

# Data Patterns (India) | BUY

Better than expected performance; strong outlook

Data Patterns reported a robust quarterly performance with revenue growth of 117% YoY to INR 4bn, above JMFe of INR 3.1bn. During the quarter company executed few of the low margin strategic order to build its capabilities, which resulted in EBITDA margin contracting to 37.7% vs 51% YoY. Order inflows in FY25 came in at INR 3.6bn (down 47.7% YoY), which were lower than expected due to delay in order finalisation at customer end and is expected to be booked in 1HFY26. Company expects to bag orders worth INR 10bn in FY26 (INR 3.6bn in FY25). Order pipeline stands strong at INR 20-30bn over next 18-24months. Order book at end of FY25 stands at INR 7.3bn. Management guided for 20-25% revenue growth for FY26 with EBITDA margins in range of 35-40%. Company continues to focus on developing new products 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.

- **Strong revenue growth:** Revenue grew 117% YoY to INR 4bn, above JMFe of INR 3.1bn. Revenues during the quarter were mainly driven by execution of development contracts (up 169% YoY to INR 2.3bn) and production contract revenue reported growth of 76% YoY to INR 1.7bn. Gross margins contracted to 48.9% vs 71.9%, due to execution of few low margins orders. EBITDA grew 60.7% YoY to INR 1.5bn (JMFe of INR 1.3bn), with EBITDA margin coming at 37.7% vs 51% YoY (JMFe 40.2%). PAT reported healthy growth of 60.5% YoY to INR 1.1bn (JMFe INR 929mn).
- **Order book stands at INR 7.3bn:** FY25 order inflow came in at INR 3.6bn, down 47.7% YoY. Key orders bagged during the quarter includes 1) AMC service order from MOD worth INR 140mn, 2) Avionics production order from exports market worth INR 28mn, 3) Avionics production order from DPSU worth INR 28mn etc. Order book as on end of FY25 stands at INR 7.3bn. Orders negotiated and yet to receive till date stands at INR 920mn. Order book comprises of Production contract (51% - 3.7bn), Development contract (40% - 2.9bn) and Service contract 9% INR 657mn).
- **Maintain Buy with TP of INR 3,210:** 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. Factoring strong FY25 performance, management guidance and healthy order pipeline, we revise our EPS estimates upwards by 10.5%/7.9% for FY26/27E. We maintain BUY rating on stock with revised TP of INR 3,210 (INR 2,500 earlier) valuing it at PE of 50x FY27E (42x FY27E earlier) vs average 1-year forward PE of 49x 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.



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## Recommendation and Price Target

|                            |       |
|----------------------------|-------|
| Current Reco.              | BUY   |
| Previous Reco.             | BUY   |
| Current Price Target (12M) | 3,210 |
| Upside/(Downside)          | 14.6% |
| Previous Price Target      | 2,500 |
| Change                     | 28.4% |

## Key Data – DATAPATT IN

|                          |                     |
|--------------------------|---------------------|
| Current Market Price     | INR2,802            |
| Market cap (bn)          | INR156.9/US\$1.8    |
| Free Float               | 40%                 |
| Shares in issue (mn)     | 55.9                |
| Diluted share (mn)       | 55.9                |
| 3-mon avg daily val (mn) | INR3,959.7/US\$46.4 |
| 52-week range            | 3,655/1,351         |
| Sensex/Nifty             | 82,059/24,945       |
| INR/US\$                 | 85.4                |

## Price Performance

| %         | 1M   | 6M   | 12M   |
|-----------|------|------|-------|
| Absolute  | 47.7 | 22.3 | -15.6 |
| Relative* | 41.4 | 15.6 | -23.9 |

\* To the BSE Sensex

| Financial Summary      | (INR mn) |       |       |        |        |
|------------------------|----------|-------|-------|--------|--------|
| Y/E March              | FY24A    | FY25A | FY26E | FY27E  | FY28E  |
| Net Sales              | 5,198    | 7,084 | 8,905 | 11,286 | 14,165 |
| Sales Growth (%)       | 14.6     | 36.3  | 25.7  | 26.7   | 25.5   |
| EBITDA                 | 2,216    | 2,750 | 3,526 | 4,597  | 5,712  |
| EBITDA Margin (%)      | 42.6     | 38.8  | 39.6  | 40.7   | 40.3   |
| Adjusted Net Profit    | 1,817    | 2,218 | 2,762 | 3,591  | 4,434  |
| Diluted EPS (INR)      | 32.5     | 39.7  | 49.4  | 64.2   | 79.3   |
| Diluted EPS Growth (%) | 46.5     | 22.1  | 24.5  | 30.0   | 23.5   |
| ROIC (%)               | 33.5     | 34.5  | 34.9  | 42.6   | 43.7   |
| ROE (%)                | 14.6     | 15.7  | 17.0  | 18.9   | 19.8   |
| P/E (x)                | 86.3     | 70.7  | 56.7  | 43.6   | 35.3   |
| P/B (x)                | 11.8     | 10.4  | 9.0   | 7.7    | 6.5    |
| EV/EBITDA (x)          | 67.8     | 55.4  | 42.5  | 32.3   | 25.8   |
| Dividend Yield (%)     | 0.2      | 0.3   | 0.3   | 0.3    | 0.4    |

Source: Company data, JM Financial. Note: Valuations as of 19/May/2025

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Exhibit 1. Change in estimates**

| INR mn                   | Revised |        | Previous |        | % change     |             |
|--------------------------|---------|--------|----------|--------|--------------|-------------|
|                          | FY26E   | FY27E  | FY26E    | FY27E  | FY26E        | FY27E       |
| <b>Sales</b>             | 8,905   | 11,286 | 7,936    | 10,355 | 12.2%        | 9.0%        |
| <b>EBITDA</b>            | 3,526   | 4,597  | 3,133    | 4,213  | 12.6%        | 9.1%        |
| <b>EBITDA Margin (%)</b> | 39.6%   | 40.7%  | 39.5%    | 40.7%  | <b>10bps</b> | <b>0bps</b> |
| <b>Net Profit</b>        | 2,762   | 3,591  | 2,500    | 3,327  | 10.5%        | 7.9%        |
| <b>EPS (INR)</b>         | 49.4    | 64.2   | 44.7     | 59.5   | 10.5%        | 7.9%        |

Source: JM Financial

**Exhibit 2. Quarterly Performance**

| INR mn                       | 4QFY24       | 4QFY25       | YoY (%)         | 3QFY25       | QoQ (%)        | 4QFY25E      | Var (%)        |
|------------------------------|--------------|--------------|-----------------|--------------|----------------|--------------|----------------|
| <b>Net Sales</b>             | <b>1,823</b> | <b>3,962</b> | <b>117.4</b>    | <b>1,170</b> | <b>238.5</b>   | <b>3,115</b> | 27.2           |
| Expenditure                  | 893          | 2,467        | 176.4           | 630          | 291.6          | 1,864        | 32.4           |
| EBITDA                       | 930          | 1,495        | 60.7            | 540          | 176.7          | 1,251        | 19.5           |
| <b>EBITDA (%)</b>            | <b>51.0</b>  | <b>37.7</b>  | <b>-1330bps</b> | <b>46.2</b>  | <b>-840bps</b> | <b>40.2</b>  | <b>-240bps</b> |
| Other income                 | 123          | 106          | -13.5           | 114          | -6.6           | 114          | -6.9           |
| Depreciation                 | 70           | 39           | -44.2           | 35           | 11.8           | 70           | -44.6          |
| EBIT                         | 984          | 1,562        | 58.9            | 619          | 152.3          | 1,295        | 20.7           |
| Interest                     | 30           | 31           | 3.0             | 32           | -1.9           | 35           |                |
| PBT before Eol               | 953          | 1,531        | 60.6            | 588          | 160.6          | 1,260        | 21.6           |
| Eol                          | 0            | 0            |                 | 0            |                | 0            |                |
| PBT                          | 953          | 1,531        | 60.6            | 588          | 160.6          | 1,260        | 21.6           |
| Tax                          | 242          | 390          | 61.1            | 141          | 177.0          | 331          | 18.0           |
| Tax rate (%)                 | 25.4         | 25.5         | <b>10bps</b>    | 24.0         |                | 26.3         |                |
| Tax on Eol (assumed)         | 0            | 0            |                 | 0            |                | 0            |                |
| <b>Adj PAT</b>               | <b>711</b>   | <b>1,141</b> | 60.5            | <b>447</b>   | <b>155.4</b>   | <b>929</b>   | 22.8           |
| <b>Diluted Adj EPS (INR)</b> | <b>12.7</b>  | <b>20.4</b>  | 60.5            | <b>8.0</b>   | <b>155.4</b>   | <b>16.6</b>  | 22.8           |

Source: Company, JM Financial

**Exhibit 3. Cost Breakup**

| INR mn            | 4QFY24 | 4QFY25 | YoY (%) | 3QFY25 | QoQ (%)  | 4QFY25E | Var (%)        |
|-------------------|--------|--------|---------|--------|----------|---------|----------------|
| COGS              | 512    | 2,023  | 295.4   | 231    | 777.4    | 1,351   | 49.7           |
| as a % of sales   | 28.1   | 51.1   | 2300bps | 19.7   | 3140bps  | 43.4    | <b>770bps</b>  |
| Staff Cost        | 265    | 295    | 11.4    | 292    | 1.3      | 309     | -4.5           |
| as a % of sales   | 14.5   | 7.5    | -710bps | 24.9   | -1750bps | 9.9     | <b>-250bps</b> |
| Other Expenditure | 116    | 149    | 28.2    | 108    | 37.8     | 203     | -26.8          |
| as a % of sales   | 6.4    | 3.8    | -260bps | 9.2    | -550bps  | 6.5     | <b>-280bps</b> |

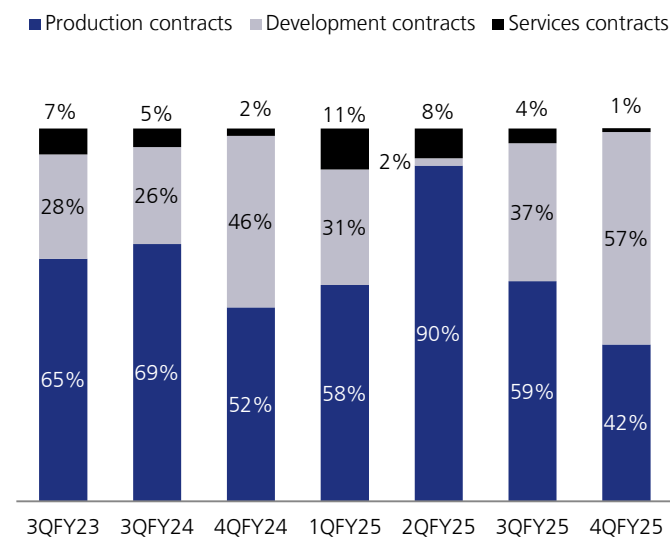
Source: Company, JM Financial

**Exhibit 4. Segmental Performance**

| INR mn                | 4QFY24 | 4QFY25 | YoY (%) | 3QFY25 | QoQ (%) |
|-----------------------|--------|--------|---------|--------|---------|
| Production contracts  | 948    | 1,664  | 76      | 691    | 141     |
| % of net sales        | 52%    | 42%    |         | 59%    |         |
| Development contracts | 839    | 2,258  | 169.3   | 433    | 421.5   |
| % of net sales        | 46%    | 57%    |         | 37%    |         |
| Services contracts    | 36     | 40     | 8.7     | 47     | -15.4   |
| % of net sales        | 2%     | 1%     |         | 4%     |         |

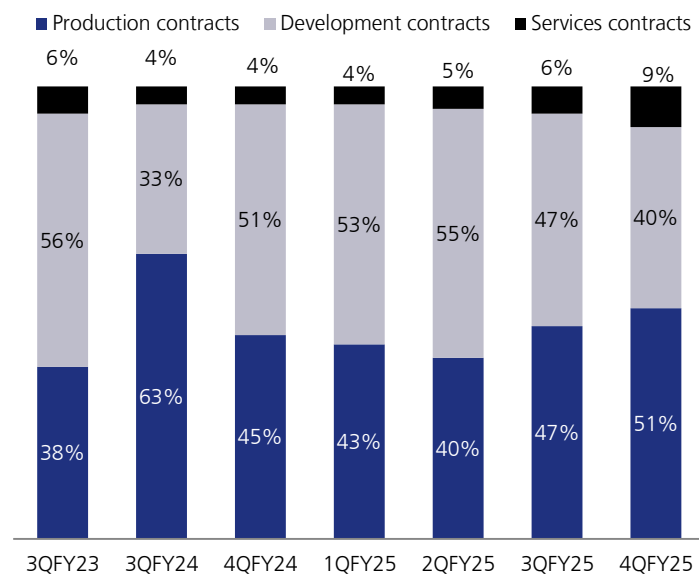
Source: Company, JM Financial

Exhibit 5. Revenue breakup segment wise



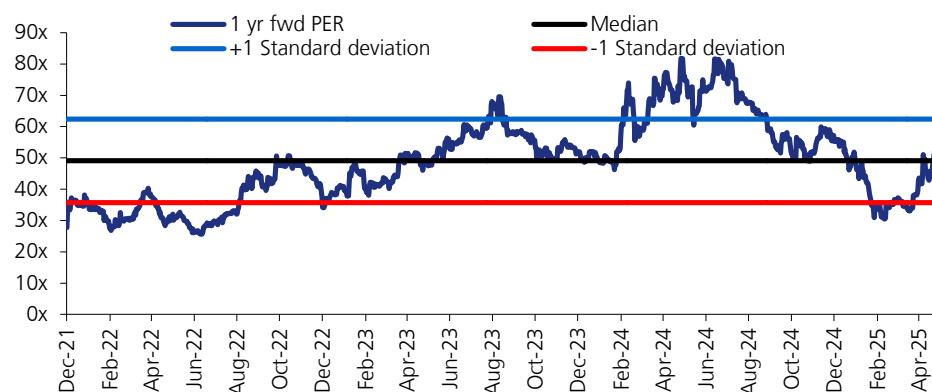
Source: Company, JM Financial

Exhibit 6. Order book breakup segment wise



Source: Company, JM Financial

Exhibit 7. One- Year forward PE multiple



Source: JM Financial

## Key Concall Takeaways

- **Guidance:** Management guided for revenue growth of 20-25% for FY26 with EBITDA margins in range of 35%-40%.
- Margins during the quarter were impacted due to execution of low margins strategic orders.
- Order inflows in FY25 were impacted due to delay in order finalisation by the customer and expected to be booked in FY26.
- Company expects order inflows of INR 10bn for FY26, driven by strong order pipeline.
- Bidding pipeline remains robust and company targets to bag orders worth INR 20-30bn over next 18-24 months.
- Over last 1-1.5 years company has been investing in product development in Radars, Electronic Warfare Suite, communication equipment, Seekers etc.

## Financial Tables (Standalone)

| Income Statement (INR mn)   |              |              |              |               |               |
|-----------------------------|--------------|--------------|--------------|---------------|---------------|
| Y/E March                   | FY24A        | FY25A        | FY26E        | FY27E         | FY28E         |
| Net Sales                   | 5,198        | 7,084        | 8,905        | 11,286        | 14,165        |
| Sales Growth                | 14.6%        | 36.3%        | 25.7%        | 26.7%         | 25.5%         |
| Other Operating Income      | 0            | 0            | 0            | 0             | 0             |
| <b>Total Revenue</b>        | <b>5,198</b> | <b>7,084</b> | <b>8,905</b> | <b>11,286</b> | <b>14,165</b> |
| Cost of Goods Sold/Op. Exp  | 1,651        | 2,761        | 3,384        | 4,176         | 5,241         |
| Personnel Cost              | 990          | 1,141        | 1,478        | 1,853         | 2,383         |
| Other Expenses              | 341          | 432          | 516          | 660           | 829           |
| <b>EBITDA</b>               | <b>2,216</b> | <b>2,750</b> | <b>3,526</b> | <b>4,597</b>  | <b>5,712</b>  |
| EBITDA Margin               | 42.6%        | 38.8%        | 39.6%        | 40.7%         | 40.3%         |
| EBITDA Growth               | 29.0%        | 24.1%        | 28.2%        | 30.4%         | 24.3%         |
| Depn. & Amort.              | 161          | 139          | 181          | 211           | 241           |
| EBIT                        | 2,055        | 2,611        | 3,345        | 4,386         | 5,471         |
| Other Income                | 460          | 463          | 498          | 584           | 670           |
| Finance Cost                | 93           | 121          | 151          | 169           | 212           |
| PBT before Excep. & Forex   | 2,422        | 2,953        | 3,692        | 4,801         | 5,928         |
| Excep. & Forex Inc./Loss(-) | 0            | 0            | 0            | 0             | 0             |
| PBT                         | 2,422        | 2,953        | 3,692        | 4,801         | 5,928         |
| Taxes                       | 605          | 735          | 930          | 1,210         | 1,494         |
| Extraordinary Inc./Loss(-)  | 0            | 0            | 0            | 0             | 0             |
| Assoc. Profit/Min. Int.(-)  | 0            | 0            | 0            | 0             | 0             |
| Reported Net Profit         | 1,817        | 2,218        | 2,762        | 3,591         | 4,434         |
| <b>Adjusted Net Profit</b>  | <b>1,817</b> | <b>2,218</b> | <b>2,762</b> | <b>3,591</b>  | <b>4,434</b>  |
| Net Margin                  | 35.0%        | 31.3%        | 31.0%        | 31.8%         | 31.3%         |
| Diluted Share Cap. (mn)     | 55.9         | 55.9         | 55.9         | 55.9          | 55.9          |
| <b>Diluted EPS (INR)</b>    | <b>32.5</b>  | <b>39.7</b>  | <b>49.4</b>  | <b>64.2</b>   | <b>79.3</b>   |
| Diluted EPS Growth          | 46.5%        | 22.1%        | 24.5%        | 30.0%         | 23.5%         |
| Total Dividend + Tax        | 364          | 442          | 414          | 539           | 665           |
| Dividend Per Share (INR)    | 6.5          | 7.9          | 7.4          | 9.6           | 11.9          |

Source: Company, JM Financial

| Cash Flow Statement (INR mn) |               |               |              |              |              |
|------------------------------|---------------|---------------|--------------|--------------|--------------|
| Y/E March                    | FY24A         | FY25A         | FY26E        | FY27E        | FY28E        |
| Profit before Tax            | 2,422         | 2,953         | 3,692        | 4,801        | 5,928        |
| Depn. & Amort.               | 161           | 139           | 181          | 211          | 241          |
| Net Interest Exp. / Inc. (-) | -202          | -79           | -347         | -415         | -457         |
| Inc (-) / Dec in WCap.       | -213          | -2,976        | 665          | -1,416       | -2,185       |
| Others                       | -144          | -231          | 0            | 0            | 0            |
| Taxes Paid                   | -631          | -706          | -930         | -1,210       | -1,494       |
| <b>Operating Cash Flow</b>   | <b>1,394</b>  | <b>-899</b>   | <b>3,261</b> | <b>1,971</b> | <b>2,033</b> |
| Capex                        | -460          | -359          | -600         | -600         | -600         |
| Free Cash Flow               | 934           | -1,257        | 2,661        | 1,371        | 1,433        |
| Inc (-) / Dec in Investments | 0             | 0             | 0            | 0            | 0            |
| Others                       | -1,779        | 1,249         | 498          | 84           | 170          |
| <b>Investing Cash Flow</b>   | <b>-2,239</b> | <b>890</b>    | <b>-102</b>  | <b>-516</b>  | <b>-430</b>  |
| Inc / Dec (-) in Capital     | 0             | 0             | 0            | 0            | 0            |
| Dividend + Tax thereon       | -336          | -381          | -414         | -539         | -665         |
| Inc / Dec (-) in Loans       | 0             | 0             | 0            | 0            | 0            |
| Others                       | -338          | -2,273        | -151         | -169         | -212         |
| <b>Financing Cash Flow</b>   | <b>-673</b>   | <b>-2,655</b> | <b>-566</b>  | <b>-708</b>  | <b>-878</b>  |
| <b>Inc / Dec (-) in Cash</b> | <b>-1,518</b> | <b>-2,663</b> | <b>2,594</b> | <b>747</b>   | <b>725</b>   |
| Opening Cash Balance         | 5,445         | 3,927         | 1,264        | 3,858        | 4,605        |
| Closing Cash Balance         | 3,927         | 1,264         | 3,858        | 4,605        | 5,330        |

Source: Company, JM Financial

| Balance Sheet (INR mn)            |               |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March                         | FY24A         | FY25A         | FY26E         | FY27E         | FY28E         |
| Shareholders' Fund                | 13,242        | 15,082        | 17,430        | 20,482        | 24,251        |
| Share Capital                     | 112           | 112           | 112           | 112           | 112           |
| Reserves & Surplus                | 13,130        | 14,970        | 17,318        | 20,370        | 24,139        |
| 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           |
| <b>Total - Equity &amp; Liab.</b> | <b>13,265</b> | <b>15,307</b> | <b>17,654</b> | <b>20,707</b> | <b>24,476</b> |
| Net Fixed Assets                  | 1,983         | 2,963         | 3,382         | 3,771         | 4,130         |
| 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           | 666           | 877           | 1,118         |
| Capital WIP                       | 72            | 128           | 128           | 128           | 128           |
| Investments                       | 2,622         | 3,266         | 3,266         | 3,766         | 4,266         |
| Current Assets                    | 12,313        | 12,162        | 15,203        | 18,519        | 22,794        |
| Inventories                       | 2,668         | 3,185         | 3,050         | 3,865         | 4,851         |
| Sundry Debtors                    | 3,988         | 5,964         | 6,343         | 7,730         | 9,702         |
| Cash & Bank Balances              | 3,927         | 1,264         | 3,858         | 4,605         | 5,330         |
| Loans & Advances                  | 0             | 0             | 0             | 0             | 0             |
| Other Current Assets              | 1,731         | 1,749         | 1,952         | 2,319         | 2,911         |
| Current Liab. & Prov.             | 3,652         | 3,084         | 4,196         | 5,349         | 6,714         |
| Current Liabilities               | 501           | 838           | 488           | 618           | 776           |
| Provisions & Others               | 3,151         | 2,246         | 3,708         | 4,731         | 5,938         |
| Net Current Assets                | 8,661         | 9,078         | 11,007        | 13,170        | 16,080        |
| <b>Total - Assets</b>             | <b>13,265</b> | <b>15,307</b> | <b>17,654</b> | <b>20,707</b> | <b>24,476</b> |

Source: Company, JM Financial

| Dupont Analysis     |       |       |       |       |       |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March           | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Margin          | 35.0% | 31.3% | 31.0% | 31.8% | 31.3% |
| 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% | 17.0% | 18.9% | 19.8% |

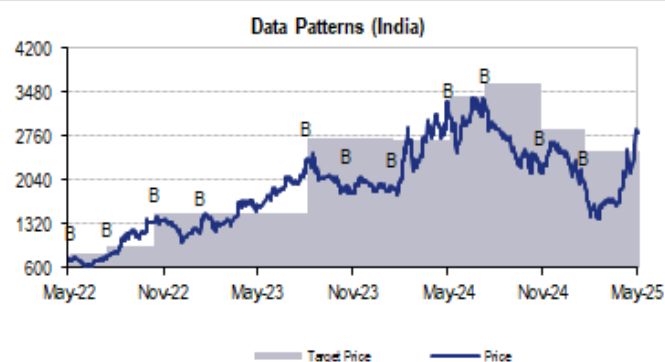
| Key Ratios          |       |       |       |       |       |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March           | FY24A | FY25A | FY26E | FY27E | FY28E |
| BV/Share (INR)      | 236.7 | 269.6 | 311.6 | 366.2 | 433.6 |
| ROIC                | 33.5% | 34.5% | 34.9% | 42.6% | 43.7% |
| ROE                 | 14.6% | 15.7% | 17.0% | 18.9% | 19.8% |
| Net Debt/Equity (x) | -0.5  | -0.3  | -0.4  | -0.4  | -0.4  |
| P/E (x)             | 86.3  | 70.7  | 56.7  | 43.6  | 35.3  |
| P/B (x)             | 11.8  | 10.4  | 9.0   | 7.7   | 6.5   |
| EV/EBITDA (x)       | 67.8  | 55.4  | 42.5  | 32.3  | 25.8  |
| EV/Sales (x)        | 28.9  | 21.5  | 16.8  | 13.2  | 10.4  |
| Debtor days         | 280   | 307   | 260   | 250   | 250   |
| Inventory days      | 187   | 164   | 125   | 125   | 125   |
| Creditor days       | 61    | 71    | 33    | 34    | 34    |

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  |

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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|-----------------------|---|
| Rating                | Meaning   |
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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. |
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