

**Q2FY25 Result Highlights**

- **Deferment of deliveries impacted Q2FY25 Performance** – Revenue declined 16% YoY to ₹910mn due to deferment of scheduled delivery by customer worth ₹270mn. Gross margins expanded to 76% vs 67.7% YoY, likely due to execution mix. EBITDA declined 15.8%YoY at ₹343mn while EBITDA margin remained flat YoY at 37.7%, impacted due to negative operating leverage. PAT declined 10.4% YoY to ₹303mn.
- **Spent ₹670mn in last 12 months towards product development** – The company's focus has now been on working towards building complete systems, from scratch, with in-house IP. Product development is largely concentrated to four key domains 1) Airborne Radars, 2) Electronic Warfare suites and 3) "Make 2" programs (Radar and EW systems) and 4) Communication systems. Expect to roll out one large product in next 3-4 months which can be targeted to all three forces Army, Navy and Air force. Management was also looking to enter into satellites space but has postpone the plan as it is looking for more clarity on business perspective.
- **Order book stands at ₹9.7bn as on Q2FY25.** Order book as on Q2FY25 stands at ₹9.7bn (1.9x TTM sales). Order inflow in 1HFY25 came in at ₹835mn vs ₹2.8bn, which was mainly impacted due to deferment of order finalization. October (Q3FY25) has already witnessed order inflow worth ₹835mn with the company estimating another ₹20-30bn worth of orders coming in over the next 1-2 years. Expects order inflows for radars, EW suites and few repeat orders. Key orders bagged includes 1) Avionic order for exports worth ₹157mn, 2) Avionics production order from DRDO worth ₹56mn, 3) Naval system production order from BEL worth ₹20mn etc.
- **Proceeds from QIP** – Utilizing the proceeds from QIP towards development of new product **which** will expand the TAM for companies. Most of the money has been utilized for procurement of materials for the product development.
- The large deferment from the customer will be caught up in H2-25. Hence, the revenue growth guidance of 20-25% growth for FY25, with EBITDA margins of 35-40% on sustainable level.

**Important Statistics**

<b>Nifty</b>	23,349
<b>Sensex</b>	77,156
<b>MCAP (₹ bn)</b>	~129
<b>52 Week H/L (₹)</b>	3655/1751
<b>NSE Code</b>	DATAPATTNS
<b>BSE Code</b>	543428
<b>Bloomberg Code</b>	DATAPATT:IN

**Shareholding Pattern Sep'24 (%)**

<b>Promoters</b>	42.4
<b>DIIs</b>	8.7
<b>FIIIs</b>	14.4
<b>Public</b>	34.5

**Financials**

Particulars	₹ mn		
	FY21	FY22	FY23
<b>Revenue</b>	2,240	3,109	4,535
<b>EBITDA</b>	920	1,410	1,718
<b>EBITDA Margin (%)</b>	41.1	45.4	37.9
<b>Net Profit</b>	556	940	1,240
<b>EPS (₹)</b>	9.9	16.8	22.1
<b>RoE (%)</b>	26.6	16.4	10.6
<b>RoCE (%)</b>	35.1	23.1	14.0
<b>P/E (x)</b>	230.4	136.3	103.3
<b>EV/EBITDA (x)</b>	139.4	89.6	71.4
<b>P/BV (x)</b>	61.6	22.3	11.0

Particulars	FY24	FY25E	FY26E
<b>Revenue</b>	5,198	6,420	7,969
<b>EBITDA</b>	2,216	2,729	3,411
<b>EBITDA Margin (%)</b>	42.6	42.5	42.8
<b>Net Profit</b>	1,817	2,806	3,658
<b>EPS (₹)</b>	32.4	50.1	65.3
<b>RoE (%)</b>	13.7	17.5	18.5
<b>RoCE (%)</b>	15.5	15.6	15.8
<b>P/E (x)</b>	70.5	45.6	35.0
<b>EV/EBITDA (x)</b>	56.0	44.6	35.1
<b>P/BV (x)</b>	9.7	8.0	6.5

Source: Company, Way2wealth

**View**

Q2FY25 performance was impacted by deferment of orders in inflows worth ₹453mn (down 69% YoY). However management is confident that the deferment will catch up in H2-25. Furthermore, order inflows target of ₹7-8bn (₹835mn in 1HFY25), is largely on back of strong L1 position (orders negotiated but yet to receive) of ₹2.3bn, and orders worth ₹830mn booked in month of Oct'24. Company continues to focus on developing new products that can help company to participate in large tenders. The company is targeting order inflows of ₹20-30bn over the next 18-24 months. We continue to remain positive on the due company due to its strong order backlog & pipeline, sustained EBITDA margins and focus on product development to increase TAM. **We maintain our ACCUMULATE rating for the stock, given its P/E of 39.8x FY26E EPS of ₹56.6.**

**Relative Performance**

Return (%)	1Yr	3Yr	5Yr
<b>DPIL</b>	20.8	NA	NA
<b>Nifty 50</b>	22.8	31.8	101.5
<b>Sensex</b>	21.1	29.6	96.1

Source: Company, Way2Wealth

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**FINANCIAL PERFORMANCE**

Particulars	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	1HFY25	1HFY24	YoY (%)
<b>Revenue</b>	<b>910.2</b>	<b>1,083.1</b>	<b>(16.0)</b>	<b>1,040.8</b>	<b>(12.5)</b>	<b>1,951.0</b>	<b>1,980.0</b>	<b>(1.5)</b>
Cost of Matl	495.9	483.6	2.5	415.1	19.5	911.0	886.0	2.8
Inventory Changes	(277.1)	(147.9)	(87.4)	(126.7)	118.7	(403.8)	(228.0)	(77.1)
Employee Cost	266.0	257.0	3.5	287.5	(7.5)	553.5	486.5	13.8
Other Exps	82.4	82.8	(0.5)	93.1	(11.5)	175.5	149.2	17.6
<b>EBITDA</b>	<b>343.0</b>	<b>407.6</b>	<b>(15.8)</b>	<b>371.8</b>	<b>(7.7)</b>	<b>714.8</b>	<b>686.3</b>	<b>4.2</b>
<b>EBITDA Margin (%)</b>	<b>37.7</b>	<b>37.6</b>	<b>5</b>	<b>35.7</b>	<b>196</b>	<b>36.6</b>	<b>34.7</b>	<b>198</b>
Other Income	120.4	108.4	11.1	123.1	(2.2)	243.5	224.5	8.5
Depreciation	34.8	30.7	13.4	30.9	12.6	65.7	59.5	10.4
Interest Cost	28.3	22.6	25.2	29.5	(4.1)	57.8	39.8	45.2
PBT	400.3	462.7	(13.5)	434.5	(7.9)	834.8	811.5	2.9
Tax	97.5	124.8	(21.9)	106.6	(8.5)	204.1	215.3	(5.2)
<b>Net Profit</b>	<b>302.8</b>	<b>337.9</b>	<b>(10.4)</b>	<b>327.9</b>	<b>(7.7)</b>	<b>630.7</b>	<b>596.2</b>	<b>5.8</b>
EPS (₹)	5.4	6.0	(10.4)	5.9	(7.7)	11.3	10.6	5.8

As % of Sales	Q2FY25	Q2FY24	YoY (BPS)	Q1FY25	QoQ (BPS)	1HFY25	1HFY24	YoY (BPS)
<b>Raw Matl cost</b>	<b>24.0</b>	<b>31.0</b>	<b>(696)</b>	<b>27.7</b>	<b>(367)</b>	<b>26.0</b>	<b>33.2</b>	<b>(724)</b>
Gross Margin	76.0	69.0	696	72.3	367	74.0	66.8	724
Employee Cost	29.2	23.7	550	27.6	160	28.4	24.6	380
Other Exps	9.1	7.6	141	8.9	11	9.0	7.5	146

Source: Company, Way2Wealth

**Revenue mix skewed towards Production contracts in Q2FY25**

(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Production contracts</b>	46	72	65	56	54	37	69	52	58	90
<b>Development contracts</b>	45	25	28	41	39	59	26	46	31	2
<b>Services contracts</b>	9	3	7	2	7	4	5	2	11	8

Source: Company, Way2Wealth

**Order Inflow stood at ₹454mn, -68.6% YoY in Q2FY25**

(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Production contracts</b>	98	16	78	22	61	64	43	86	54	63
<b>Development contracts</b>	0	84	20	77	38	34	55	8	40	0
<b>Services contracts</b>	2	0	2	1	1	2	1	6	7	37

Source: Company, Way2Wealth

**Order book stood at ₹9.714bn in Q2FY25**

(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Production contracts</b>	61	34	38	31	33	59	63	45	43	40
<b>Development contracts</b>	26	59	56	64	62	37	33	51	53	55
<b>Services contracts</b>	13	7	6	5	5	4	4	4	4	5

Source: Company, Way2Wealth

**Product contribution (%) in Q2FY25**

<b>EW</b>	1.7
<b>Radar</b>	47.8
<b>ATE</b>	11.7
<b>Avionics</b>	19
<b>Naval Systems</b>	11.9
<b>AMC</b>	7.2
<b>Service &amp; Others</b>	0.6

**Client contribution (%) in Q2FY25**

<b>BEL</b>	47.4
<b>DRDO</b>	20.1
<b>Exports</b>	23.4
<b>Brahmos</b>	8.4
<b>Others</b>	0.7
<b>BEL</b>	47.4

Source: Company, Way2Wealth

22<sup>nd</sup> November 2024

CMP – ₹2,299/-

 View – **ACCUMULATE**
**FINANCIALS & VALUATIONS**

	(₹ mn)					
Particulars	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Revenue (₹ mn)</b>	<b>2,240</b>	<b>3,109</b>	<b>4,535</b>	<b>5,198</b>	<b>6,420</b>	<b>7,969</b>
<i>YoY Growth (%)</i>	<i>43.5</i>	<i>38.8</i>	<i>45.9</i>	<i>14.6</i>	<i>23.5</i>	<i>24.1</i>
<b>Cost of Matl</b>	<b>629.7</b>	<b>915.9</b>	<b>1,941.4</b>	<b>1,808.2</b>	<b>1,990.2</b>	<b>2,390.7</b>
Inventory Changes	74.4	(55.2)	(232.2)	(157.0)		
Employee Cost	484.2	623.5	794.9	989.9	1,251.9	1,554.0
<b>Other Exps</b>	<b>131.1</b>	<b>213.9</b>	<b>312.4</b>	<b>340.7</b>	<b>449.4</b>	<b>613.6</b>
<b>EBITDA (₹ mn)</b>	<b>920</b>	<b>1,410</b>	<b>1,718</b>	<b>2,216</b>	<b>2,729</b>	<b>3,411</b>
<b>Margin (%)</b>	<b>41.1</b>	<b>45.4</b>	<b>37.9</b>	<b>42.6</b>	<b>42.5</b>	<b>42.8</b>
<i>YoY Growth (%)</i>	<i>113.2</i>	<i>53.3</i>	<i>21.8</i>	<i>29.0</i>	<i>23.1</i>	<i>25.0</i>
Other Income	26.0	39.6	92.2	460.3	774.2	1,089.3
Depreciation	55.7	66.3	84.5	161.3	221.3	280.4
Interest Cost	145.0	109.9	77.4	93.3	52.5	10.8
Exceptional Item	-	-	-	-	-	-
<b>PBT</b>	<b>745.4</b>	<b>1,273.8</b>	<b>1,648.3</b>	<b>2,421.9</b>	<b>3,229.0</b>	<b>4,208.8</b>
Tax	189.6	334.1	408.4	605.0	422.5	550.7
<b>Net Profit (₹ mn)</b>	<b>556</b>	<b>940</b>	<b>1,240</b>	<b>1,817</b>	<b>2,806</b>	<b>3,658</b>
<b>Margin (%)</b>	<b>24.8</b>	<b>30.2</b>	<b>27.3</b>	<b>35.0</b>	<b>43.7</b>	<b>45.9</b>
<i>YoY Growth (%)</i>	<i>164.1</i>	<i>69.1</i>	<i>31.9</i>	<i>46.5</i>	<i>54.5</i>	<i>30.3</i>
EPS (₹)	9.9	16.8	22.1	32.4	50.1	65.3
<b>RoE (%)</b>	<b>26.6</b>	<b>16.4</b>	<b>10.6</b>	<b>13.7</b>	<b>17.5</b>	<b>18.5</b>
<b>RoCE (%)</b>	<b>35.1</b>	<b>23.1</b>	<b>14.0</b>	<b>15.5</b>	<b>15.6</b>	<b>15.8</b>
P/E (x)	230.4	136.3	103.3	70.5	45.6	35.0
<b>EV/EBDITA (x)</b>	<b>139.4</b>	<b>89.6</b>	<b>71.4</b>	<b>56.0</b>	<b>44.6</b>	<b>35.1</b>
P/BV (x)	61.6	22.3	11.0	9.7	8.0	6.5
Debt / Equity (x)	0.2	0.0	0.0	0.0	0.0	0.0

Source: Company, Way2Wealth

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Name of the Security	DATA PATTERNS (INDIA) LTD (DPIL)
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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