

## Subscribe for Long Term

Issue Detail	
Price Band (Rs)	Rs.190 - 197
Face Value (Rs)	1
Issue Size (Rs)	600Cr
Issue Type	Book Building
Minimum lot	76 Shares
Issue Opens	November 10, 2021
Issue Closes	November 12, 2021
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	November 17, 2021
Unblocking of Funds	November 18, 2021
Credit of shares to Demat Account	November 22, 2021
Listing on exchange	November 23, 2021

Other Detail	
Book Running Lead Managers	Axis Capital Limited, ICICI Securities Limited, Haitong Securities India Private Limited
Registrar	Link Intime India Private Limited

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## Latent View Analytics Limited

### Company Background

Incorporated in 2006, Latent View provides analytics services such as data and analytics consulting, business analytics & insights, advanced predictive analytics, data engineering, and digital solutions. The company provides services to blue-chip companies in Technology, BFSI, CPG & Retail, Industrials, and other industry domains. The company has a presence across countries in the United States, Europe, and Asia through their subsidiaries in the United States, Netherlands, Germany, United Kingdom, and Singapore, and their sales offices in San Jose, London, and Singapore.

### Issue Details

The offer comprises Fresh Issue of Equity shares aggregating upto Rs.474Cr and Offer for sale of Equity Shares aggregating upto Rs.126Cr.

### Issue Objectives

- Funding inorganic growth initiatives:Rs.147.90Cr.
- Funding working capital requirements of Latent View Analytics Corporation, company's material subsidiary: Rs.82.40Cr.
- Investment in the Subsidiaries to augment their capital base for future growth: Rs.130Cr.
- General Corporate Purposes: Rs.113.7Cr.

### IPO Share Allotment Pattern

Category	Allocation	Number of Shares at Rs.190	Number of Shares at Rs.197	Issue Size <sup>^</sup> (Rs.Cr)
QIB	75%	23,421,053	22,589,831	445
Non-Institutional	15%	4,684,210	4,517,966	89
Retail	10%	3,122,806	3,011,977	59
Employee*		350,877	337,078	6
<b>Total</b>		<b>31,578,946</b>	<b>30,456,852</b>	<b>600</b>

Source: Company RHP, ACMIL Research, ^ Issue at upper price band\* Employee Discount: Rs.19/- Per Share

### Outlook and Valuations

The global Data & Analytics market is expected to grow at a CAGR of 18% from \$174bn in FY20 to \$332.6bn by FY24. Across industries, data and analytics are being leveraged by enterprises to guide business strategy and optimize spending decisions. Latent View is among the leading pure-play data analytics services companies in India. At the upper price band of Rs.197/-, the stock trades at 43.68x its FY22E EPS of Rs.4.51/-(based on annualize latest earning and fully diluted equity post issue). **Hence, We recommend to subscribe the issue from a long-term prospective.**

### Competitive Strengths

#### Recognized leadership position in data and analytics with a wide range of capabilities

Company's portfolio offers a distinctive breadth and depth of capabilities, including descriptive analytics and prescriptive analytics with intuitive and personalized dashboards that can drive monetization by improving sales and marketing efficiency, improving customer experience and operational efficiency. Functional expertise is the foundation of their operations, and combining their functional expertise with business knowledge, expertise in quantitative methods, and data management helps them provide end-to-end business solutions. Latent View brings deep skills, a wide range of capabilities, and relevant experience in helping global leading organisations utilise the power of data and analytics across the spectrum of the business value chain.

## A few case studies demonstrating company's capabilities

S.No.	Client	Problem	Solution	Key Stakeholders	Impact
1.	Leading home appliances and repair services provider located in the US	The market share was declining due to shifting preference towards replacement, increased competition, and poor service levels	Reworked sales planning exercise, recalibrated monthly forecasts, performed workforce optimization, and truck stock optimization.	Sales and Operations Planning, Supply Chain, Marketing	Improved first time completion of service requests which resulted in an improvement in NPS
2.	Leading US-based cosmetics' company	Loyal consumers of the client's cosmetics line were aging, and the image of the brand had been declining steadily among younger women for the past few years.	Built a social insights platform to mine the text and image data of the target demographic available in social media to perform geographic trend mapping, spot trends, rate influencers, identify upcoming competitors, refine campaign messaging, and understand drivers of purchase	Product Development, Marketing	Improvement in product innovation cycle and increase of SKU success rates
3.	Leading US-based retailer	Leaders within the client entity relied on ad hoc reports for driving business decisions, which was time consuming and required resources dedicated to coordinating different teams and members	Built a chatbot and an integrated self-service tool to facilitate communication with the bot to obtain required information, or create custom charts in the selfservice tool	Human Resources	The users could easily view all metrics, otherwise scattered, in a single window and create reports by simple selections
4.	Largest food distribution company	Challenges in driving growth	Built a turn-key solution to mine insights from large volume of transaction history of the client's customer base	Finance, Sales, IT	Armed marketing associates with personalized product recommendations driving ncrease in value of new orders from existing customer base.
5.	US-based home appliances manufacturer	Inability to maintain leading market share	Built a real-time text analytics platform to utilize and measure customer feedback on the client compared to its competitors based on multiple parameters	Product Development Marketing	Insights delivered to marketing teams
6.	Luxury car manufacturer in Europe	Seeking solutions to minimize warranty claims	Developed an AI platform connected to vehicles to identify vehicle usage patterns	Risk	Identified disproportionate increase in warranty costs caused by drivers exhibiting short-trip, long pause driving styles.
7.	Leading Snack Company in the US	Low capacity utilization of expensive equipment that adversely impacts production throughput to the extent of 6%	Early Warning System to predict downtime in processing line - 30, 60 & 180 minutes in advance	Manufacturing, Supply Chain	Increase in fryer utilization, savings in cost per fryer across all plants in the US

Source: Company RHP, ACMIIL Research

## Deep and entrenched relationships with blue chip clients across industries and geographies

The company partners with many of the largest enterprises in the world, and have worked with them. Their client base is diversified across size, industry, and geography and includes several marquee enterprises engaged in diverse industries. Revenue is disaggregated primarily by geographical markets and reviewed by management accordingly. The company provides services primarily to companies in Technology, CPG and Retail, Industrials, and BFSI industries. Latent View has emerged as one of the most trusted partners to several Fortune 500 companies in recent years, and has worked with over 30 Fortune 500 companies in the last 3 Fiscals. Some of the key clients that they work include Adobe, Uber Technology and 7-Eleven.

## Consistent client driven innovation supported by functional expertise

In a world of increasing data availability, the value proposition is shifting from the provision of core data to the generation of analytical insights to inform decision making processes and optimize workflows, across interrelated business activities. Company's end-to-end

solutions cover a comprehensive spectrum of use cases across the value chain of their clients' businesses. The company uses a consultative approach wherein developers, analysts, and nontechnical users collaborate to make data-driven decisions. Latent View prioritises innovation and R&D through multiple initiatives; through a combination of solutions they design as responses to client requests, as well as proactive efforts to identify marketable solutions. They carry out client driven innovation through their Service Delivery Excellence (SDE) framework that supports a cycle of continuous improvement through context-based improvement studies, and have set-up 'IdeaLabs', a team of dedicated R&D resources, for their on-going innovation efforts.

### Scalable and attractive financial profile

Company's business model is supported by stable and recurring revenues, significant operating leverage and low capital requirements that contribute to a healthy free cash flow. Their high levels of client retention and shift toward multi-year engagement contracts result in a high degree of revenue visibility. They operate through different types of client arrangements as follows:

- Long-term managed services agreements that typically have a term of over one year;
- Project based fixed fee contracts, typically short-term with project durations of a few months;
- Consulting engagements under which clients seek a specific solution to a complex problem;
- Solution based arrangements.

Despite the investments being made to enhance the technology, analytics and data capabilities, their capital requirements remain minimal with capital expenditures representing 1.30%, 0.02%, 0.60%, 1.10% and 0.56%, of their revenues from operations in the 3 months ended June 30, 2021 and June 30, 2020 and in Fiscals 2021, 2020, and 2019, respectively.

### Financial Snapshot

Particulars (Rs.Mn)	FY19	FY20	FY21	3MFY21
Equity share capital	8	8	8	8
Net worth	2,669	3,479	4,378	4,620
Net asset value per share	16	20	26	27
Revenue from Operations	2,879	3,104	3,058	878
EBITDA	727	804	1,046	271
EBITDA %	25.24%	25.91%	34.20%	30.80%
Net Profit	597	729	915	223
Net Profit Margin	20.72%	23.47%	29.90%	25.41%
Diluted EPS (Rs)	3.26	3.99	5.1	1.25
ROE	22.36%	20.94%	20.89%	4.83%^
ROCE	27.23%	23.12%	23.89%	5.86%^

Source: Company RHP, ACMIIL Research, ^ Not annualised

### Comparison With Listed Peers

Company	Total Income (Rs.Mn)	EPS	NAV	P/E	ROE(%)
Latent View Analytics Ltd	3,267	5.10	26.00	43.68^	20.89%
Happiest Minds Technologies Ltd	7,977	11.45	38.51	115	29.76%

Source: Company RHP, ACMIIL Research, \*All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the financial information for the year ended March 31, 2021, submitted to stock exchange. Financial information for Latent View Analytics Limited is derived from the Restated Consolidated Financial Information for the year ended March 31, 2021. P/E Ratio has been computed based on the closing market price as on November 04, 2021. ^P/E Ratio has been computed based on the Issue price and annualize June 2021 earnings.

### Risk and Concerns

- Customer Concentration: Top 5 customers Contributes 59% of revenues as on June 30, 2021.
- 90% of revenues comes from clients located in the United States and any adverse developments in this market could adversely affect their business.

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