Data Patterns (India) | BUY

JM FINANCIAL

Deferment of dispatch clearance impacted revenue

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Data Pattern reported 1QFY26 numbers below estimates. Revenue declined 4.6% YoY, which was 17% below JMFe, due to delay in dispatch clearance from customer (impact of INR 270mn). This is expected to be booked in coming quarter. Order inflows of INR 1.8bn in 1QFY26, were driven by AMC contract for Brahmos. Additional orders worth INR 10bn is expected to be booked in next 2/3 quarter. Company continues to focus on developing new products (have spent INR 1.3bn for the same) and complete systems that can help company to participate in large tenders thereby expanding its TAM to INR 200-300bn in next five–six years. Company has successfully completed flight test of seeker for Brahmos (currently imported) and expect to bag contracts in coming month. Management guided for 20-25% revenue growth for FY26 with EBITDA margins in range of 35-40%.

- **Lower than expected revenue:** Revenue declined 4.6% YoY to INR 993mn below JMFe INR 1.2bn), where management highlighted it was due to delay in customer approvals. Production contracts grew 25% YoY to INR 755bn and Service revenue grew 4% YoY to INR 119mn. While Development contract revenue declined 63% YoY to INR 119mn. Gross margins expanded 750bps YoY to 79.8%, due to revenue mix. EBITDA declined 13.7% YoY at INR 321mn, (JMFe INR 434mn). EBITDA margin came in at 32.3% vs 35.7% YoY (JMFe 36.5%), impacted due to negative operating leverage. PAT declined 22% YoY to INR 255mn (JMFe INR 357mn).

- **Order inflows driven by service contracts:** Order inflows for 1QFY26 came in at INR 1.8bn vs INR 381mn in 1QFY25. Inflows were driven by five year AMC order for Brahmos worth INR 1bn (billable yearly). Other Key orders bagged during the quarter includes 1) EW development orders from MOD worth INR 122mn, 2) Radar development order from DoS worth IRN 111mn, 3) Avionics production order from DRDO worth INR 48mn. Order book as on end of 1QFY26 stands at INR 8.1bn. Brahmos orders from Navy and Air Forces are expected to be bagged in FY26, where Data Patterns will be supplying seekers. Order book comprises of Production contract (37% - 3bn), Development contract (38% - 3.1bn) and Service contract 25% INR 2bn). Exports order book stands at INR 1bn and there has been an increased traction from exports market.

- **Maintain Buy with TP of INR 3,070:** We remain positive on stock due to in-house design capabilities, healthy order backlog, focus on product development to increase TAM, healthy EBITDA margin profile and government thrust on defence localisation. Additionally recent initiatives to expand international foot prints will help company to diversify its revenue concentration in long run. We have revised downwards our EPS estimates by 3%/4% for FY26/27E, factoring in weak 1QFY26 performance. We maintain BUY rating on stock with revised TP of INR 3,070 (INR 3,210 earlier) valuing it at PE of 50x FY27E vs average 1- year forward PE of 46x since listing (Dec 2021), factoring strong defence capex outlook. **Key risk:** Slowdown in government spending on defence, weak order inflows and delay in new product pickup.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	3,070
Upside/(Downside)	26.5%
Previous Price Target	3,210
Change	-4.4%

Key Data – DATAPATT IN	
Current Market Price	INR2,428
Market cap (bn)	INR135.9/US$1.6
Free Float	42%
Shares in issue (mn)	55.9
Diluted share (mn)	55.9
3-mon avg daily val (mn)	INR2,478.7/US$28.3
52-week range	3,269/1,351
Sensex/Nifty	79,858/24,363
INR/US$	87.7

Price Performance

%	1M	6M	12M
Absolute	-17.6	29.9	-18.0
Relative*	-14.9	24.1	-18.2

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,198	7,084	8,740	10,924	13,771
Sales Growth (%)	14.6	36.3	23.4	25.0	26.1
EBITDA	2,216	2,750	3,434	4,374	5,507
EBITDA Margin (%)	42.6	38.8	39.3	40.0	40.0
Adjusted Net Profit	1,817	2,218	2,681	3,436	4,291
Diluted EPS (INR)	32.5	39.7	47.9	61.4	76.7
Diluted EPS Growth (%)	46.5	22.1	20.9	28.2	24.9
ROIC (%)	33.5	34.5	33.0	38.5	39.8
ROE (%)	14.6	15.7	16.5	18.3	19.4
P/E (x)	74.7	61.2	50.7	39.5	31.6
P/B (x)	10.3	9.0	7.8	6.7	5.7
EV/EBITDA (x)	58.4	47.8	37.6	29.3	23.1
Dividend Yield (%)	0.3	0.3	0.3	0.4	0.5

Source: Company data, JM Financial. Note: Valuations as of 08/Aug/2025

Exhibit 1. Change in estimate

INR mn	Revised			Previous			% change		
	FY26E	FY27E	FY27E	FY26E	FY27E	FY27E	FY26E	FY27E	FY28E
Sales	8,740	10,924	13,771	8,905	11,285	14,165	-1.9%	-3.2%	-2.8%
EBITDA	3,434	4,374	5,507	3,526	4,597	5,712	-2.6%	-4.8%	-3.6%
EBITDA Margin (%)	39.3%	40.0%	40.0%	39.6%	40.7%	40.3%	-30bps	-70bps	-30bps
Net Profit	2,681	3,436	4,291	2,762	3,591	4,434	-2.9%	-4.3%	-3.2%
EPS (INR)	47.9	61.4	76.7	49.4	64.2	79.3	-2.9%	-4.3%	-3.2%

Source: JM Financial

Exhibit 2. Quarterly Performance

INR mn	1QFY25	1QFY26	YoY (%)	4QFY25	QoQ (%)	1QFY26E	Var (%)
Net Sales	**1,041**	**993**	**-4.6**	**3,962**	**-74.9**	**1,190**	-16.6
Expenditure	669	673	0.5	2,467	-72.7	756	-11.0
EBITDA	372	321	-13.7	1,495	-78.5	434	-26.2
EBITDA (%)	**35.7**	**32.3**	**-340bps**	**37.7**	**-540bps**	**36.5**	**-420bps**
Other income	123	106	-14.3	106	-0.7	125	-15.3
Depreciation	31	55	77.7	39	41.5	45	21.3
EBIT	464	371	-20.0	1,562	-76.2	514	-27.7
Interest	30	32	8.1	31	2.2	38	
PBT before EoI	435	340	-21.9	1,531	-77.8	476	-28.7
EoI	0	0		0		0	
PBT	435	340	-21.9	1,531	-77.8	476	-28.7
Tax	107	85	-20.7	390	-78.3	119	-29.0
Tax rate (%)	24.5	24.9	**40bps**	25.5		25.0	
Tax on EoI (assumed)	0	0		0		0	
Adj PAT	**328**	**255**	-22.2	**1,141**	**-77.6**	**357**	-28.6
Diluted Adj EPS (INR)	**5.9**	**4.6**	-22.2	**20.4**	**-77.6**	**6.4**	-28.6

Source: Company, JM Financial

Exhibit 3. Cost Breakup

INR mn	1QFY25	1QFY26	YoY (%)	4QFY25	QoQ (%)	1QFY26E	Var (%)
COGS	288	201	-30.3	2,023	-90.1	333	-39.7
as a % of sales	27.7	20.2	-750bps	51.1	-3080bps	28.0	**-780bps**
Staff Cost	288	364	26.5	295	23.2	315	15.3
as a % of sales	27.6	36.6	900bps	7.5	2920bps	26.5	**1010bps**
Other Expenditure	93	108	15.7	149	-27.5	107	0.5
as a % of sales	8.9	10.8	190bps	3.8	710bps	9.0	**180bps**

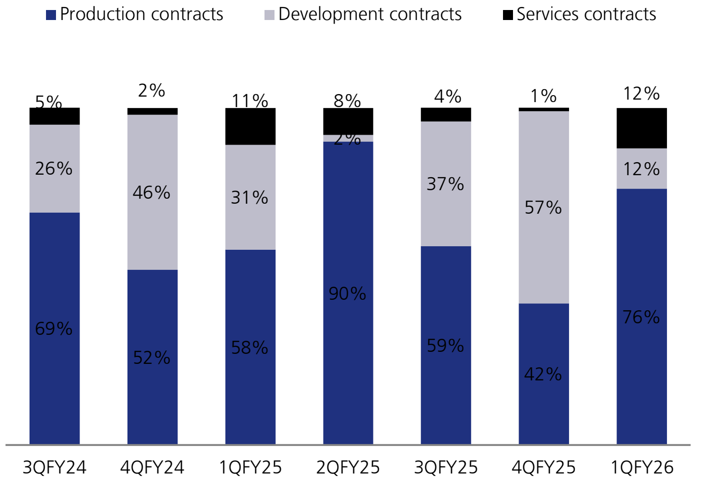
Source: Company, JM Financial

Exhibit 4. Segmental Performance

INR mn	1QFY25	1QFY26	YoY (%)	4QFY25	QoQ (%)
Production contracts	604	755	25.1	1,664	-55
% of net sales	58%	76%		42%	
Development contracts	323	119	-63.1	2,258	-94.7
% of net sales	31%	12%		57%	
Services contracts	114	119	4.1	40	200.8
% of net sales	11%	12%		1%	

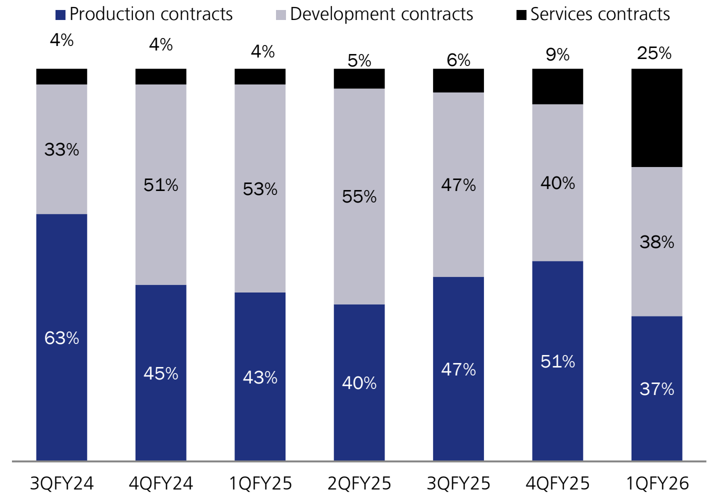
Source: Company, JM Financial

Exhibit 5. Revenue in 1Q were skewed towards production contracts



Source: Company, JM Financial

Exhibit 6. Service segment orderbook increased due to strong inflow

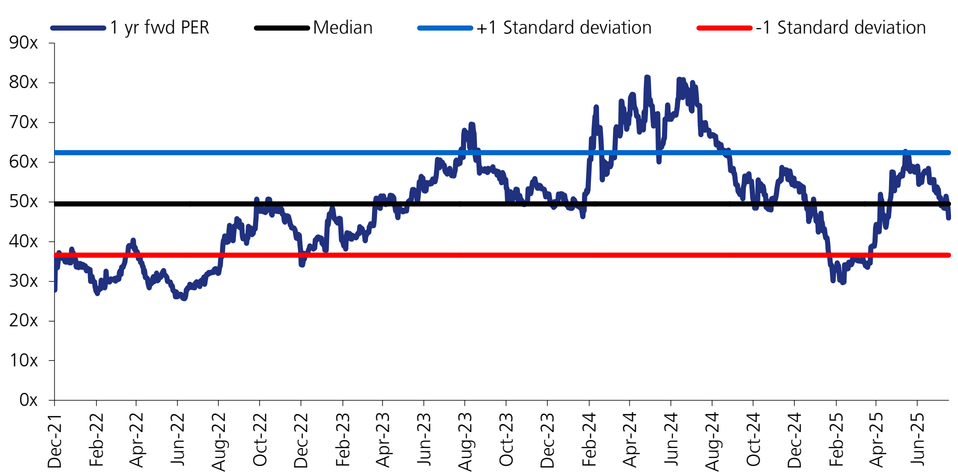


Source: Company, JM Financial

Conference Call Highlight

- **Guidance:** Management maintained its revenue growth guidance of 20-25% with EBITDA margins of 35-40% for FY26.
- Revenues to tune of INR 270mn were impacted as due to delay in dispatch clearance by customer.
- Expects pickup in revenue growth from Q2 onwards, supported by the strong order book and visibility.
- The company sometimes strategically takes contracts with lower margins if it see long-term value potential.
- **Order inflows:** Order inflows for quarter was driven by, large 5-year AMC (Annual Maintenance Contract) was received from BrahMos, starting from January.
- Management expects to bag additional INR 10bn of orders in the next 6-8 months.
- Developed a seeker for BrahMos that has been successfully tested, with production orders expected in the coming months.
- Invested over INR 1,2bn in new product development activities, focusing on radar systems, electronic warfare, communication systems and airborne systems
- Company is proactively hiring and training people to support future growth plans.

Exhibit 7. One Year Forward PE Multiple



Source: JM Financial

Financial Tables (Standalone)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,198	7,084	8,740	10,924	13,771
Sales Growth	14.6%	36.3%	23.4%	25.0%	26.1%
Other Operating Income	0	0	0	0	0
Total Revenue	**5,198**	**7,084**	**8,740**	**10,924**	**13,771**
Cost of Goods Sold/Op. Exp	1,651	2,761	3,321	4,042	5,095
Personnel Cost	990	1,141	1,478	1,869	2,363
Other Expenses	341	432	507	639	806
EBITDA	**2,216**	**2,750**	**3,434**	**4,374**	**5,507**
EBITDA Margin	42.6%	38.8%	39.3%	40.0%	40.0%
EBITDA Growth	29.0%	24.1%	24.9%	27.4%	25.9%
Depn. & Amort.	161	139	199	211	241
EBIT	2,055	2,611	3,235	4,163	5,266
Other Income	460	463	498	595	677
Finance Cost	93	121	149	164	207
PBT before Excep. & Forex	2,422	2,953	3,584	4,594	5,737
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	2,422	2,953	3,584	4,594	5,737
Taxes	605	735	903	1,158	1,446
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,817	2,218	2,681	3,436	4,291
Adjusted Net Profit	**1,817**	**2,218**	**2,681**	**3,436**	**4,291**
Net Margin	35.0%	31.3%	30.7%	31.5%	31.2%
Diluted Share Cap. (mn)	55.9	55.9	55.9	55.9	55.9
Diluted EPS (INR)	**32.5**	**39.7**	**47.9**	**61.4**	**76.7**
Diluted EPS Growth	46.5%	22.1%	20.9%	28.2%	24.9%
Total Dividend + Tax	364	442	402	515	644
Dividend Per Share (INR)	6.5	7.9	7.2	9.2	11.5

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	13,242	15,082	17,361	20,282	23,929
Share Capital	112	112	112	112	112
Reserves & Surplus	13,130	14,970	17,249	20,170	23,817
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	23	225	225	225	225
Total - Equity & Liab.	**13,265**	**15,307**	**17,586**	**20,507**	**24,154**
Net Fixed Assets	1,983	2,963	3,364	3,753	4,112
Gross Fixed Assets	2,257	3,320	3,920	4,520	5,120
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	346	485	684	895	1,136
Capital WIP	72	128	128	128	128
Investments	2,622	3,266	3,266	3,766	4,266
Current Assets	12,313	12,162	15,434	18,614	22,869
Inventories	2,668	3,185	3,352	4,190	5,282
Sundry Debtors	3,988	5,964	6,465	7,781	9,809
Cash & Bank Balances	3,927	1,264	3,461	3,950	4,382
Loans & Advances	0	0	0	0	0
Other Current Assets	1,731	1,749	2,155	2,694	3,396
Current Liab. & Prov.	3,652	3,084	4,478	5,626	7,093
Current Liabilities	501	838	838	1,047	1,320
Provisions & Others	3,151	2,246	3,640	4,579	5,772
Net Current Assets	8,661	9,078	10,956	12,988	15,776
Total – Assets	**13,265**	**15,307**	**17,586**	**20,507**	**24,154**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,422	2,953	3,584	4,594	5,737
Depn. & Amort.	161	139	199	211	241
Net Interest Exp. / Inc. (-)	-202	-79	-350	-431	-471
Inc (-) / Dec in WCap.	-213	-2,976	319	-1,543	-2,356
Others	-144	-231	0	0	0
Taxes Paid	-631	-706	-903	-1,158	-1,446
Operating Cash Flow	**1,394**	**-899**	**2,850**	**1,673**	**1,705**
Capex	-460	-359	-600	-600	-600
Free Cash Flow	934	-1,257	2,250	1,073	1,105
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-1,779	1,249	498	95	177
Investing Cash Flow	**-2,239**	**890**	**-102**	**-505**	**-423**
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-336	-381	-402	-515	-644
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-338	-2,273	-149	-164	-207
Financing Cash Flow	**-673**	**-2,655**	**-551**	**-679**	**-850**
Inc / Dec (-) in Cash	**-1,518**	**-2,663**	**2,197**	**489**	**433**
Opening Cash Balance	5,445	3,927	1,264	3,461	3,950
Closing Cash Balance	3,927	1,264	3,461	3,950	4,382

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	35.0%	31.3%	30.7%	31.5%	31.2%
Asset Turnover (x)	0.4	0.5	0.5	0.6	0.6
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	14.6%	15.7%	16.5%	18.3%	19.4%

Key Ratios

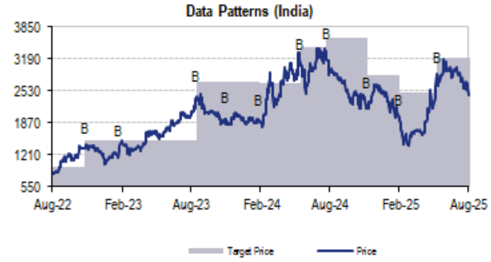
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	236.7	269.6	310.4	362.6	427.8
ROIC	33.5%	34.5%	33.0%	38.5%	39.8%
ROE	14.6%	15.7%	16.5%	18.3%	19.4%
Net Debt/Equity (x)	-0.5	-0.3	-0.4	-0.4	-0.4
P/E (x)	74.7	61.2	50.7	39.5	31.6
P/B (x)	10.3	9.0	7.8	6.7	5.7
EV/EBITDA (x)	58.4	47.8	37.6	29.3	23.1
EV/Sales (x)	24.9	18.6	14.8	11.7	9.2
Debtor days	280	307	270	260	260
Inventory days	187	164	140	140	140
Creditor days	61	71	58	58	58

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Mar-22	Buy	800	
24-May-22	Buy	830	3.8
3-Aug-22	Buy	950	14.5
1-Nov-22	Buy	1,500	57.9
30-Jan-23	Buy	1,500	0.0
22-Aug-23	Buy	2,720	81.3
6-Nov-23	Buy	2,720	0.0
2-Feb-24	Buy	2,700	-0.7
22-May-24	Buy	3,415	26.5
30-Jul-24	Buy	3,625	6.1
12-Nov-24	Buy	2,860	-21.1
7-Feb-25	Buy	2,500	-12.6
19-May-25	Buy	3,210	28.4

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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