipelines will get converted in Q2, and we will start seeing growth momentum come back in technology as well.

But what we are happy to report is for the last quarter, we had, I would say, close to about 2 or 3 good logo wins in technology, and we will see the full benefit of revenue accruals from those logos in the subsequent quarter. So, all in all, while this quarter, tech was a little muted in terms of overall growth, we expect that in the coming quarters, tech will again sort of be a big contributor to the overall company level growth.

Our EBITDA margins, for this particular quarter came in at about 21.4%, this is on a reported basis. And on an adjusted basis, excluding the transaction-related costs for the Decision Point acquisition came in at about 22.2%. I would say this is largely in line with how we had guided our margins would be in Q1. You would all note that we had indicated that we plan to roll out wage hikes effective 1st of April and the wage hikes that were sort of given in this year, I would say, was slightly higher than normal, not on so much on the fixed compensation side, but more on the performance and the variable pay side, we had given out fairly substantial increment. This is also in line with recommendations that we received from an external consultant that we engaged in for the comp benchmarking exercise. So, the reported margin of 21.4% fully factors in all the wage hikes that were given. Excluding such wage hikes, ideally, our reported margin for the period would have been higher close to about 3%. And therefore, in this particular quarter, we were not able to sort of scale the business to the extent there was an impact on account of wage hikes. A couple of other factors that impacted the margin for this quarter. Of course, there was a drop in visa-related costs. You will all note that our visa expense is a little cyclical in nature, and therefore, bulk of the expense for the business is typically booked in Q4 when we get the results of the H-1B lotteries. There was, I would say, lower visa expense in this quarter. So, to that extent, the EBITDA was positively impacted. By the way, in this particular quarter, we did higher level of marketing expenses compared to the previous quarter. So, EBITDA was negatively impacted by wage hikes and higher marketing expenses and positively impacted by lower visa costs.

Coming to the PBT for this particular quarter, the PBT came in at about INR 62 crores, up 18.9% on a year-on-year basis. Of course, the profit before taxes was positively impacted by forex gain from some of the loans that we have given to our group companies, and that gain came in at about INR 6 crores. And going forward, the one update that I would like to give to all the analysts is that we are looking to rationalize some of the loans that have been given to our group companies.

This is also in line with the new transfer pricing structure that we've put in place, which will ensure that these overseas subsidiaries are compensated for all marketing-related expenses on a cost-plus basis, and therefore, they may not be substantial investments. And it's, I would say, a corporate call at this point in time to reduce the level of loan. And going forward, you may not see this level of forex gain or losses. And therefore, you will see steady state, I would say, EPS numbers going forward. The EPS for this quarter came in at about INR 2.46, a drop of 5% Q-o-Q. Of course, some of this is obviously led by the drop in the EBITDA percentage and as well as in absolute terms. But more importantly, the PBT for this quarter was also positively impacted by a couple of factors. One, the gain on intercompany loans that I just spoke about was INR 6 crores. In the last quarter, which is the immediately preceding quarter, that number was close to about INR 2 crores. So, we had a higher gain of close to about INR 4 crores in this particular quarter.

We also had the benefit of an election to move from the old tax regime to the new tax regime in this particular quarter, the tax rate that the business will pay going forward from some 29%, this is for the India business from 29% to 25%. In the bygone quarter, this also positively impacted the deferred tax liabilities that we were carrying on the balance sheet, which were initially being carried at a rate of 29%, they had to be sort of brought down to 25% in line with the new tax regime. And therefore, you had a onetime gain. There is a note to this effect that's included in the financials as well. And therefore, these were 2 things that impacted the EPS for the current quarter positively.

Going forward, I would say technology will continue to be our core growth driver. And we believe financial services, again, while it delivered a solid set of numbers this quarter, will continue to grow in the coming quarters as well.

From the balance sheet standpoint, of course, we continue to have a fairly healthy level of cash. And Rajan spoke about the 3 big strategic initiatives: one, looking at deepening our client relationships; two, enhancing our GenAI capabilities through the Center of Excellence that we are establishing; and three, deepening our partnership with Databricks and also going to market aggressively along with Databricks to sort of build that practice out. So, I would say these would be the 3 big initiatives or bets that we have, and we will continue to allocate capital for these strategic initiatives.

In terms of current order book, we have a fairly strong order book, which gives us reasonable confidence to deliver the 18% to 19% growth that we've been talking about. In terms of the pipeline, again, the pipeline continues to be fairly robust and healthy. And based on what we see, we will come back to the analysts maybe end of Q2 to give an updated feel where we'll be able to go past that number. But right now, there seems to be fairly strong momentum in the underlying business.

With that, I would say I've covered most of the updates that we had, and we can open the floor for Q&A.

Moderator:

The first question is from the line of Aditi Patil from ICICI Securities.

Aditi Patil:

My first question is, the organic business, was the growth soft than what you were expecting at the start of the quarter? If yes, what has led to the softness?

Rajan Venkatesan:

Yes. So, Aditi, on the organic business, I would say, definitely, the growth number of 0.3% that you see is a little softer. But the other point that I did forget to mention, by the way, in dollar terms, the underlying business grew by about 2.8%, whereas in rupee terms, and that's the numbers that you guys

have access to right now, the underlying business grew by only about 1.6%. So there is a currency impact in this particular quarter where the rupee appreciated against the dollar. So, the growth in the core business is definitely higher than the 0.3% that we see.

Having said that, I did speak about a few projects that we did, and these were, I would say, discretionary one-time projects that we executed in Q4 in some of our large accounts. We were hoping the follow-on work on the back of the work that we had executed to sort of get stitched up in this quarter. I would say there has been a timing delay in terms of signing on the additional work.

Also, while there was a healthy pipeline for the core business, which is tech, we have seen a small delay in converting some of those pipeline opportunities, which has resulted again in the slightly muted growth that you see in the core business.

But there is nothing that is out of the ordinary or I would say there is no loss of customers or things like that. In the next quarter, in fact, we already see enough order book in the form of confirmed order book to deliver a healthy growth. And this is for the core business.

Aditi Patil: Okay. So do we see any downside risks to our 18% to 19% USD revenue growth guidance for the full year?

Rajan Sethuraman: Not at all. In fact, as Raj mentioned, some of the things that we were expecting to come through, they are now starting to come through, and we have seen some of those conversions happen even already in the second quarter. So the second quarter numbers will not only be on track for the 18%, 19% that we have guided. In fact, it will also catch up with the slight dip that you have seen in the first quarter.

So, at this point in time, we are very confident of going past the 18%, 19% number. In fact, I was just having a debate with Raj before this call whether we should put up 20% at this time. We will hold our horses at this time, but there is a great deal of confidence that we will go past those numbers.

Aditi Patil: Okay. This is very reassuring. I have a third question on what led to the strong recovery in Decision Point? And should we see Decision Point growing at the same pace as organic business in FY '26?

Rajan Sethuraman: I would expect that the growth will, in fact, outstrip the organic business because they are coming off a small base, if you remember, and they also had a dip in quarter 4. As I alluded to earlier, we are seeing positive signs and momentum. I talked about how clients are starting to look at a more integrated perspective, right, across R&D, supply chain and RGM. We are also starting to gain more traction with the decision-makers in the CIO, CTO audience.

This quarter, we had a few wins as well in the consumer goods space. In general, I feel that the tide is turning. Of course, we want to wait and see how fast it turns. But definitely, the performance for Decision Point in Q1 and then going forward into Q2, Q3, we expect to be fairly strong.

Aditi Patil: Okay. And on the GenAI work, you mentioned a good order book and a good pipeline. So what kind of work are we doing for the clients in GenAI space? Is it based on like enhancing revenue for the client?

Rajan Sethuraman : Yes, it is full spectrum actually. I mean, there is work that is being done in the area of customer experience and marketing. So for example, one of the accounts that we have won in the consumer goods space, we are using generative AI to help generate the audio video content as well as the text

content that goes on their direct-to-consumer website. This is an apparel company, but they specialize in innerwear.

And that's a very different kind of segment, in comparison to other companies that we are familiar with in the apparel space. And they had reached out to us, this is a client where we conducted the GenAI workshop along with Databricks. And we have been able to showcase a very, very strong, powerful way by which they can leverage GenAI and the agentic architecture around that to automate the content generation, that gets on to their D2C website. I mean this is an example of the consumer goods space.

Similarly, in the Financial Services space, there is a lot of traction in terms of helping generate reports that are covering a fairly broad spectrum of areas, around asset management, around investment banking, for example, and again, these are instances where you can use the power of GenAI, LLMs, reasoning model, some semantic layer combined with an agentic architecture to generate the first draft of reports that can be put out.

Of course, right now, most of this still involve a human in the loop in some form or the other. But we are progressing to increasing order of sophistication in terms of what the GenAI, agentic AI solution itself can do so that the human in the loop is able to bring in a higher order of thinking and application, right, before the solution gets absorbed within the decision-making process. So fairly broad spectrum impacting operating parameters, revenue as well as cost.

Moderator:

The next question comes from the line of Vimal Jamnadas Gohil from Alchemy Capital Management.

Vimal Gohil:

Very reassuring comments on the growth going forward. I just wanted to check on the wage hikes and the consequent numbers that we're seeing on attrition. Typically, we've seen about 120 to 150 basis points of wage hike impact depending on the environment on our margins every year.

This year, it has been double of that. And if I were to sort of join the dots with the attrition that we are seeing at 23%, I think it's on the higher side vis-a-vis the industry. So how should we marry these 2 data points in front of us? And what are we doing to correct that?

Rajan Venkatesan:

Yes. So Vimal, to your point on the wage hikes being slightly higher than the usual, you are right. The intent this year was for us to look at compensation as a total sort of rewards policy and not just look at the fixed component hike that we do. But in line with revisiting the comp philosophy, what we've also consciously done is look at a pay-for-performance sort of a structure where all people who are at, say, manager levels and above have a very attractive incentive component, but there is strong linkage to company performance as well as the BU to which they belong. There is some linkage to that as well.

And therefore, while you do see that the percentage impact on the margins has been higher, a lot of it is actually linked to the performance and as well as of the BU that they sit in as well as the company level performance. Now of course, while the impact is a lot more prominent in this particular quarter, as the business scales, right, I mean, of course, periodically, our endeavor would always be to operate at a fairly healthy margin levels. When I say margins, these are at gross margin or project margin levels.

And therefore, we will look at all other levers. This could be pyramid restructuring, it could be looking

at the on-site/offshore mix as well as looking at utilization, all of these are levers that we typically look at to sort of bring back the margins to normative levels or historical levels. So that's the commentary on wage hikes. And I would say that over the next couple of quarters, we should be able to salvage whatever we've lost in the form of margin loss that have come from the wage hikes.

Your second point was around attrition. See, while it's higher than the IT services standard, Vimal, in general, what we've seen as a company, attrition, which is less than, say, 25% for us is at manageable levels. And what we've also seen is Q1, which is typically after we pay out the bonuses and the variable pay as well as the increments, there is a slight uptick in the attrition.

In fact, we are pleasantly happy to note that this year, that number is, I would say, while it's at 23%, it's not gone up significantly in comparison to immediately preceding quarter. This is again seasonally a quarter where post the wage hikes and post the variable payout, you will see an uptick in attrition. So, I don't think as a business, we are very worried about that particular metric at this time.

Vimal Gohil: Understood. And one more question would be on margins itself. If I were to look at another 2 metrics, which is the offshore ratio, which is at 83%, utilization at 82%, we've maxed out these 2 levers. Given the fact that the growth could be slightly higher than what we've seen in the near past, how about some operating leverage kicking in? Do you see that coming in and helping you get to margin levels that you've seen historically?

Rajan Sethuraman: Yes. Yes. I think the operating leverage will come in, but the growth that we are anticipating, right, we are also in the process of building out buffers, specifically for the GenAI, Agentic AI type of opportunities also for the Databricks Center of Excellence, right, both on-site and offshore. So, I think that utilization, we will watch it carefully, but we also want to make sure that we are not shortchanging on the supply front, right, and the availability of skilled people. So yes, I mean, to answer your question, I mean, operating leverage will kick in, but we will also watch out on how the utilization balance needs to be right in relation to demand and supply.

Moderator: The next question comes from the line of Rushabh Shah from BugleRock PMS.

Rushabh Shah: So one question for LatentView, hiring is the most important part. So what quality do we investigate in the candidate? And what are your basis of criteria to judge a hired candidate?

Rajan Sethuraman: See, the capabilities and the qualities we will look for, there will be a spectrum depending on whether they are hiring somebody at a junior entry-level analyst consultant level or whether we are hiring somebody who's more of an expert and a seasoned pro. In general, we look for people who are motivated and self-starters. We look for people who have an intense amount of curiosity because this is a very dynamic and evolving space. And unless people bring that kind of curiosity, it is very easy to kind of stay close to just what you already know, right, from the past and then lose out on what might be happening, right, in terms of the changes in the environment and the evolution.

So, there is a lot of emphasis we lay on learning and development as we go along. In fact, one of the things that we have been very proud of from a very early stage is exposing all of the people in the organization to the upcoming opportunities so that they themselves can take a call on what kind of technologies they want to spend their time, right, learning and building skills and capabilities. And we make a fairly broad spectrum of training options available to them. At a more senior level, we will obviously expect that people also bring a certain amount of expertise, right, whether it is a technical

expertise or whether it is algorithmic or whether it is domain expertise. And then again, domain expertise can be either in the functional area like parts of the value chain as in marketing and finance and supply chain and so on or else it can be an industry domain understanding or a subsector understanding. So that combination of technical algorithmic and domain understanding, coupled with that curiosity is what helps us deliver what the clients are looking for.

See, at the end of the day, we are more akin to management consulting kind of an organization because a lot of the work that comes to us is fuzzy and ill-defined. So therefore, these are the qualities that people need in order to be able to diagnose the problem and then suggest the right kind of approaches, right, and then bring the mathematical and technical rigor, right, to be able to solve the problem.

So, it's a very consultative kind of a model, ability to, of course, professional skills like building relationships and then questioning and problem solving, right, these become very important as well. So that's really what we look for. Once people come in, one of the most important metrics that we look at is what is the impact we are creating on the client engagements that they are working on. This is something that we take extremely seriously. We have an internal service delivery excellence team that tracks every project in terms of what does the original business value that was promised versus what got delivered at the end of it. And this is not just something that we evaluate on our own and pat ourselves on the back. This is actually administered in the form of a voice of customer survey that goes out every 6 months and our immediate sponsors and stakeholders in the client organization as well as the ultimate sponsors going all the way to the C-suite, they get this survey. In fact, the survey for the last year is currently on, and we are starting to get responses.

Every engagement that we do, the clients come back and tell us whether the impact was conceptualized, analyzed and it was delivered, whether they were able to implement it and realize the benefit. And then we also look at whether we got kudos and appreciation from the senior most level within the client organization. And these all form a very important part of the performance management process that we have.

So somebody within our organization will be able to get their top ratings only if they have received this kind of acknowledgment from the client in terms of the impact that they have delivered. So that's a very, very important thing that we look at. Of course, there are many other things, right, that one includes in the performance management process. But this is one thing that we are extremely proud.

Rushabh Shah:

So just a second question on the client engagement. So, we do projects for some clients like for some small projects, and we don't have follow-up work with them, in the sense we don't get a long-term contract. So how has LatentView had follow-up with them? And has clients engaged with us after a small project being done for them?

Rajan Sethuraman:

In general, we are able to convert initial engagements, whether they are in a staff augment model or whether they are in a fixed fee, fixed scope model into longer-term managed services contracts in about 70% of the time. But in the other 30% of the cases, it might still continue either in a staff aug model, or it might fall off after the first fixed fee, fixed scope engagement that we do.

In some instances, we also see that while there may not be anything that happens immediately after the first project, we are able to re-engage with them a year, 2 years down the line, 3 years down the line. In fact, this quarter, one of the engagements where I talked about fairly fast-track growth, this was a client with whom we used to work when they were in a different organization 6 years back.

And then they came back to us because, I mean, that organization decided to take all data analytics work in-house, and then they actually terminated relationships with multiple data analytics vendors. But when this person moved into a different organization and they needed help and support, we were the first port of call for them. So, there are several instances where ex-clients and alumni clients and even alumni employees come back to engage with us right after a period of time.

We now have a formal process that we have launched as well, where we look at all clients that we have engaged with in the past and what is the current status of our relationship with them and whether we are in a position to go and help them in some form or the other, in their current role that they are performing.

We are also extending this exercise to over 3,500 alumni that we have, who have passed through the portals of LatentView and who are currently working, right, in other organizations. And if they happen to work in our current client or prospect organizations, we want to tap into them as well. So these are all avenues that we will continue to look at in the future.

Moderator: The next question comes from the line of Karan Uppal from PhillipCapital India.

Karan Uppal: So Rajan, just a question on BFSI. So very consistent sort of performance in BFSI. So would love to hear your comments on which subsegments are driving this performance? And how is the competition in this space, which are the competitors which we are competing with? Yes, that's my first question.

Rajan Sethuraman: Sure. The growth that we are seeing is more on the fintech and payments and that type of area, because that is where we have been stronger even in the past, though we worked with a fewer set of accounts. We are just extending our understanding and expertise in that area to grow those relationships.

Banking/insurance, we have had starts, but I would want to see a bit more traction with some of the larger banks that we are engaging. I mean I talked about the European bank, for example, right? I think that is the place that grows strong. There is an engagement that we have started with one of the largest consumer banks in the U.S. as well. It is still taking shape. I'm expecting that some of these relationships with the larger banking clientele could potentially start giving us even bigger kickers in the next couple of years. But at this point in time, it is largely around asset management, around fintech payments that is driving the traction.

Karan Uppal: And which are the competitors which we are competing with in this space?

Rajan Sethuraman: I think the competitors will be fairly broad spectrum. I mean you can have anybody even the IT services players, right, if they have strong analytics solutions that they bring to the table. There are other pure-play data analytics companies as well, which do work in the Financial Services space.

So you won't have likes of a Palantir and all, for example, in the space in terms of product companies, but this is traditionally the largest sector, right, for IT services as well as even data analytics. So it is a well-entrenched space. We are happy that some of the more interesting innovative ideas and GenAI solutions that we are taking into the market is what is finding traction. And that is something that we will continue to look at capitalizing on.

Karan Uppal: Okay. Second question is on retail and CPG as a vertical. So, core vertical, [ex] of Decision Point appears to have declined sharply for second quarter in a row. So could you help us understand is this

performance the bottom because the commentary suggests that you are seeing some turnaround in this space. So yes, I would love to hear your comments on that.

Rajan Venkatesan:

Karan, I don't think it's right to say that the core verticals declined, in fact, the last quarter, when you see Decision Point had actually witnessed a fairly sharp decline. In fact, there was a lot of headwinds, specifically in the CPG vertical, which I think we had guided when we came on the call as well, we did say that, of course, right now, there's a lot of macroeconomic headwinds for the CPG space.

Tech had done fairly well last quarter. I would say this quarter, for us, because of the large base that the technology vertical is on, the fact that this has been a flattish quarter is probably that's the reason why you're saying that the rest of the business has actually not performed. But again, a couple of reasons, right? I did speak about the fact that the last quarter, there were, I would say, 2 to 3 fairly large onetime projects that we had closed. This is for the top 2 accounts where we did some one-time projects and we were hoping that we will be able to close the follow-on work, which will come as a result of that execution of the one-time projects in Q1 and start booking revenue as well. There had been some shift in terms of the time to sign those deals, right? So that has definitely impacted the revenue that the technology vertical has reported in this quarter.

Other than that, there has been, I would say, a marginal decline in the industrial vertical as well, again, partly attributable to some level of one-time projects that were executed in the last quarter. These were initial POCs that we had done on the GenAI side again, for a fairly large industrial house. We're happy to report that again, there is a meaningful pipeline that we are currently working on, which if we're able to close now, the industrial vertical again will be back on the growth trajectory.

For technology, we are very confident that for the next quarter, we will sort of be back on the growth trajectory. And this quarter, while it was a flattish quarter, was largely because of delayed signing, follow-on work on the back of one-off projects that we had executed in the last quarter. I hope that answers your question.

Karan Uppal:

Yes, yes. Just a follow-up there. My question was pertaining to the CPG and retail vertical [ex] of Decision Point. So there, it appears to have declined for the second quarter in a row. So just wanted some clarification on that.

Rajan Venkatesan:

So there, yes, you're right. I think your assessment is right. But again, we've had a couple of good quality logo wins, right? Rajan spoke about the innerwear apparel company where I would say while we are starting off with the initial sort of POC, which has to be executed by August, we are very, very positive about the engagement on this particular opportunity, and we believe that this can be a substantially large opportunity if Phase 1 is delivered. So, I would say definitely, there, again, we are seeing some green shoots.

We did see some contraction in a couple of accounts where we were working, and these are slightly longer-term relationships that we've had, where I would say there were some changes, some rationalization in terms of the number of vendors that the client organization was working with, which resulted in some shrinking the existing logos. But I would say on a full year basis, our CPG business [ex] of Decision Point, again, will be back on a growth trajectory. This is based on the order book and the pipeline that we are currently carrying.

Karan Uppal:

Okay. So if I have to summarize from the commentary on all the verticals as well as the guidance, so

no client-specific issue as such and no pain in the CPG vertical going ahead. Is this a fair assessment?

Rajan Venkatesan: Absolutely. Absolutely. I mean whatever pain was there in terms of 1 or 2 specific names there where there was, I would say, some level of budget rationalization as well as vendor rationalization that was happening, that has already been factored in the results for the current quarter.

Karan Uppal: Okay. And just last question on GenAI. If you could help us understand in terms of the deal sizes and the tenure in the GenAI work? And is it largely project-based work? Or is there any annuity component also which you are seeing.

Rajan Sethuraman: It's a combination. Obviously, GenAI, agentic AI being the new kid on the block, right, in terms of the buzz and the excitement. There will be a bunch of POCs, pilots and experimentation type of projects that are happening. But we are seeing instances where it's already moving into production with a longer-term kind of involvement in terms of executing the work using the new architecture and the framework that is emerging.

We are assembling the team largely as an expert team. So because there are already people within the organization who have been doing GenAI, AI type of work. So, it's not as if we don't have a critical mass of people within industry entities, organizations that we have. The purpose of the horizontal CoE, the Center of Excellence, is to bring a higher order of expertise and capabilities, right, in relation to the R&D experimentation that I talked about. So, we will be largely staffing with people who bring that kind of perspective and expertise into that team.

Moderator: The next question comes from the line of Pooja Jain from Trinetra Capital.

Pooja Jain: So my question is, how are the macroeconomic headwinds like interest rate hikes, client IT spend reductions and involving AI regulations impacting your project pipelines or pricing flexibility?

Rajan Sethuraman: I think macroeconomic headwinds have been prevailing for almost an 18-month kind of a period, right? And I'm sure that you are hearing commentary from other service providers as well, right, in relation to how it continues to be a bit sluggish when it comes to large initiatives, new decisions on that side. Over the last 18 months, we have also experienced that. I mean the good news has been that with many of our existing stakeholders, incremental opportunities have been easy to come by.

And that is what has helped us, right, deliver the 18%, 19% organic growth rate that you have seen in the last several quarters. We are still also looking at when the inflection point will happen in terms of kicking off new initiatives, which are substantially larger. But while this has been happening, there is also a shift in terms of decision-making around at least the data platform.

Most organizations have come to realize that they do need to have more robust integrated data platforms in place. And therefore, data engineering and the work there is expected to be a fairly significant boost in the coming quarters. At least when some of the uncertainty in the macroeconomic scenario is lifted, right, around inflation, around tariffs, war, all of that stuff.

One of the first things that we would all expect organizations to do is to put in money into cleaning up and improving their data platform. And that is the reason we are also gearing up, right, with the Databricks partnership and the capabilities that we have on data engineering. I think initiatives which are more sophisticated, right, in the AI, data science, GenAI kind of space, that will also gather

momentum. At least many initiatives that saw the light of the day in terms of pilots and POCs, clients will be more willing to commit real dollars to production type of engagements.

At this point in time, I would say that while that interest and excitement is fairly significant, they are still being a little cautious in terms of signing up for the larger production scale engagements. And that is what should change once the move gets better in terms of the uncertainty in the macroeconomic environment.

Moderator: The next question comes from the line of Srinath V. from Bellwether Capital.

Srinath V.: Just wanted to understand data engineering, the kind of Q-o-Q growth is shown and kind of looking at your commentary, would it be fair to assume large part of Databricks and other hyperscaler work is in the order book and yet to see execution? How do you see this particular business growing over the next, say, 12 to 18 months?

Rajan Sethuraman: Yes. I mean Databricks in particular, we are expecting a lot of acceleration. In fact, only on Friday, I was reviewing the pipeline, right, that we have visibility into in terms of what Databricks is chasing and there is a whole host of migration opportunities that are in there. And this is the migration that needs to be done to clean up the data ecosystem, right, that I alluded to in my response to the earlier question.

I also talked about the competency around SAP and the alliance that Databricks themselves have announced, right, with SAP. So, there is a fairly large quantum of work that needs to be done in terms of cleaning up and getting the data platforms ready to be able to capitalize on the new tooling and the new approaches that everybody is building into the platform.

So whether it is a Databricks or Snowflake or even the Azure AI Studio or even the GCP plus Gemini platform, all of them can deliver value only if there is a significant amount of effort put into the underlying data. And that is the reason we see that there will be a big uptick in terms of opportunities.

So there are already opportunities in the pipeline, right, that we are having conversations with. Clients just need a little bit more of a push on that front. I mean, with respect to the macroeconomic. And otherwise, they are still waiting and with a large data cleanup exercise of this sort, the essential question is always like, do I just do it in a bit-by-bit piecemeal manner, use case by use case or do I go ahead and make those big investments right ahead of the curve. And that is where we are also having conversations with clients.

And in many instances, we are recommending what will make sense given the culture, maturity, and the approach that the organization takes. And in many of the instances, we do see organizations willing to make that commitment, which is why the conversation is also shifting to the CIO, CTO audience, as opposed to just the business stakeholder's audience. So we are expecting that there will be good momentum in the coming quarters.

Srinath V.: Yes. About 18%, 19%, 20% growth on this INR 360 crores base would start to work over 5% kind of quarter-on-quarter growth. So would it be fair to assume that our order book is there, thereabouts in the execution pipeline to see that kind of ramp-up in growth over the, say, the next 2, 3 quarters?

Rajan Sethuraman: Absolutely, yes. That's where we are.

- Srinath V.:** Perfect. One suggestion from my side, Raj, it would be nice if you could start disclosing constant currency growth so that confusions on currency going forward would be easier. And that way we can model it out easier.
- Rajan Venkatesan:** Point taken. We will consider it, for sure.
- Rajan Sethuraman:** Next time, so yes, we'll do that.
- Moderator:** The next question comes from the line of Pratap Maliwal from Mount Intra Finance.
- Pratap Maliwal:** I just had one question regarding a recent management interview that you had given, where you had said that service providers like us would have to pivot to become AI integrators like the system integrators. So I just wanted to understand what would be the change from this in our current business model? Does it kind of, in particular, change the kind of contracting that we do. As you said that we convert work to managed services after initial projects? Does it change anything on that front? Just some idea around that.
- Rajan Sethuraman:** Yes. I'll first talk about what I meant by the AI integrator role, and then I'll comment on the contracting model. What I mean by being an AI integrator is playing the role of a service provider, consultant that can help organizations navigate the increasing optionality and complexity that is emerging in the AI ecosystem.
- I mean we all see the explosion that even happened in the high capital-intensive LLM space, right, once DeepSeek came in and revealed their modeling approach. We are seeing the same thing happening, right, whether it comes to reasoning models or whether it is small language models, whether it is semantic layers, whether it is RAG models, right, retrieval-augmented generative models.
- So, in all of these areas, and not to mention the agentic infrastructure itself, right? I mean Databricks, for example, recently announced Agent Bricks as their agentic architecture. And you have already seen what OpenAI has announced last week. So that optionality and the complexity, and the ability to navigate that is really what I meant when I said that one needs to play the role of the AI integrator.
- All evidence that we have till date in terms of enterprises attempting to go it alone indicates that it is a fairly challenging and complex space. So, while they might initially be euphoria in terms of we have implemented, say, Databricks or Snowflake and then therefore, now our own business users and data scientists can go ahead and do what needs to be done. When it eventually comes down to implementing enterprise use cases, you still need to choose the right kind of technical architecture that solves for your context both on the technical environment that you have as well as the business case and the use case environment that you have. So that is the role that one could play.
- What this will mean, however, is not that every line of code, every piece and component needs to be built by us. It might mean that we are able to leverage a lot of the tooling, technology, functionality components that are already available as part of the evolving complex landscape. And therefore, that is what will enhance significantly the efficiency and the productivity of the team.
- But there is a role for service providers like us. The ones who do this faster and disrupt and go with the best kind of technical architecture innovations and solutions will be the ones that emerge victorious in this. Now what is the implication that it has on the contracting infrastructure? I think managed

services models will continue to be in vogue. I don't think they're going to get replaced by one-off fixed fee, fixed scope projects only.

But there will, of course, be maybe a higher percentage of fixed fee, fixed scope projects that start happening, especially when the analytics maturity and the internal environment of the client organization is very strong, they might need initial and periodic refreshes of architecture and decisions related to that as opposed to ongoing continual support, right, for everything that needs to be done. So we got to see how that impacts the contracting model.

I'm expecting that there will be more instances where we are able to go in and help them on specific technical architecture engagement as well. However, if you do that well and you establish your capability, then whenever there are opportunities, whenever there are requirements to get a whole lot of work done, then the organization that helps with the architecture could be the one that is called upon as well to execute on the use cases. So that's how I see this evolving.

Moderator: The next question comes from the line of Jalaj from Svan.

Jalaj: Congrats on a decent set of numbers in this tough environment. So, as I had two sets of questions basically. First, I wanted to understand with regards to Decision point, the role of payment, at least for that 70% has been made or there is something else which you need to be take? Any amounts?

Rajan Venkatesan: So, the 70% acquisition, all the payments in relation to that has been completed. In fact, in the current quarter, we have made the acquisition of another 10% in Decision Point. So, with this, in terms of payout, what will be payable, and this will happen around June of next year, is the payment for the balance 20%.

Jalaj: And there is no specifically performance-linked portion also on this or there is a part to that also?

Rajan Venkatesan: It is. The consideration is linked to underlying performance, which is revenue as well as floor EBITDA that they need to maintain for the overall business.

Jalaj: Okay. And the second question was more to do with our aspiration. So would it be fair to assume that the top line aspiration of \$200 million is by FY'28. Just a direction, maybe not to sticking to the number, but the way we are growing, I guess, that is very much achievable. And secondly, just to add to it is the revenue growth for the balance of the year for our aspiration looks like a very accelerated growth. So, there is no assumption of macro improving, I'm assuming built into it.

Rajan Sethuraman: Yes. The 3-year \$200 million target calls for approximately a 26% CAGR. And as we just alluded to, I think at this point in time, there is a good deal of confidence that we should be able to go past the 20% kind of a number, even before the end of this quarter. And if things improve a bit from there, then the 25%, 26% that is required should be achievable.

Now of course, we don't want to jump the gun here and say that everything is hunky-dory. Obviously, that's an aspirational number, right, that we have put out, keeping in mind that the expectations that we have also around how the macroeconomic uncertainty will resolve, at least in certain areas, right, not everywhere. And we'll watch out for that, right? We will anyway double down on the areas where we are seeing traction, right, in terms of what is happening.

If you look at Databricks, for example, since we talk about the Databricks partnership, they have put

out a CAGR of 60%, right, that they are targeting in the next few years. So therefore, we are also encouraged by what we see the larger players talking about here.

I mean, in fact, this afternoon, in response to a query from one of our Board members, I was doing a bit of look up on what is the consensus estimate on GenAI, agentic AI growth over the next 5 years. And everybody is talking about anywhere from 35% to 45%.

So that is an area that we will focus on double down on, right, so that we are able to realize that aspiration. Of course, there's a lot of work to be done, but I mean, irrespective of macroeconomic uncertainties that might be providing now, there are other factors also that could play out, right, in how it unfolds.

Moderator: The next question comes from the line of Shubham Sehgal from SiMPL.

Shubham Sehgal: Could you just share how many new clients were added during the quarter? And additionally, if you could break down the revenue growth of how much came from the existing clients versus the new ones?

Rajan Venkatesan: See, the overall number of new clients that were added during the current quarter, I would say, was about 7 in total. In terms of the split of the growth, in terms of what came from existing clients versus new clients. So like I mentioned, right, in dollar terms for this quarter, we grew by about 2.8%. Of that 2.8%, I would say about 0.6% came from new clients that we added in the current quarter and the remaining came from existing logos.

Moderator: The next question comes from the line of Surbhi from Bellwether Capital. Please go ahead.

Surbhi: Hi Rajan, you spoke about some integrated deals in the CPG vertical where you would go from R&D to supply chain and then integrating it with RGM. Could you throw some light on such deals and explain how the scale up for the same will happen? Would it be more gradual in nature? Or would it be more like an upfront pitch for an integrated project on the go? And in such cases, what could be your average deal sizes and the length of relationship with your clients and so on and so forth?

Rajan Sethuraman: Yes. Our intention, Surbhi, is to make a bit more of an upfront transformational pitch. We are seeing some degree of receptivity from this from some of the clients that we are having conversations with. We are also seeing a greater deal of receptivity from Databricks as a partner because they are also looking to differentiate themselves in the evolving landscape. And these could involve pitches being made more to the C-suite, maybe even to the CIO, CDAO type of an audience as opposed to separately to the supply chain organization or the R&D innovation organization or to the team that is responsible for modeling, pricing and so on.

So, we need to kick it up a few levels. We are looking forward to Databricks also supporting us, right, in those kind of conversations. The 3 events that I talked about, which are happening in the U.S., we are looking to pitch that kind of an idea, at least appeal, in terms of how that can help organizations that adopt a more integrated approach to realize more value, both on top line and bottom line, right, if they take that kind of an approach. We are seeing some early encouraging signs on those types of conversations. If that happens, then even initial engagements can easily be upwards of \$1 million.

Because of course, they won't do it for the entire company. But this kind of an integrated approach if

you take a particular product market or a product category market, say, a particular beverage or a food item or a cosmetic and you're just looking at one geography and implementing it there. This kind of an integrated approach can still mean that it is a substantial engagement. And that's the kind of thing that we'll be pushing for.

Surbhi:

Got it. Very clear. And anything you want to call out specifically on Europe? We've seen some good traction on Q-o-Q basis. Anything that you would like to specifically call out here?

Rajan Sethuraman:

Yes. We are seeing traction both in the Financial Services space and in the consumer goods space. I mean if you remember, a few quarters, a couple of quarters back, we had already started talking about that we want to double down only on these 2 industries in Europe. And at this point in time, I think we have upwards of half a dozen clients that we are working with in these 2 sectors put together.

We recently also relocated one of the decision point key people into the geography in London. We are in the process of adding another client partner, specifically for one of our accounts in the region. In the Financial Services space, I mean, when I alluded to the growth that we are seeing, the account where the person who used to work with us earlier came back and engaged us, that is again in Europe.

So, we are seeing some traction in consumer goods as well as in BFSI in Europe, and that is what has led to the Q-o-Q. We are looking at certain other options as well, right, in terms of partnerships that we could potentially do with local European management consulting and boutique consulting organization. These are early-stage conversations at this time, but we will want to double down on these 2 verticals and then bring in other levers that can help accelerate our growth.

Surbhi:

Got it. Just one follow-up here. Any internal milestones for this geography, say, 2, 3 years out?

Rajan Sethuraman:

Slightly early days. I mean, in the past, we had alluded to Europe contributing 10% plus, right, in terms of revenue for us, right, in a 3-year time frame. I mean, obviously, we haven't cracked the code on Europe yet as a geography. So, I would want to take some more time before I'm able to put out a number.

Moderator:

The next question comes from the line of Aagam Shah, an individual investor.

Aagam Shah:

Sir, quick 2 questions. Most of my questions have been answered. Sir, other income for this quarter was around INR 23 crores. So it should be in this range for going ahead?

Rajan Venkatesan:

So, Aagam, like I mentioned, there was forex-related gain, and these were gains on account of loans that we have given to our subsidiaries in U.K., and that came in at about INR 6 crores, right? So, of the total other income reported for this quarter, of the INR 23 crores, INR 6 crores pertains to this forex. And I don't think we should model it for the future period, obviously, this level of gain or loss will sort of come down because as I alluded to in the earlier part of the call, our intention is to pare down or substantially trim the level of investments in Europe because of some of the transfer pricing changes that we have made.

And therefore, we don't need that level of investment or debt to be sitting in the books of the subsidiaries. You will see this level of gain or loss that we've reported historically to come down. So, you should consider that as a one-time more than sort of factoring it as an ongoing gain.

Aagam Shah:

So, it should be remained in the ballpark of INR 15 crores to INR 20 crores?

- Rajan Venkatesan:** Yes, the other income should be going forward, in the range of INR 17 crores to INR 18 crores. Give or take, of course, that number could go up or go down depending on the yield that the treasury generates, but it should largely be in the range of INR 17 crores to INR 18 crores.
- Aagam Shah:** Okay. And all the commentary given by you all and the excitement around the GenAI and Databricks and data engineering and all, and even after the revival of the consumer vertical Q-o-Q, maybe we are being a little conservative in growing by 18%, 20%, but there is a scope of overachieving this number? So how are we looking at it?
- Rajan Sethuraman:** I mean there is always a scope for number. I can't deny that. But we also want to see the deals coming through, signatures on the dotted line and work commencing. I mean, as you can sense from this call and our commentary, there is a greater deal of optimism, right, in comparison to where we were even 1 quarter back based on what we are seeing. But we will want to keep guiding, right, on the basis of some of these things fructifying and coming through as well. A lot more conversations seem to be progressing to the final stages. In general, the sales cycles have been long right through this last 18 months and longer. And I don't feel let up on the sales cycles themselves. But given that some of these conversations were kicked up 12 months back, 18 months back, we are starting to see some of them coming through at this time, right? And we are obviously adding new opportunities to the pipeline as well. So the thinking is that we will be able to move past that kind of a number.
- Moderator:** The last question for today comes from the line of Aditi Patil from ICICI Securities.
- Aditi Patil:** So my question is on margins. For how many quarters should we see the transaction-related expenses? When do we expect them to phase out? And for the full year, since we have a higher impact of the annual compensation this year, should we see the full year margins to be lower versus FY '25?
- Rajan Venkatesan:** So to answer your first question, the transaction-related costs, I think that will sort of play out for the next 3 quarters. And therefore, you will see this getting fully phased out by March of '26, right? And thereafter, you will not have this cost.
- Coming to your question on the impact of wage hikes and consequently, what will be the full year margins. See, like we mentioned, we want to keep the consolidated margins on a full year basis in that 23% to 24% sort of range. And then we are fairly confident that the impact of the wage hikes notwithstanding, we should be able to bring back the sort of margins to that level on a full year basis.
- The only thing though that I think Rajan also spoke about this briefly where there was a question by Vimal on the operating leverage playing out was that we are, at this point in time, planning for investments on the Databricks side as well as the AI, CoE side, right? I think while we have made some investments already, we are in the process of formulating one, setting up the team and also formulating the plan for the rest of the year.
- We do see substantial opportunities to set up these CoEs or practices well so that they're able to deliver disproportionate or exponential revenue. So, in that process, there could be some investment that could sort of, again have some impact in the short term.
- But I would say long term for us, the margin should be in the 23% to 24%. Any deviation from that, we'll definitely be mindful of that, and we'll call that out. If we see any impact on account of the investment that we are making, we will call that out. But right now, that doesn't seem to be the case. I

think we should be back to 23% odd levels fairly soon.

Aditi Patil:

Okay. And my last question, just last bit. You spoke at length on the data engineering space opportunity you see. So when you do a data engineering project, does it also count with the analytics work? Or is it purely the data engineering work?

Rajan Sethuraman:

Most engagements in data engineering will have some or the other business use cases, right, driving the need for getting the data engineering work done. In the past, almost all organizations were taking a piecemeal approach, meaning use case by use case, they will go back and figure out what is the data environment they need to get in order.

What we are starting to see now is that quite a few organizations are thinking about investing in their data infrastructure and getting it sorted out as a cost of doing business, meaning that they are ready to do it ahead of the curve, right? And taking a philosophy that we build a good data infrastructure, the use cases will come, and everybody will benefit from it. In which case, the initial data engineering engagement could be just about getting the data house in order. But you know that, I mean, the organization is always executing a bunch of things, right, even around their data analytics requirements.

So even if it is largely a data engineering engagement, there could also be a handful of use cases that they would like to see implemented and executed as part of that engagement itself so that they start seeing the impact and the benefit of what they are doing.

Aditi Patil:

Okay. Okay. Got it. And in the data engineering service line, for the last 2 quarters, there has been a sequential drop. So is it like a one-off thing?

Rajan Venkatesan:

Maybe in percentage terms, there has been a marginal drop, Aditi. I don't think in absolute terms there has been a drop. Like I said, right, there will always be some short-term quarter-to-quarter, if you see, there could be some projects that we execute, which could sort of not have follow-on revenue that could have an impact on a Q-o-Q basis.

But then I think on a full year basis, we definitely are on track to deliver the same impact, if not higher than the company level of growth, the same level of growth in data engineering practice as well. In fact, this is higher on the back of all the work that we did.

Moderator:

And that was the last question for the day, I would like to hand the conference over to the management for closing comments.

Rajan Sethuraman:

Yes. I think we had a fairly lengthy and detailed interaction. I think I at least covered all the points that were in my mind, right, in terms of what we would like to convey. In summary, I just wanted to say that there's a bit more optimism that we have based on how the environment is panning out and how it is unfolding. We are also energized by the traction and the progress that we are making on the 3 strategic priorities that we have.

I think all of these are also very synergistic in nature. I mean I talked about how the generative AI CoE focus is helping us even with the Databricks partnership because Databricks has identified as one of the GenAI partners that they will work with, right, in terms of taking it into consumer goods companies, for example.

So, I think these are all connected and related. And that's how we are looking at it and approaching it as well. And we are putting in more organizational constructs and mechanisms at our end as well to make sure that we are not losing out or missing out on any of the synergy, right, that exists between the different aspects of our strategy and our priorities.

So that is what will be the focus of the management and the leadership team. We have discussions happening not only within the management team, but also with our Board. You will all recall that Dr. Anindya Ghose has joined us recently as one of our Independent Director. In fact, he is here with us today and tomorrow, and we are going to be having some discussions specifically focused on the topic around GenAI and agentic AI.

So we are expecting that we will get more good counsel, right, on how to take this forward. And that's the advice that we will seek to action on, right, and drive things forward. So, with that, I think I'm kind of done with my closing arguments. Raj, if you want to add anything?

Rajan Venkatesan: No, I think we've pretty much covered everything. I think we've had a fairly extensive call. So I think, obviously, the focus will be on executing the strategy that's been put out. And that's where I think over the next couple of quarters, we'll be putting our heads down and executing to the plan that's already been laid out.

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

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