

August 13, 2025

## Growth momentum to pick-up...

**About the stock:** Data Patterns (India) (DPIL) is a vertically integrated defence and aerospace electronics solutions provider

- Company's domain expertise is in development & manufacturing of key electronic systems like radars, electronic warfare, communication systems, avionics, satellite and test equipment's. Customers include MoD, DRDO, DPSUs, private sector players and exports
- Company's order backlog stands at ₹ 1079 crore as of Jun'25

## Investment Rationale:

- Order-book position remains healthy; execution is expected to pick-up:** Company's execution impacted during Q1FY26; partially led by temporary delays in execution from customer side due to approvals. However, management guides pick-up in execution in coming period and maintains revenue growth guidance of 20-25% YoY with EBITDA margin of 35-40% for FY26E. Order backlog stands at ₹ 1079 crore (including negotiated orders), as orders inflow for the quarter stood at ₹ 183.5 crore. Going forward, management guides pick-up in orders inflows in coming quarters and expect Rs 1000+ crore of orders over the next 6-8 months including significant opportunities from BrahMos, MOD, and export markets. Overall orders pipeline remains robust in electronic systems/sub-systems in defence & space domains. Margins are also expected to improve driven by increase in share of production segment and continued focus on operational efficiencies
- Operating in high-growth defence electronics segment; moving up the value chain by leveraging existing competencies:** With strong positioning across the high-growth categories of defence electronics (including radars, electronic warfare, avionics, communication systems, satellites etc), the company has been focused on development & production of future-ready systems/sub-systems in these segments as per the requirements from DRDO, PSUs, defence services, private players and international clients. As per the industry reports, electronics contribution has been rising in all the defence platforms considering the requirement of hi-tech & modernised platforms. With huge potential opportunities in future, company has been moving up the value chain and building full products through leveraging existing domain expertise and availability of in-house building blocks. Moreover, company has been working in collaboration with foreign OEMs to explore export potential

## Rating and Target Price

- Strong order-backlog, improving execution and robust pipeline provides healthy growth visibility for the coming period. We estimate revenue CAGR of ~24% over FY25-27E with EBITDA margin sustaining at 39-40%.
- We maintain BUY on Data Patterns with target price of ₹ 3130 per share (based on 52x FY27E EPS)

## DATA PATTERNS

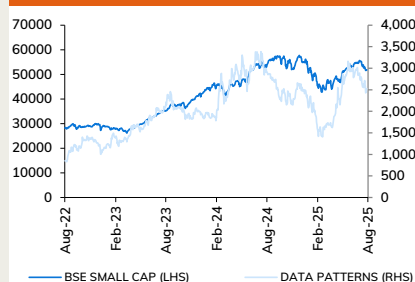
## Particulars

Particular	Amount (Rs crore)
Market Capitalisation	14,058
FY25 Gross Debt	0
FY25 Cash	126
EV	13,931
52 Week H/L (Rs)	3269 / 1350
Equity Capital (Rs)	11.2
Face Value (Rs)	2.0

## Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	42.4	42.4	42.4	42.4
FII	14.4	14.1	12.8	12.8
DII	8.7	8.8	7.4	8.1
Others	34.5	34.7	37.5	36.7

## Price Chart



## Key risks

- Dependent on govt contracts
- High working capital requirement
- Availability of key raw materials/components

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## Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	311	453	520	708	31.6	875	1,080	23.5
EBITDA	141	172	222	275	24.9	343	429	25.0
EBITDA margin (%)	45.4	37.9	42.6	38.8		39.2	39.7	
Net Profit	94	124	182	222	33.1	272	337	23.2
Diluted EPS (Rs)	16.8	22.1	32.5	39.6		39.6	48.6	
P/E (x)	149.6	113.4	77.4	63.4		51.7	41.8	
EV/EBITDA (x)	91.2	72.3	55.8	45.7		36.9	29.5	
RoCE (%)	23.8	14.8	19.0	20.4		21.5	22.8	
RoE (%)	16.4	10.6	13.7	14.7		15.6	16.6	

Source: Company, ICICI Direct Research

## Q1FY26 Result Summary

- Revenue decreased by 4.6% YoY (-74.9% QoQ) to Rs 99.3 crore, primarily due to temporary delays in execution
- EBITDA margin was at 32.3% (-343 bps YoY and -543 bps QoQ), mainly on account of higher employee cost
- Subsequently, EBITDA was down 13.7% YoY (-78.5% QoQ) to Rs 32.1 crore.
- PAT decreased by 22.2% YoY to Rs 25.5 crore.

## Q1FY26 Earnings call highlights

- Consolidated order backlog stands at Rs 1079 crore (including orders under negotiations) with an order inflow of Rs 320 crore during the quarter
- The management expects an order inflow of Rs 1000 crores in the next 6–8 months, including significant opportunities from BrahMos, Ministry of Defence (MoD), and export markets
- Management reiterates its revenue growth of 20–25% with EBITDA margin at 35–40% for FY26E
- Revenue for the quarter contracted, due to was impacted due to delays in approval from customer end (~Rs 27 crore). However, the management expects this revenue to process in Q2FY26E and henceforth normalize in the coming quarters due to the rising urgency from the government to procure indigenous equipment
- The margin for the quarter posed a declined mainly on account of higher employee cost (driven by strategic hiring to support future growth and new product development), however cost of goods sold declined by 30% YoY due to favourable product mix
- The company is presently concentrating on operational focus in transitioning from a component supplier to integrated system provider along with strengthening project management capabilities to handle large-scale contracts
- Share of production & services in total revenue is expected to increase in the year as the development orders will convert to production contracts.
- The management is also emphasising on sustainable growth through diversified product offerings in radars, Electronic Warfare (EW) systems, UAV detection, and secure communications
- The company is expanding addressable markets, especially where domestic products are lacking. An investment of over Rs 120 crores has been completed in new product development, targeting radar systems, electronic warfare, communication systems, and airborne systems.
- In order to capture new opportunities and help in increasing current portfolio offerings the company is planning a capital expenditure of Rs. 25 crores over the next two years
- The management is actively pursuing domestic markets, especially in radars and EW, as the management believes that there is a vast opportunity to be captured. However, strategic export opportunities are being explored, particularly in the UK and other international markets.
- The company secured a five-year AMC contract from BrahMos, which is to be billed annually and is expected to generate recurring revenue upon the conclusion of warranty periods while expecting more such new orders.
- Regarding the Brahmos seeker, the management has stated that the successful flight trials are completed and are expecting orders in the month and post the delivery ~100 more such unit orders are expected
- The management is also expecting orders for Mig-29, Sukhoi-30 while remaining hopeful for LCA-Mk II in radar upgradation programme. The truck mounted radar system has also met its product specifications and is awaiting orders
- The management is also planning to scale the company to Rs 5,000 crores in revenue over the next 4–5 years through disciplined investments in R&D, infrastructure, and talent

## Exhibit 1: Q1FY26 result snapshot (₹ crore)

Rs Crore	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
<b>Revenue from operations</b>	<b>99.3</b>	<b>104.1</b>	<b>-4.6</b>	<b>396.2</b>	<b>-74.9</b>
Other income	10.6	12.3		10.6	
Total Revenue	109.9	116.4		406.8	
Raw materials costs	20.1	28.8		202.3	
Employees Expenses	36.4	28.8		29.5	
Other Expenses	10.8	9.3		14.9	
Total Expenditure	67.3	66.9	0.5	246.7	-72.7
<b>EBITDA</b>	<b>32.1</b>	<b>37.2</b>	<b>-13.7</b>	<b>149.5</b>	<b>-78.5</b>
<b>EBITDA margins (%)</b>	<b>32.3</b>	<b>35.7</b>	<b>-343 bps</b>	<b>37.7</b>	<b>-543 bps</b>
Interest	3.2	3.0		3.1	
Depreciation	5.5	3.1		3.9	
Tax	8.5	10.7		39.0	
PAT	25.5	32.8	-22.2	114.1	-77.6

Source: Company, ICICI Direct Research

## Financial Summary

## Exhibit 2: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue from operations	519.8	708.4	874.9	1,080.5
% Growth	14.6	36.3	23.5	23.5
Other income	46.0	46.3	53.3	62.4
<b>Total Revenue</b>	<b>519.8</b>	<b>708.4</b>	<b>874.9</b>	<b>1,080.5</b>
% Growth	14.6	36.3	23.5	23.5
Total Raw Material Costs	164	276	346	427
Employee Expenses	100	114	137	164
other expenses	34	43	49	60
<b>Total Operating Expenditure</b>	<b>298.2</b>	<b>433.4</b>	<b>531.7</b>	<b>651.1</b>
<b>EBITDA</b>	<b>221.7</b>	<b>275.0</b>	<b>343.2</b>	<b>429.4</b>
% Growth	29.0	24.1	24.8	25.1
Interest	9	12	12	12
PBDT	258	309	384	480
Depreciation	16	14	22	31
PBT before Exceptional Items	242	295	363	449
Total Tax	61	74	91	112
PAT before MI	182	222	272	337
<b>PAT</b>	<b>181.7</b>	<b>221.8</b>	<b>272.0</b>	<b>336.7</b>
% Growth	46.6	22.1	22.6	23.8
EPS	32.5	39.6	48.6	60.1

Source: Company, ICICI Direct Research

## Exhibit 3: Cash Flow Statement

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	182	222	272	337
Depreciation	16	14	22	31
Interest	9	12	12	12
Cash Flow before WC changes	207	248	306	379
Changes in inventory	(74)	(52)	(75)	(92)
Changes in debtors	(16)	(198)	(123)	(110)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	(20)	0	(14)	(17)
Net Increase in Current Assets	(96)	(267)	(211)	(219)
Changes in creditors	7	34	19	15
Changes in provisions	1	1	1	1
Net Inc in Current Liabilities	224	(73)	63	68
<b>Net CF from Op activities</b>	<b>335.2</b>	<b>(92.7)</b>	<b>157.6</b>	<b>228.9</b>
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(101)	(112)	(130)	(130)
<b>Net CF from Inv activities</b>	<b>(437.8)</b>	<b>(138.3)</b>	<b>(92.7)</b>	<b>(56.3)</b>
Dividend and Dividend Tax	(31)	(34)	(42)	(52)
<b>Net CF from Fin Activities</b>	<b>(34.6)</b>	<b>(49.9)</b>	<b>(53.5)</b>	<b>(63.9)</b>
Net Cash flow	(137)	(281)	11	109
Opening Cash/Cash Equivalent	545	407	126	138
Closing Cash/ Cash Equivalent	407	126	138	246

Source: Company, ICICI Direct Research

## Exhibit 4: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	11.2	11.2	11.2	11.2
Reserve and Surplus	1,313	1,497	1,727	2,012
<b>Total Shareholders funds</b>	<b>1,324</b>	<b>1,508</b>	<b>1,739</b>	<b>2,023</b>
Other Non Current Liabilities	2.1	14.3	2.0	2.0
Total Debt	-	-	-	-
<b>Total Liabilities</b>	<b>1,341.6</b>	<b>1,562.4</b>	<b>1,751.4</b>	<b>2,036.2</b>
Gross Block	191	225	318	448
Acc: Depreciation	70	84	106	137
Net Block	121	141	212	311
Capital WIP	7	13	50	50
<b>Total Fixed Assets</b>	<b>198</b>	<b>296</b>	<b>404</b>	<b>504</b>
<b>Non Current Assets</b>	<b>93</b>	<b>91</b>	<b>113</b>	<b>139</b>
Inventory	267	319	393	485
Debtors	399	596	719	829
Other Current Assets	58	58	72	88
Cash	407	126	138	246
<b>Total Current Assets</b>	<b>1,139</b>	<b>1,125</b>	<b>1,347</b>	<b>1,675</b>
Current Liabilities	50	84	103	118
Provisions	10	12	10	10
<b>Total Current Liabilities</b>	<b>350</b>	<b>277</b>	<b>339</b>	<b>408</b>
Net Current Assets	789	848	1,008	1,267
<b>Total Assets</b>	<b>1,342</b>	<b>1,562</b>	<b>1,751</b>	<b>2,036</b>

Source: Company, ICICI Direct Research

## Exhibit 5: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Per Share Data</b>				
Diluted EPS	32.5	39.6	48.6	60.1
Cash per Share	119.6	80.9	65.1	66.6
BV	236.5	269.4	310.6	361.4
Dividend per share	5.6	6.0	7.4	9.3
Dividend payout ratio	17%	15%	15%	15%
<b>Operating Ratios(%)</b>				
EBITDA Margin	42.6	38.8	39.2	39.7
PAT Margin	35.0	31.3	31.1	31.2
Asset turnover	0.4	0.5	0.5	0.5
Debtors Turnover Ratio	1.3	1.4	1.3	1.4
Creditors Turnover Ratio	11.2	10.6	9.4	9.8
<b>Return Ratios(%)</b>				
RoIC	22.4	18.9	20.1	22.4
RoNW	13.7	14.7	15.6	16.6
RoCE	19.0	20.4	21.5	22.8
<b>Valuation Ratios</b>				
EV / EBITDA	55.8	45.7	36.9	29.5
P/E	77.4	63.4	51.7	41.8
EV / Net Sales	23.8	17.8	14.5	11.7
Sales / Equity	0.4	0.5	0.5	0.5
Market Cap / Sales	25.1	18.4	14.9	12.1
Price to Book Value	10.6	9.3	8.1	6.9
<b>Solvency Ratios</b>				
Debt / Equity	-	-	-	-
Current Ratio	11.8	10.0	10.0	10.5
Quick Ratio	7.5	6.7	6.7	6.8

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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