“Data Patterns (India) Limited

Q2 FY27 Earnings Conference Call”

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MODERATOR: **MS. PRAYASI PATEL – GO INDIA ADVISORS**

Moderator: Ladies and Gentlemen, Good day, and welcome to Data Patterns India Limited Q2 FY '27 Earnings Conference Call hosted by Go India Advisors LLP. As a reminder, all participants line will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Prayasi Patel from Go India Advisors. Thank you, and over to you, ma'am.

Prayasi Patel: Thank you. Good morning, everyone, and welcome to Data Patterns India Limited earnings call to discuss Q2 FY '27 financial performance. Before we begin, I would like to wish everyone a very happy Diwali. May this festival bring happiness, prosperity and success to all.

We have the senior management of the company on the call, Mr. S. Rangarajan, Chairman and Managing Director; and Mr. Venkata Subramanian, chief financial officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company may face.

May I now request Mr. Rangarajan, sir, to take us through the company business outlook and financial highlights, subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

S. Rangarajan: Thank you, Prayasi. Good morning, ladies and gentlemen. A very warm welcome to the Q2 FY '27 earnings call of Data Patterns India Limited. I join Prayasi and take this opportunity to wish everyone a very happy Diwali and hope that the festive occasion brings happiness, prosperity, and success to all of you and your families.

We sincerely appreciate your continued trust, support, and participation. I hope all of you have had the opportunity to review our earnings presentation and financial results, which have been rolled on the stock exchanges and our company website.

As we reflect on the first half of FY '27, we are encouraged by the significant progress made by the company, particularly in the order inflow front and the substantive investments being made in the development of complete products and sensors to address the growing scale of opportunities, fuelling our increasing participation in larger and more complex defence programs.

At Data Patterns, we have consistently invested in developing indigenous technologies, strengthening our engineering capabilities, and expanding our manufacturing infrastructure. These investments are now creating a strong foundation for the next phase of our growth.

We're increasingly seeing customers engage with us for complete systems and integrated solutions rather than individual parts and subsystems, which provides us with opportunities to participate in larger programs and enhance our value creation proposition.

Our order inflows during H1 FY '27 have been particularly encouraging. We secured fresh orders worth INR1,046 crores during the first half, including INR929 crores in Q2 FY '27, compared with INR167 crores in the corresponding quarter last year.

This reflects the growing confidence of customers in our technological capabilities, execution strength, and ability to deliver complex defence electronic solutions. Our order book has also strengthened considerably. As of April 1, 2026, our order book stood at INR927 crores. As of date, orders on hand are at INR1,742 crores.

In addition, we have successfully concluded negotiations for orders worth INR956 crores, which are awaiting formal receipt. Including these negotiated orders, our overall order book visibility stands approximately at INR2,698 crores.

Our international order book stood at INR32 crores as of September 30, 2026, which we believe will grow during this financial year. We continue to engage with international customers and explore opportunities to expand our presence in global markets, leveraging our indigenous technologies and established product capabilities.

Looking ahead, we see significant opportunities across key business areas, including radar, electronic warfare, avionics, and other defence electronics programs. We're also witnessing increasing opportunities for larger complete system contracts, which we believe can play an important role in driving our growth substantially over the coming years.

On the technology front and product development front, we continue to invest in developing new products and expanding our existing portfolio. During the period, we made progress in the development of drone defence systems, including different kinds of radars, passive RF detection and jamming, maritime and airborne radars for small and large UAVs and helicopters, long-range radars with advanced beamforming, and completing the development of jammer pods, development of next generation COMINT and ELINT and Radar Warning Receivers, among others.

We have a large engineering team consisting of more than 1,100 engineers and continuing active recruitment of fresh engineering talent. We've also initiated design and development of advanced optronics for varied applications as well as agile defence microsatellites.

These initiatives are aimed at strengthening our technological differentiation, addressing emerging customer requirements, and positioning the company to participate in a wider range of defence programs. We believe that continuous investment in indigenous product development will remain an important driver for our long-term growth.

Another important strategic development during the quarter was the acquisition of 100% stake in ST Advanced Composites Private Limited, which became a wholly-owned subsidiary effective September 17, 2026. This acquisition strengthens our advanced composite design manufacturing capabilities, enhances our ability to offer integrated solutions and create opportunities across radars and other defence programs.

Coming to financial performance, revenue from operations stood at INR133.3 crores in Q2 FY27, registering a sequential growth of 14.8 % over INR116 crores in Q1 FY27. For H1 FY27, revenue from operations stood at INR249.3 crores.

Revenue from operations for Q2 FY27 was lower on a year-on-year basis, primarily following the exceptionally strong execution achieved in Q2 FY26, which had resulted in a significantly higher revenue base.

During the current quarter, several program milestones are progressing, with deliveries expected to pick up in the second half of FY27. Accordingly, we expect H2 FY27 to be stronger than H1 FY27, supported by a healthy order book and execution momentum.

Looking ahead, we remain confident about our growth trajectory and maintaining our FY27 guidance of 20% to 25% revenue growth and EBITDA margins in the range of 35% to 40%. Our confidence is supported by strong order inflows during the first half, substantial orders in hand, negotiated orders awaiting formal receipt, and growing opportunity across our key business segments.

As we move to H2 FY27, we remain focused on accelerating execution, driving innovation, and leveraging our technology capabilities to expand our product portfolio to capitalize on the growing opportunities in Indian defence, global defence aerospace sectors, while creating sustainable long-term value for all our stakeholders.

With that, I would like to now hand over the floor to our CFO, Mr. Venkata Subramanian, to take you through the financial performance in greater detail.

Venkata Subramanian: Thank you, sir. Good morning, ladies and gentlemen, and thank you all for joining us today. Let me take you through the financial highlights for the second quarter and first half of FY27. Revenue from operations for Q2 FY27 stood at INR133 crores, compared to INR116 crores in Q1 FY27.

For H1 FY27, the revenue stood at INR249 crores. Profit before tax for Q2 FY27 stood at INR30 crores, while profit after tax stood at INR22 crores. For H1 FY27, PBT stood at INR59 crores and PAT stood at INR44 crores. On a year-on-year basis, the revenue and profitability were lower compared to Q2 FY26, primarily reflecting the higher execution base in the corresponding quarter last year.

However, our overall performance remained broadly in line with the preceding quarter. The company continues to maintain a strong balance sheet with cash and bank balances and investments of more than INR500 crores as on September 30, 2026, providing us with the financial flexibility to support our growth initiatives and strategic investments.

Our closing order book as of September 30, 2026, stood at INR2,698 crores, including orders negotiated, providing a healthy visibility for execution over the coming period. Our international order book stood at INR32 crores, and we expect it to grow in the current financial year.

We remain focused on disciplined execution, maintaining operational efficiencies, and ensuring that our investments in technology and engineering capabilities support sustainable growth and profitability.

With this, I would like to open the floor for question and answers. Thank you.

Moderator: Thank you. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question and in order to ensure that the management is able to address question from all the participants in the conference, please limit your question to three per participant. Ladies and Gentlemen will wait for a moment while the question queue assembles. The first question is from the line of Abhijeet Singh from Systematix. Please go ahead.

Abhijeet Singh: Yes, thank you for the opportunity. Sir, first question is on the orders that we have negotiated and we are awaiting final close for that. So what is the outlook on that? It seems to be that those are getting delayed to an extent, because even the last quarter, we were talking about those orders. Now in this quarter, we have about INR1,000 crores under negotiation. So what is the reason for the delay? And when can we expect those INR1,000 crores of orders to flow in the order book?

S. Rangarajan: Whatever we told you last call, number of orders that have already been realized, and that is added to the orders on hand situation. As of April 1, you see it's INR900-odd crores. It's about INR1,700-odd crores now. So the number of orders have been received.

Some more orders have been negotiated, and that is what we're talking about, nearly INR1,000 crores of orders to be completed. I believe that in the next maybe a month or 2, the contract should happen from what my sales team is telling me.

These are things which is beyond our control. The processing of the order takes some time. Maybe it has to go to some reference and then come back. But the orders have been negotiated and these are approved programs. So we expect probably another month or 2, most of the orders should get fructified.

Abhijeet Singh: Sir, is there a risk of these orders getting cancelled as well, some part of it or no?

S. Rangarajan: No. There is no risk of orders getting cancelled. These are Central Government orders. Tenders. And tenders have been opened, negotiated and funded programs, so there won't be any cancellation of the tenders.

Venkata Subramanian: The delay is on account of internal processes. Because it has to go through some different approval processes, and that's the reason for the delay.

Abhijeet Singh: Right, sir. So then, in 1H, our revenue growth run rate has been slower than what we have guided for of 20% to 25% on an annual basis. I think we have -- revenue has fallen about 20% on a Y-o-Y basis. So in H2, of course, our revenue execution run rate has shot up substantially. So are

we in a position to maintain our guidance for the full year or there's a risk of execution delaying beyond the H2 into the next year maybe?

S. Rangarajan: Yes. We've never given revenue growth quarter-to-quarter. We've never done it ever since we went public. This is a normal business. It tends to become a Q4 heavy. This is how it has always been. And we've been a bit successful in navigating some of the contracts to be executed because we had the orders in hand, and one didn't get executed. We could execute the others in maintaining a different kind of a profile to see that quarter-to-quarter profitability is maintained.

But this is a yearly business. It's a program-based, project-based business. So -- and it's not a monthly revenue growth. This is what we are aiming for in terms of interactive contracts we get. And we had a 5-year contract, then we can do quarter-to-quarter sales. But that is what we're aiming for in terms of building products for long-term contracts visibility. But as it is our existing business is going to be Q4 heavy.

Last year it happened because we executed a very large contract as a program. So it's 2 years back, we got the order 3 years back. We executed it in second quarter. So the bump was there, the quarter 2. But I see this is a normal way our business will happen. It is not a quarter-to-quarter kind of a sale process. That's the first question you asked.

Second is, we've already mentioned that we have orders in hand. Though the execution didn't take place in Q1 and Q2, we've already started producing these products for Q3 and Q4. So we expect that in the next 5 months we will accelerate the production and see that the programs are delivered. As of now, I don't see any change in our guidance, what we've given last time and also this time.

Abhijeet Singh: And sir last question on the hawk radar that, we were mentioning last quarter that there was a software integration that you were evaluating. The hardware part you completed for MiG and Sukhoi. So what is the update on that? Is there a decision taken on the software integration as to where you need to procure it from or still you're evaluating the choices that you have?

S. Rangarajan: There is still some delays in that of trying to integrate software into our Hawk, whatever we did, the development of the hardware. The hardware is ready. It's still not processed the progressed on the software.

The other point is, the second area is what we talked about is the pod, the Sukhoi-30 pods, self-protection jammer. That is going well. There are no dependencies on any other organization there. The complete software and hardware and mechanicals are done, designed in-house. So that is going well. Air Force is quite happy with the progress.

And I think that we should be able to fly it in the next few months to see that operational readiness is also shown. So that is happening. Similarly, we intend to develop on communications. That's also going on very well. Since we have platform for all army, navy, air force. That's also going well. We expect to integrate with the other platform radios in the next coming months to see that compatibility is established. So a lot of work has happened, but that is going a bit slow than what we expected. The rest are happening the way we planned.

Abhijeet Singh: Right. Sir, this communication product, what is that? Sorry, I didn't get it. That you will integrate on...

S. Rangarajan: It's called software-defined radios. These are radios or communication equipment handled by the army in the ground, and the airborne systems in helicopters and aircraft. So there is a naval systems also, ship and airborne systems. So we've been designing our radios….

S. Rangarajan: This will be directly to MoD. See, so what we're trying to do now is, till now we've been trying to build parts and subsystems with DRDO and then do technology transfer to Bharat Electronics or any other organization, and then we give subcontractors then. That continues to happen. But to scale the organization, we decided a few years back that we'll do complete systems. And these are initiatives taken by the company to build those complete systems. So directly we'll address MoD requirements.

Recently, MoD requirements are largely delivered by DPSUs. And now large companies, multinationals are quoting here and tying up with the Indian companies to quote against the large requirements of MoD.

We are doing an alternative thing. And we're trying to develop these in-house in India with indigenous technology and compete with all of them. So that is where the large resources are being spent, in terms of money and manpower, building those technologies and products to address the large opportunities.

So that is what I think will scale the company to the next level. The large kind of scaling can happen in the next couple of few years to build complete products. And that's what the company is aiming to do.

Abhijeet Singh: Great. And do we have...

Moderator: Sorry to interrupt you, Mr. Singh. Can you please rejoin for our follow-up question? There's a long queue.

Abhijeet Singh: Sure.

Moderator: The next question is from the line of Amit Dixit from Goldman Sachs.

Amit Dixit: My first question is essentially on a couple of areas that we were actually consciously, I think, not concentrating on earlier, such as space, which has gathered momentum in the industry. So just wanted to get your thoughts, whether we are reconsidering the space segment and the counter-drone segment. So that is the first question.

S. Rangarajan: I think in the opening remarks itself I stated that we've invested substantially on the counter-drone segment. We built various kinds of radars for active detection of drones. Very, very small drones for 0.001 square meter RCS, as well as larger drones. So we're successfully building it. I think the next 1 to 2 months the product should be ready for demonstration and participation in tenders or with other OEMs.

Second is the passive detection of RF detectors. Since we have a complete range of products for EW, signal COMINT. We are really addressing -- we are remapping these products for counter-drone applications. And then the third is active jamming.

So all of them, we're in various stages of completion and demonstration. This we're already doing. We also suggested that the last few years we didn't go ahead for building the complete satellite, so we've a competency map. We have designed a satellite, and the satellite is going to be in there 4 years in space. Fully designed in-house. And with the normal correction, all of them from the ground. And including down station, everything has been designed by us.

We refrained from going into it because there are a lot of startups who are actually building satellites, a number of contracts are going to almost no value. We didn't want to take it up at that point in time, because it will have a very clear dip in our revenue and bottom line. But today we've taken a decision to go ahead and start building our own satellites, systems and satellites for various applications.

Accordingly, we have started staffing ourselves, from ex-ISRO scientists, senior scientists to join us, to build both the satellites and all the payloads in-house. Complete design will be done by us, and we are actually looking at building the satellite and launching it, then go to market.

So that decision has been taken internally. The details are being worked out. Initial staffing is happening. Initial development will happen. And once it happens, maybe 6 to 8 months from now, maybe we'll be able to talk more about it.

Today, a decision internally is taken to go ahead with the development. At the present moment, I can only comment on that. Let's see how the next 6 to 8 months goes, and then we can be able to give you more clear directives on those areas, what we've done.

Amit Dixit: Thanks Sir, that's quite helpful. The second question is essentially on the overall ordering in the defence ecosystem. What we have seen that you have received, of course, some good orders in Q2. But a lot of other players, the ordering has kind of dried up.

Just wanted to understand from your perspective -- again, I'm not talking from quarter-to-quarter, but we have seen that the first half has been quite, I would say, low in terms of the pace of ordering. Some of the orders are delayed, etcetera. So just wanted to get your thought on how you see the overall ecosystem. Where are the constraints, if any?

S. Rangarajan: I don't see ecosystem constraints. I think the budget allocations are becoming bigger. The Acceptance of Necessity, AoNs are getting released every 2 months, which is going to be much higher than what was the previous year's numbers. The opportunities are growing.

I won't be able to comment on the ordering portion per se because that depends from tender to tender and contract-to-contract, depending on the need of the customer and what it has to go through. But the overall order book visibility is much higher, and that is what exciting us to build larger, to get the products developed to address the market, to increase our TAM, to substantially scale the company's revenue.

That's what we are trying to do. But one difference is that we are not relying on foreign technology for doing this. We're also trying to differentiate the products as a company integrated systems with respect to competition, how they address the market. We want to see that differentiated product offerings gives you a slightly more value-added approach to give you a better revenue and a bottom-line business. This is what we're doing, and we're trying to develop this much in advance so that we are ready when the tender comes up. So that is what we're doing.

I don't see any reduction in the opportunities or this ordering. Of course, we have had delays in our orders, but that is very specific to our contracts. I don't think there is a general kind of anything that says that it is going to be a delay for everybody. I don't think so. Probably from whatever little I know, I don't think that's a right statement. Maybe I don't know all the things which other people are talking to you.

Amit Dixit: Got it, sir. The third question is essentially on the exports. So after PAR, are we -- what are some of the programs or systems that we are targeting for the export markets? I mean, to the extent you can disclose, if possibly you can broadly highlight the programs or whether it's EW system, radar we are engaged in as far as the export market is concerned.

S. Rangarajan: We are experiencing some more contracts in the PAR acquisition for radar. We have quoted for some more, I think some more business to happen. We also have some orders for radar front ends from Europe. We'll start executing probably by December to March, we'll execute some of those contracts. We're expecting some different kind of radar -- modern radar components and subsystems, large subsystems from Europe.

Enquiries are coming. We expect that we should be able to address in the next 1 year. Deliver it, which can become the basis for our volume business thereafter. These are initially approved prototypes and qualification units. Based on numbers should happen in the coming years. That is one.

We are also co-investing in some radars with a British company. We see that we can look at worldwide markets. We're also trying to make offers for civil aviation avionics and sensors. If that happens, I think there can be a large revenue post-qualification.

We're trying to grow a bit to see what is it we can do. And we're trying to also put in an active export marketing team to take what we have. In the present geopolitical environment, we believe that our offers on time lines which we can deliver contracts, and as well as the world-class technology we're building, can give us a competitive edge over others.

And especially there's a need in the existing political scenario, geopolitical system. I think there's a need for people like us to give some very serious products offerings for other countries' defence needs. I can't talk about more of what we do exactly now. when fructified, we could probably talk about later, but the initiative is on. We're going to put a lot of initiatives in the coming years to see that we get large export revenue. That also is on.

Amit Dixit: Wonderful sir. Thank you so much. And all the best.

Moderator: Thank you. The next question is from the line of Dipen Vakil from PhillipCapital. Please go ahead.

Dipen Vakil: Hi, sir. Thank you for this opportunity and congratulations on great order inflow during the quarter. Also wish you a very happy Diwali to you and your team. Sir, my first question is to you, basically this quarter when we see at your order inflow break up, you have received some very strong production orders. So can you help us understand, what are the difference between like the execution schedule between production orders and developmental orders? So that would be my first question.

S. Rangarajan: Actually I don't have an exact split of production and development orders. But maybe I can send the data to Go India in the coming week, and maybe she can address this. I really don't have it off the cuff on exactly what is the production and this development order differentiation. What I can tell you is -- I can tell you one thing is what are the products we have developed for DRDO, they've been successfully executed.

These are all some of the large program requirements were delivered, very very large systems. We expect that in the coming 1 to 1.5 years' time, they should become a production order, because the size of business is very large. Hopefully, that will take shape, and then do this. So number of products we have developed have been delivered, and we expect repeat business out of that. So those are the first things.

And second is also with the new development programs like the pod and other things we are getting involved in, which is an obligatory development without contracts and self-investment. I think that is also going in a good feasible way, where there is a lot of differentiation between us and competition.

So we should be able to see that those orders also get into production more in the 5 to 6-year visibility and production line. So I'm trying to focus on such programs while keeping the company revenue and the bottom-line business, we have promised the market.

Trying to see that is addressed with smaller orders and some production orders is happening. And the large production orders and large scale value is what will bring us scale and take us to a large corporate. So we are working on such products and programs where there are key differentiator, key openings in the market and the need is very high.

So we're trying to address and build our own products in those areas. It will take time to get a production order, but that will be the main scale of building a larger organization as we go along. So we're trying to address that also.

Dipen Vakil: Got it, sir. So when you receive a production order, what is the usual execution within which you have to deliver the product?

S. Rangarajan: See, that varies again. If it's a program order, for example, if Bharat Electronics gets an order, we have to deliver in 2 years. Then back-to-back, our delivery also becomes back-to-back every

quarter. After the first 6 months, we start delivering quarterly or monthly, depending to meet their time lines.

So these are project and program orders. Then there are orders which is, let's say, for HAL, we get a contract, and they have 8-year window of delivery. They will want to have a 6 or 7-year window on year-on-year delivery commitment from us, so they can build onto the aircraft.

So that varies on the end application. Its best that we have a combination of both to give us what we want as we go along. But we should have a 3 to 5-year order book in this business, which is tender-based. To see that stability and scalability is possible and sustained scalability is possible with visibility of future.

So we're trying to address how to bring in the scale and what kind of products and technology we can have, which can be competitively placed in the market to get us the scale. That's what we're working on. But it depends on your question -- to answer your question, it depends on the kind of contract contracts we get.

Dipen Vakil: Got it.

S. Rangarajan: We are addressing -- both the markets we are addressing.

Dipen Vakil: Got it. So the second question is on your order inflow and the negotiated contract. So during previous quarter also, we were discussing about very strong order pipeline, which included some orders from HAL, single vendor contract orders from HAL, as well as BrahMos seeker order. So any update on those orders, whether they have gotten into negotiation stage or whether they're included in the INR900 crores of negotiated orders? Can you help us understand that?

S. Rangarajan: No. They're not part of the negotiated contracts. That continues to be part of pipeline. We started negotiation with HAL on some of large contracts. The other ones is under trial. So once we finish the trial, maybe the contracts for vehicles should happen. But these are part of the pipeline, which is not mentioned in our negotiated values. That is negotiated is tender published and we are at one, the negotiations being completed.

The pipeline which you're talking about, there are further INR800 crores to INR2,000 crores. We expect to get that before end of March, is what we are expecting. So that order book should be there for the subsequent year, is what we're thinking. Those things cannot be accelerated.

Part of it can be accelerated depending on when the order comes and the need of the customer, we can ship part of the order. We are getting ourselves prepared for all of this and buying material components, keeping it in stock in case we need a faster turnaround.

Once the contract comes, we are in a position to address the market. So we are actually planning ahead of materials and inventories, but the contract is -- we still not got the contracts. Those are all part of pipeline at the present moment.

Dipen Vakil: Got it, sir. Sir, thank you so much for answering my questions and very encouraging new product portfolio you have showcased. So all the best for development of those and all the best for second half, sir. Thank you so much.

S. Rangarajan: Thank you very much.

Moderator: Thank you. The next question is from the line of CA Garvit Goyal from Serene Alpha.

Garvit Goyal: Hi. Am I audible?

S. Rangarajan: Yes.

Moderator: Yes.

Garvit Goyal: Thanks for the opportunity. Sir, first question is on Tejas Mk2 program, which is getting delayed by 1 year due to technical issues related to undercarriage. So is it going to any way impact our growth in this financial year and as well as the next financial year?

S. Rangarajan: These anti-drone systems were never part of our projections for this financial year. These are all being built for future programs because a drone is an essential part of warfare today, and we need to have products in that category to address the large market opportunities which is coming up. But these are all early stage markets on drone detection.

A number of trials are happening across India and across the world, and large businesses have not been still, they are all experimenting in what is the right kind of anti-drone systems. That is what is happening, and that's what's happening in India also.

So we are trying to put in together our -- since we have a competency in radars and electronic warfare, we are trying to put our competencies and build a product which suits the customer requirements. I think they're already there.

So within next few months, we should start getting some contracts in this. We're also winning bids against open tenders and MoD. We're also looking at how to export these contracts once it is completely tried and tested here. We can also export it to other businesses and markets outside India. But they are not part of our projections, negotiations nor pipelines. These are all future, which can bring in separate revenue outside of what we have actually projected to the market.

Garvit Goyal: No. Sir, actually, I was asking about a particular program of HAL, which that is Tejas Mk2?

S. Rangarajan: Mk2, not the anti-drone. I thought it was an anti-drone. Tejas Mk2, we do all the avionics, we do the cockpit display. We do the mission computers. We do the data processor. We do a number of important things on Tejas. They are not Tejas, but Mk2. LCA Mk2.

Tejas Mk1A, we are under negotiation with HAL. That should probably happen in the next couple of months or so, which is what PhillipCapital, the gentleman is asking, whether it's part

of the negotiated contracts or that is part of pipeline, which has to happen. We're also trying to address other sensor requirements of Tejas, of Mk2.

Hopefully, we'll be successful, but we have a competency and a product model for all of them. But it depends on how the user or customer addresses the particular requirement. We have technological superiority, but that doesn't mean that we can land on a contract. So we need to navigate ourselves properly to see if the contract also happens. But we have a lot of other products which can be positioned within the Mk2 and also AMCA.

But they are not -- I've not projected any of them to the market yet because there's a lot of clarity which needs to be obtained before we can project it to the market. So these are all we're working on numbers. There are a lot of WIP which we're working on, number of programs we're working on, which presently I can't disclose, nor is it in a stage where we can tell you that I have an order or negotiations happened or a tender has happened. So these are all product development happening in parallel.

Garvit Goyal: My second question is on the order inflow. Last time you mentioned we will be receiving additional INR2,000 crores order over and above the negotiated and already received order at that point of time, which was approximately INR2,650 crores. Where are we on that, sir? Are we still in touch with the INR2,000 crores order inflow in rest of the 5 months in this financial year?

S. Rangarajan: Yes. Other than that -- other than the INR2,600-odd crores, we're talking about negotiated orders as well as the contracts on hand. We still expect another INR1,500 crores to INR2,000 crores order before March. Those are all in the pipeline, where some are under negotiation, some the inquiry is supposed to happen.

I hope it happened before March, but the time lines are not in my control. But these are specific programs where we have specific opportunities, without competition. So that's why I'm able to talk about it. If there's competition, it is 01 situation. I'll never bring it up to the market. We do not know what will happen.

The resulting vendor, we do not know who has scored. But here is something that since we're unique in this, it's only timelines we can't control. But yes, there is a pipeline of another INR1,500 crores or INR2,000 crores over and above what has been stated right in this morning earnings call.

Garvit Goyal: Got it, sir. And my last question is on the satellite front. While you mentioned that we will be designing the payloads and stuff inhouse only, I remember in one of the earlier con calls, you were speaking about the monetization part of it, and that is why you were refraining to enter in this market. So can you help us to understand how we are planning to monetize this particular capability going forward?

S. Rangarajan: Today, we are not looking at getting a contract. We may get a contract, we don't know. But we are trying to build a product ourselves, launch it at our cost with local investment, with in-house

investment. Get our space heritage, which meets and exceeds Indian requirements in terms of specifications. But these will be global products, not necessarily only for Indian market.

There's a global requirement of whatever we are designing. So that's what we're designing. We're building our own capability to build all of it in-house. That brings the cost model down. We have capability to build everything, including optics, including all of those electronics, the sensors, the satellite platforms.

So we have the bus structures designed inhouse. Everything is designed in-house with our competency model, which we already have. Since we're already working with ISRO in number of such programs, we have a lot -- already delivered a lot of these parts to them on subsystems. We plan to reuse some of them, modify some of them, redesign or design the new areas to build the entire satellites.

We've been associated with satellite programs for many years, so we understand this area. And we also launched a satellite and made it operational for 3 years in space. So there's a lot of competency in this. We expect that we will build on the competency and build real 100 kg to 500 kg class satellites, which is required around the world.

Not in one-off, but in cluster satellite applications, but very security and sensitive areas. So that work has started. We've already started staffing our people for this to build an organization which can develop the overall satellite systems. So we're quite serious. I hope we're able to sustain this and build the product. But these are all for future.

Garvit Goyal: Got it sir. That's helpful. All the best for the future. Thank you.

Moderator: Thank you. The next question is from the line of Sagar Krithikkumar Gandhi from Invesco Mutual Fund. Please go ahead.

Sagar Gandhi: Congratulations, sir, on a great set of numbers. Sir, my question is on the order inflow. While we've seen very encouraging order inflows in H1 FY27, and you've talked about number of programs, but some of the programs, as you rightly highlighted, that you cannot speak a lot about. So sir, from a 3 year to 5-year perspective, can we believe that this is a company which has horsepower to do INR2,000 crores of order inflow every year, give or take, with some slippages here and there?

S. Rangarajan: Our aim is to reach much higher numbers than you are mentioning.

Sagar Gandhi: Okay. So sir, from a 5-year...

S. Rangarajan: Products we are designing is each individually capable of this kind of numbers you're talking about or multiple times that number. So we're looking at large markets to scale the operation. That's why investments are very heavy. We have, like I said, 1,100 engineers working in development and program management.

So that's a large number for a company our size. We are investing ahead as we continue to do with all the years ahead. Everything, this is today working on a complete product and program and complete systems rather than part of the system, which we were doing with DRDO earlier, to address the gap available in the existing capability map in India and the requirements which India wants to have, our own Indian defence initiatives and defence products.

Towards that, I think we're building a whole lot of capabilities and products to address that. The size of business we have tried to address is much, much larger, so that we have a scalable business model, and then go global. And all the products we design is all global standards, not just to meet India requirements, but also global, compete with the OEMs across the world in these areas of product technology which we are developing.

Sagar Gandhi: And sir, given your long experience in this domain, what will be the single biggest risk to this assumption that we can do or we can capitalize or capture this large opportunity?

S. Rangarajan: Risk is always there in any development, and to achieving getting a contract, because it's not everything is in our control. It's a government-driven business, so it's going to be very difficult, and we don't know the competition, how they're going to come up. We know the competition as they are to a large extent in India.

But some foreigner may try to invest or they finally give a lower support price, which we may not be able to be even in. So those are the complications. But by looking at that -- but what is the risk? If the risk of development, since you're doing the building block model, we reduce the risk of development and overall cost of development much, much lower.

Because we're already reusing some of the parts already we have designed. And going ahead also, we're designing in building blocks, so that we can do it from one program to another. So one fails, we can always move to the other program. So a lot of knowledge and as well as the product, which is spent on is really good out. So we reduce the development risk.

Second is we also reduce the timeframe for introducing new products into the program. Since we're reusing parts and systems, the timeframe to new development is also lower. But yes, there is a risk of whether we win the contract or not. And we also risk whether we end up meeting the end specification through our design. Those risks has been assessed internally.

We believe it's worthwhile to take the risk because overall requirement map is large. And we believe that even if we lose 1 or 2, we are capable of building a better product as we go along. And learning from mistakes, we can be better positioned next time. But if we don't do that, we can never scale the business.

Especially since India is starting with almost 0 base in products in defence. We say we don't address the large market which is being imported into India, and all of us say it's a risk, then there's no question of scaling. Because then we will be relegated to what parts and subsystems, which we win tenders on L1 basis with DRDO.

And a very clear -- not very clear time lines of when the production orders will happen, and that will be controlled with DPSUs. So this model we worked on for many years. Now the order book is -- the market is opening up to complete systems. There is a global market demand from the geopolitical environment.

So we must look at these opportunities, build on our capabilities -- believe in our capabilities and build further where the gaps are there, address the gaps locally before going to market. So this is what we are trying to do. We are continuously in develop and more. But these are all quality products. Since we have done all the process, we have an extremely strong process.

We are more than 100 engineers in QC. So we continue to build from our knowledge base. With all the opening of AI and other things coming up, we believe that we can do much faster development. And we are taking the modern technologies, modern processes. So that's what we are doing. I believe the risks are worth taking. I believe we can scale the business. We need to do this.

Sagar Gandhi: Thank you so much sir for your fantastic explanation.

Moderator: Thank you. Ladies and Gentlemen, in order to ensure that the management is able to address questions from all the participants in the conference, please limit your question to two per participant, should you have follow-question, please re-join the queue.

The next question is from the line of Keyurkumar Vadaliya from Niveshaay. Please go ahead.

Keyurkumar Vadaliya: Hello. Congratulations on your good facts of numbers, sir. So my question is, in like we have mentioned that for the next 2 years, we are planning INR150 crores of the capex. So just wanted to understand, like, this capex is going for a product which can be dual use, like the export and the domestic? Or it would be very specific in nature, like for the export country only?

S. Rangarajan: No, no. Building blocks is for the capabilities we build for many range of products, but it has to be customized for meeting specific requirement because finally the end product varies from person to person and market to market. The building blocks can be similar, but the customization engineering required will also be there. So whatever end products we are trying to build for the markets I foresee. We foresee in India, we try to build building blocks smart, which can get reused is what we're doing.

And the other one is INR150 crores of this -- is not just in development. A whole lot of capex is going to be also putting. We're building up another building and factory. That's also in place. It's already going on, and building has started. We need to -- we're also putting production infrastructure in case the contracts will become fructified and we get a production order. I should also have a capability to produce it in volumes. So we need to have space and infrastructure and test equipment.

So that is also in parallel going, because we are very confident that the orders will happen in the next year or so. A large order should come, and we should be ready to address and deliver on those contracts. So we are not waiting for the contract to come, we are investing in advance.

As advanced products, we are also doing investments in infrastructure. And that's not just INR150 crores. I think it will be substantially more than that. The kind of product roadmap we are trying to put in the last 6 to 8 months we have planned. It will probably involve a substantial investment. We can't talk about numbers presently.

We will take it to the Board and then get an approval before we can talk about how to make the -- then talk to the market. But this is a lot of thinking within our management to see that we do substantial investment in product development as well as infrastructure, which exceed the INR150 crores you're talking about.

Keyurkumar Vadaliya: And the second question is, so the satellite business that we have just mentioned on this call...

S. Rangarajan: Can you speak a bit louder, please?

Keyurkumar Vadaliya: Yes. So the satellite vertical that we have spoken of right now, so would it be like a downstream services or like a satellite manufacturing, or it would be both?

S. Rangarajan: We aim to develop the satellite and the payloads ourselves, launch it and get the experience of launch operation, and then look at address the market for similar satellite requirements in India and outside India. Where we will design the particular satellite as they want, manufacture it in-house.

So once it comes to a certain stage, we also plan to put in infrastructure for manufacturing multiple satellites in a year. So that also requires infrastructure. It takes time to build infrastructure. So we want to start ahead and start building on infrastructure as we go along.

There are enough markets. India is a good country to be in to address markets where it's not mass produced, but it is customized to end requirements. We have the engineering capability to address that, but at much lower cost than Western markets would do.

And we have a knowledge base which is prevalent within India. So we should tap on both to see that we invest in this market, build the products, get the lineage, heritage, and then address markets outside India and within India. This is the idea. So we'll do the full systems ourselves.

Moderator: Thank you. The next question is from the line of Neil Ostwal from PGIM India Asset Management.

Neil Ostwal: Hi Sir, Thanks for the opportunity. While you did mention that the execution cycle will differ across different programs, but if you can give us some better sense on whether a bulk of these would be executable over the next few months or large part of these is longer-term, let's say over a 2 to 3-year period from execution cycle standpoint.

S. Rangarajan: You're talking about the existing contracts or negotiated contracts?

Neil Ostwal: Current INR1,700 crores order book is what I'm talking about, sir.

S. Rangarajan: Yes. Some of them will be executed this year. Some will go to next year and year after next. And also, the same thing happens to the negotiated contracts, another INR900 crores you talked about. A few of them, a very little portion of that will get executed this year, but largely it'll go to year, and year after next. So, all of them cannot be executed this year, because the customer doesn't require them this year.

There are scheduled delivery times given by the customer. As per that, we will have to confirm to that. That is why I'm saying 20% to 25% revenue growth. If we are planning this, execute everything, then our revenue growth will be substantial.

Neil Ostwal: **Sure sir, sure sir. This is helpful. Thank you.**

Moderator: **Thank you.** The next question is from the line of Harshit Kapadia from Elara Capital, please go ahead.

Harshit Kapadia: Hi, Thanks for the opportunity and Congratulations for a good set of results, sir. Just one question from my side. Since the Government is now focusing on private sector, where they are giving larger integrated orders to private companies, and Data Patterns has largely worked with the PSU set of companies.

This transition, how do you look at? Is it -- or if you can share some example that where you have worked with a private sector. Is it easy to work with it? Are the PSUs better in terms of execution, in terms of even payments or how it is?

S. Rangarajan: Okay. First thing is it's not a transition, it's an add-on. We continue to work with our PSUs, they are our large customers today. We don't intend to replace this market. We continue to work with DRDO, address their requirements because they are very large, and new technology requirements is coming up in the country. And investments within DRDO and further contracts with PSUs also are there.

We will continue to look at our markets the way we are. But in continuation to that, in addition to that, is what the MoD tenders are coming. We need to address that tender because directly DRDO is not a DRDO-based tender. It is a global tender. So to address the Indian vendors in probably in cooperation with foreign OEMs. And that is a large part of the business.

We want to address the large part of the business. But there -- the difference is that we have to have the end product ourselves. Either you do it yourself or have a collaboration with a foreign OEM who has a product, and then offer it for trial here, go through the validation process and meet the indigenous content requirement, which comes as part of the tender.

So till now, what we are thinking is, we are trying to focus on areas of large business possibilities and large contracts with competency available in-house. We are expanding the competencies where there are grey areas to do the development in-house to see that the end product can be designed and built. Again like I was telling you earlier, we are trying to build a building block concept, so the reuse of the development models is available to reduce the development cost, and thereafter the risk of not coming in time for the program, for the trials, which is mandated

by the government. So this is all we are doing. This is an addition tool so that the scaling can happen. We don't want to be a INR1,000 crores company all along.

We want to make it much, much, much bigger. So, towards that, we're trying to build a next larger TAM, which is coming, which will come out of export as well as MoD businesses on full products. So, we are trying to you know, carve out certain areas where we have existing competency and we can address the current market requirements, and basing ourselves on the foundation already built. So that gives us the strength.

We are not really looking at building completely a new business, because that will take time to build. Yes, we are looking at optics today. We're trying to design our own things. We believe we have -- we can do the overall system engineering ourselves and all the software engineering necessary for imaging and things like that. Already we've done the 10 years of work in that.

Now we want to build the overall optical systems and optoelectronic systems. So certain areas of expansions we are doing, but largely on programs whatever we have existing knowledge base and make it current. Today's indigenous -- today's world-class systems we're trying to address and make the products similar to that.

Moderator: Thank you. Ladies and Gentlemen, in the interest of time you are requested to restrict your question to one per participant.

The next question is from the line of Akshay Jogani from Xponent Tribe. Please go ahead.

Akshay Jogani: Thank you for the opportunity, sir. And really appreciate the depth with which you explained the plans for the business. Sir, can you give some color or if you can give color on where BrahMos...

S. Rangarajan: I'm not able to hear you clearly. Can you come near the phone and talk, please?

Akshay Jogani: Yes. Is it better now?

S. Rangarajan: Yes.

Akshay Jogani: Yes. Thank you. Thank you for the opportunity, sir. And really appreciate the color you gave on where the development of products is heading. Sir, can you spend some time on helping us understand where the BrahMos seeker program is progressing? We've spoken about testing being complete and we are setting up the manufacturing line as well. So can you give us an update on when do we start manufacturing and how should we look at that business from a recurring order perspective?

S. Rangarajan: Again, answering the same question, we have not put the BrahMos as a negotiated contract. It is only in pipeline at the present moment because our seeker which we designed for BrahMos is undergoing qualification test. Only subsequent to finishing the qualification test, we expect that an inquiry can come for production orders, and then we start addressing production orders.

We hope we can do this in the next few months. This is our expectation. And also depending on how the customer reacts when they contract. We have no control over that. But we are keeping our end of the bargain to see as fast as possible we do this, so that we can get into production mode or the export production mode as early as possible.

So we are on the job. We've already bought some very expensive equipment which will be used by us during the production run. We need to build a production assembly line with all the stage test equipment and all that. We've not started investing in that at the present moment because we want to see that the contract happens.

We do not make custom lines, which will be done now, and it could get delayed usage. So we want to be very prudent in what we do. So let us finish the qualification, look at customer markets, and listen to them as to when they want the production order to happen and what timelines they want it to happen.

Based on which, we'll always set up a line. Since this can be done by us ourselves because we have the complete knowledge. Every design is done by us. The test systems, automated test equipment, customer test equipment is all designed in-house. We started Data patterns with that capability. So we have everything in-house.

So for us to put this together can be quite fast. And we can use the building blocks already done for the test equipment's. So, our engineering is going to be that much more easier for us to build it, and the timelines required is much smaller. Since everything is inhouse, we think we can address the requirement quite quickly. So this is where it is today. Until things become very clear, I may not be able to talk about it.

Moderator: Thank you. The next question is from the line of Ayush Sharma from Nirmal Bang Securities Private Limited. Please go ahead.

Ayush Sharma: Hello, sir. Am I audible?

S. Rangarajan: Yes.

Ayush Sharma: Sir, thank you for the opportunity. Sir, I just have one question that based on the current order book of around INR1,723 crores, if we based on your revenue guidance, are you expecting around 50% of the order book to be executed by FY27, sir? Is that -- I'm just trying to roughly calculate on my base, on my behalf, sir.

S. Rangarajan: Somewhere around that we need to execute in the next 2 quarters to achieve our guidance. So we plan to do that. Some more orders are expected. The products are already developed for those anticipated contracts. Components have been ordered for those things. That's also available. If some more orders comes up, which can be executed quickly, we need to include that also in case some delays are there in some of the existing programs. So we can compensate that to see the guidance are met. We're working both ends anyways.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we'll take the last question from Abhijeet Singh from Systematix. Please go ahead.

Abhijeet Singh: Yes, thank you for the opportunity, again. Sir, just wanted to understand our progress on counter-drones. I mean, you mentioned briefly that we have developed radars across the 3 functions of active, passive, and jamming. So when do we expect the tendering to happen and our participation in the tenders in the counter-drones?

S. Rangarajan: We're already participating in some tenders on Make II programs which will come now. We're also looking at working with large OEMs to give this part of the anti-drone capabilities on the vehicle platforms, which they are doing. So a number of activities we are doing in this area. The product come out well. I think we're meeting and exceeding all the specification which the customer wants. And we're trying to build a complete domain on anti-drone. We're also trying to build the electro-optics for the anti-drone.

We have already tested the car band that is 35-gigabit radar. We have tested single panel, multi-panel configurations of static and rotating radars for our X-band. So we have a smaller one, we have larger ones. So there are quite a few kind of building blocks which we have done, and the software is being validated now.

Once we test the complete capability, then we'll be in a position to actually customize based on requirement using our building blocks. Based on weight and distance, etcetera, we can do that. And similarly, the power amplifiers and the jamming we are doing. We are also doing extending the COMINT and decoding functions of the UV decoding in all of them. Continuous work is happening by very large teams to see that they address all of those opportunities.

I think the opportunities will happen as we go along. There are a few we are addressing now, and initial development orders we should get. Once we execute development orders, and that goes in the field and tested, the production order will happen a year from now or few later than that. But we have a number of these development contracts is what we're expecting. And these are all, once it's proven, these are going to be large contracts going ahead on a year-on-year basis. An annuity business which we're looking at, plus project business. Both we are looking at.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

S. Rangarajan: Thank you all for joining me in this call. I know it's a holiday. At least in South India it's a holiday. And we're working on holiday. Thank you for joining me on this call and the enthusiasm which you shown in the company. We know this quarter 2 has been muted with respect to expectations, but that is part and parcel of how the program runs. It's a yearly business which we are in, so we don't take too much cognizance in the quarter.

Yes, we would like to do a better quarter as we go along. The order book is reasonable. I believe we have capability to getting more orders as we go along. The third area which we are really excited about is new products we're developing. That's where the real business is. We believe

that that business can be substantively larger than what we are addressing today. And what you're seeing our revenue and the order book which you're seeing now, which is a smaller part of what we expect it to go as we go along.

We're building for large programs, large systems and program requirement being very large. We believe that if we are successful in a few of them, this will scale the company substantively in the coming years.

This is our intent, and we are building an organization to see that this is done. A lot of technology is being designed. A lot of infrastructure is being put inside in-house. So the complete product design and manufacturing is done in-house. And we can reduce the cost with this competition.

And what India is not doing is what we want to do, or India is importing is what we want to address. So towards that, there's a lot of activity happening, which presently is not showing the revenue model, but this is an investment model which we're doing in writing off most of the investment in as part of the revenue expenses, except whatever few projects we've taken up based on the QIP.

The rest is being actually developed, and they turn off as part of the revenue expenses. That's happening in quarter-to-quarter. It will happen as we go along. So, we believe that we have a large business, and we can scale it to a very large corporate as we go along. Thank you for listening to this call. And if there are any further questions, please send the questions to Go India Advisors. We'll be happy to address all your questions going ahead. Thank you very much.

Moderator: Thank you. On behalf of Go India Advisors LLP, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.