



“Data Patterns (India) Limited
Q3 & 9 Months FY '26 Earnings Conference Call”
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MODERATOR: **MS. MONALI JAIN – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Data Patterns (India) Limited Q3 FY '26 Earnings Call hosted by Go India Advisors. As a reminder, all participants' lines 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 the conference call, please signal an operator by pressing star, then zero on your touchstone telephone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Monali Jain from Go Advisors. Thank you, and over to you, ma'am.

Monali Jain: Good morning, everyone, and welcome to Data Patterns (India) Limited call to discuss the Q3 and 9 Months FY '26 Earnings. We have the senior management of the company on 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 to take us through the company's business outlook and financial highlights, subsequent to which we can open the floor for Q&A. Thank you, and over to you, sir.

S. Rangarajan: Thank you, Monali. Good morning, ladies and gentlemen, and thank you for joining us for the Q3 and 9 months FY '26 earnings call. I trust you had an opportunity to review our earnings presentation available on the stock exchanges and on our website.

FY '26 is shaping up to be a good year, in line with our expectations. Our order book has reached an all-time high of INR1,868 crores, largest in the history of Data Patterns, underscoring our strong execution capabilities, deep domain expertise and growing relevance within the defence ecosystem. Order inflows during 9 months FY '26 until date have remained healthy and well diversified across services and applications, reflecting increasing customer acceptance of our products and solutions.

Key wins during the period include large production and development orders for electronic warfare suites from ECIL and the Ministry of Defence, further strengthening our position in high-value mission-critical programs. Our export order book remains healthy at approximately INR63 crores, and export continue to evolve as an important pillar of our long-term growth strategy.

We are actively involved engaging with our customers across the international markets while strengthening our export-focused marketing and business development activities. We continue to execute regular business in the UK. and expect export momentum to improve further as our complete system offerings mature.

We believe this strong momentum is sustainable. The recent Union budget has also reinforced the government's long-term commitment to defence modernization and indigenization with a meaningful increase in capital procurement.

The sharp rise in allocations for other equipment, including radars, electronic warfare systems, missiles and advanced electronics clearly signals a focus on new age defence technologies. This aligns extremely well with Data Patterns' core strengths and long-term strategic direction, positioning us favorably for future growth.

Let me give you all a brief overview of financial performance. During Q3 FY '26, we delivered a strong quarter with revenue growing 48% year-on-year to INR170 crores, supported by improved execution across defence programs. On a 9-month basis, revenues increased 86% year-on-year to INR580 crores, reflecting a meaningful scale-up in defence-led execution.

EBITDA for the quarter stood at INR78 crores, up 44% year-on-year with EBITDA margins sustained at a healthy 44%. Profitability remained robust with PAT rising 31% year-on-year to INR58 crores, translating to a net profit margin of 34%. Overall, we are pleased with the quality, consistency and resilience of our earnings.

In addition, we are pursuing co-development activities with global defence majors, particularly in radar and electronic warfare domains. These partnerships are aimed at developing solutions not only for Indian defence requirements, but also for global markets, enabling us to leverage our competencies on a worldwide scale.

We're also engaging with Indian large corporates to build an Indian defence ecosystem. We have partnered with Bharat Forge to bid for the AMCA production and are one of the three shortlisted to get the RFP. We're also attempting to develop other electronic systems to strengthen the Indian content with Indian IP with Indian large corporates in line with the GOI stated objectives of Atmanirbhar besides providing a competitive edge to our partners.

We're actively involved in developing the smart cockpit and avionics systems for LCA Mark 2, which we believe will be adopted for AMCA. We're also offering the advanced sensors like infrared search and track and missile approach warning system for LCA Mark 2 in partnership with a European partner Made in India content. Strategically, Data Patterns is steadily transferring from a subsystem supplier to full systems and solution provider for the defence sector.

Our focus is not limited to any single platform or application. We're actively pursuing opportunities across radars, electronic warfare, avionics, seekers and other mission-critical defence electronics, and we selectively undertake strategic contracts that offer long-term relevance and scalability.

We continue to invest ahead to offer strategic systems with in-house IP, meeting user time lines, which will give us a competitive edge. Our internally funded development are advancing well and should be offered to the users in the coming years, which should scale our revenues. The

long-term goal is to scale revenue meaningfully over the next 3 years while maintaining high profitability, technological independence and selective global expansion.

Looking ahead with strong policy environment, rising defence allocations, increasing indigenization and a clear shift towards advanced electronics and systems, we believe Data Patterns is well-positioned to benefit from long-term defence spending. We remain committed to delivering 20% to 25% revenue growth over the medium term, maintaining healthy EBITDA margins and preserving our net debt-free balance sheet.

With that, I'll now request Venkata to take you through the financial performance in detail.

Venkata Subramanian: Thank you, sir, and good morning, everyone. I will take you through the key highlights of our financial performance for the quarter and 9 months ended December 31, 2025. Q3 FY '26 revenue stood at INR173 crores, registering a strong 48 percentage year-on-year growth, driven by improved execution across multiple defence programs.

Revenue for 9 months FY '26 increased sharply by 86 percentage year-on-year to INR580 crores, reflecting significant scale-up in operations and sustained execution momentum during the year. Production contributes highest to the revenues at 57 percentage, followed by development at 37 percentage.

EBITDA for Q3 FY '26 stood at INR78 crores, up 44 percentage year-on-year with EBITDA margins maintained at healthy 44 percentage, highlighting the strength of our operational model. For 9 months FY '26, EBITDA grew at 42 percentage year-on-year to INR178 crores, supported by favourable execution mix and operating leverage.

Net profit for Q3 FY '26 was INR58 crores, up 31 percentage year-on-year, translating into a net profit margin of approximately 34 percentage. PAT for 9 months '26 stood at INR133 crores, reflecting 23 percentage year-on-year growth despite quarterly variations in execution mix.

Gross margins remained strong during the quarter, reflecting the high-value nature of our product portfolio and strong in-house capabilities. Overall, profitability continues to remain healthy and resilient. Working capital remains well controlled, and we continue to focus on efficient execution and prudent capital management.

With a record order book, strong execution visibility and disciplined cost management, we remain confident of achieving the full year revenue and EBITDA margin guidance. That concludes the financial highlights from my side. Thank you.

Moderator: Thank you. Our first question comes from the line of Amit Dixit from Goldman Sachs. Please go ahead.

Amit Dixit: Congratulations for a good set of numbers. A couple of questions from my side. The first one is going back to the EBITDA margin. I mean, 46.5% is a number that no other radar electronics

company has achieved in the world possibly at this point in time. While you highlighted in the prepared remarks that it is on the account of favourable execution mix?

But what we see in the execution mix that there are -- avionics is coming, there is EW system. So, I mean, it's all about the -- our core platforms that are coming to fore that seems to be sustainable. So just wanted to understand that what kind of EBITDA margins do we expect given that these are your focus areas in the future as well?

S. Rangarajan:

See, EBITDA margins is a composite addition of various contracts executed during the quarter or the year. So, it will depend on the competitive scenario plus what products we are really doing and how much of it is designed by us and how much bought out is going to be there. What you see when the EBITDA margins are higher or the gross margin more importantly than EBITDA margin will be in products, which is completely designed in-house.

Why is that higher? Because the building blocks, which some of the companies import, even including large corporates outside India, then they build the overall system based on the building blocks which is imported or brought out. Whereas we actually design the building blocks work on our raw material cost and write-off the revenue expenses on the year of development as part of our P&L.

So, when this adds up and we use our own kind of building blocks into end systems, the gross margin goes up. But you need to keep in mind that we have done all the development and there's a cost attached to it. It's actually been written off. If we were to not do that, then the EBITDA margins will probably be much lower. So that is to answer this.

And then generally, we try and address markets based on our strength of products rather than compete in every area where we buy and sell or trade or integrate alone. We do not participate in such contracts. We participate to build IP and those contracts where there are a lot of Indian - - there are a lot of DP content, that is where we participate. So, largely, the EBITDA margin should be similar to what we've been presenting till date.

Of course, there will be changes because some of the systems, there has to be integrated -- integration happens and like trucks that we brought in and things like that on a system level. In those contracts, the EBITDA margins or the gross margin comes down. And consequently, the EBITDA margin comes down.

I hope I answered your question. It's not a straight answer because the EBITDA margin is a mix of so many things as part of the execution of various kind of contracts we take up.

Amit Dixit:

Quite clear, sir. The second question is essentially on exports. Now looking at the current EU India FTA and the possibility of some of the big bang deal happening, particularly on Rafale. I mean -- and there could be some reciprocal element to it. While I don't want to go into that, the point is that we have made a good foothold in export market now with PAR and all and export revenue is 9.6% in this quarter?

So just wanted to get a sense on what all products we are kind of seeing a good traction in the export market and how this EU India FTA is going to help us. So, from an overall perspective, from a macro sense, if you can give us some picture on that, sir?

S. Rangarajan:

The opportunities are fairly large in the world market today. Earlier, India used to be a low-cost country of sourcing for the world market. And -- but what we have done, what we are doing is actually IP-driven products. So, there's a shift in what we do and what typically is imported, especially in the defence scenario.

But of rate because the spend in the European market is going to go up due to the geopolitical environment, I think there's an opportunity for us, companies like us who have strong IP-driven product development capabilities to participate and address some of the needs where they will be spending.

We need to do a lot more work in the export market, go meet people, talk to them, invite them here. All this has to happen. So, we've already started doing this before the FTA was signed, and there has been some considerable traction with a few companies, and they've shown a lot of interest in what we're doing to see whether this can be deployed or used or modified for their requirements in their avionics and other areas of operation.

We've started getting RFPs from them. And hopefully, this will all turn out to contracts going ahead. So, we need to -- these are early days. We need to actually do a lot more work in the export market, put a team together and drive the export market on a consistent basis to see that 2, 3 years down the line, we have a steady business, which can scale.

We have competitive advantages in terms of competencies, which is world-class. Second, our cost of development is far lower than the cost of development in Europe. Third, since everything is done in-house, more than what the large corporates do because they rely on a lot of contracts to do it. We're able to bring an economies of scale and cost to them.

Fourth, the time frame which we can deliver, they are just astonished that we can deliver these things in a time frame which they never imagined is possible. And they like that especially because they have a need and the need has to be addressed and they're not able to actually deliver to their customers for a few years, and we bring in that additional strength to see that deliveries can happen early.

On top of that, we are also willing to co-invest in some of the product development, which can be used worldwide. This is also of interest to them. And since we have raised money and we have money in our kitty, we can co-invest and not just looking at Indian markets, but also world market as we go along.

So, there's a multipronged strategy on exports, which we need to formalize and we are thinking about it, put a team behind it and start this activity probably next year early to see that some traction happens and export is possible. We are also attempting to do some similar things in the US markets.

Now the trade agreement in the US is also done. The duty structures have come down. So I think we should be able to get some early wins and all this. It will take some time because it will be early wins for where they get used to our culture, our quality process, etcetera, etcetera, because these are all certified programs. And once the confidence comes, I think the scale can happen much faster than what we can do in India.

So, we are seizing the opportunities. We understand it. We are very excited about the opportunities is happening. And especially fits our kind of development capability we have done about 1,100 engineers, recruiting another 150 this year. So, we are building a competency skill, which will be useful in these areas. Earlier the opportunities were not there. The opportunity is opening up now. I hope we are able to address the opportunities satisfactorily and grow the business.

Moderator: Our next question comes from the line of Hardik Rawat from IIFL Capital. Please go ahead.

Hardik Rawat: Many, many congratulations to the management team on a robust quarter and healthy growth and inflows. Sir, my first question is with regards to the inflows themselves. So, the PPT and the press release mentioned that orders negotiated, which are not awarded as on date stands at about INR11 billion?

Just wanted to understand by when do you expect these orders to be received? And what could be the broader mix between development and production within this? Any large orders that you'd like to highlight, which is the orders that are negotiated?

S. Rangarajan: I think these contracts should happen in the next 1 to 2 months' time because these are only document work which has to be done in time. So, I think next 1 to 2 months' time, we should get converted into contracts. This consists of a large portfolio of products. some in the development area. But again, like I said in an earlier question, we have taken a contract, which is in the core competency area of Data Patterns.

So, it is more of redesigning what has already been designed for a different application, airborne application. That is one of the larger orders we have got, which is -- which we should getting a signing. And it's in line with our competencies. That's all I can say at this point. I don't want to get into the exact nature of the contract. I think once the contract comes, we'll be able to discuss more in detail.

Hardik Rawat: Fair enough, sir. And with these orders coming in, we could possibly be looking at an order book of about INR18 billion to INR19 billion whenever they come, which will be very sizable. And like it was mentioned in the PPT, the highest ever for us. What would be the execution cycle, so to speak, for this order book?

S. Rangarajan: Again, it varies. There are service orders as part of the contract, AMCA, etcetera, which will be done over the many years. The order deliveries itself, some can be delivered next year, some year after next, etcetera. Again, it depends on the contract. There are multiple clutch of contracts, which add up to this INR1,800 crores. So very difficult to say exactly.

I've not done the arithmetic to see that. We will be doing it now. But these are not the only orders. We also expect to sign more contracts in the next 2 to 3 months' time, probably another INR500 crores, INR600 crores of contracts, which can get signed. And during the course of next year, we're also looking at a number of single contracts based on what has already been designed and developed, but also is expected.

So, the order book is expected to grow, and we are trying to see whether advanced action on design, advanced action on production can happen so that we can scale the business substantively in the next coming years.

Hardik Rawat: Fair enough, sir. My last question would be with regards to the working capital cycle; you mentioned in your opening remarks that it's been fairly contained. Could you please put a number on that? And in addition to that, our cash on hand is at the lowest in the last eight to nine quarters. Could you also please delve a bit into what kind of receivable cycles you're looking at within that end of this cycle?

S. Rangarajan: Can you repeat the first question? I couldn't understand it.

Hardik Rawat: Yes. Sir, you mentioned that working capital has been largely contained. If you could put some number to that as to what kind of working capital days you're looking at? And secondly, our cash balance is at one of the lowest levels in the last eight quarters. How are you seeing the situation? And do you expect some large receivables that are sort of materializing in the near future?

S. Rangarajan: I'll answer the second part of the question. Venkata will answer the first part. The debtor situation has been extended, but we are expecting all the cash to come in the next 3 to 4 months' time. And that will again take care of the cash on hand situation you talked about. There are some large development contracts we have taken in the last year and year before last, and they are in the final stage of acceptance to the customers on integration. And once that is done, we expect the money to come in.

These are large value money, which will be coming in, which will recharge our cash battery. So that is going to happen in the next 2, 3 months' time, a maximum of 4 months' time, I think we collect all the money. So, this is one. The other one regarding working capital, I think Venkata will answer this question.

Venkata Subramanian: Yes. See, working capital, it was around 428 days in March. It has come down to -- we have not published the balance sheet numbers for December. But internally, it has come down to 340 days. And we expect it will be remaining at the same level by March end also. But going forward, once all the collections happen, it will improve.

And as we have been mentioning in our earlier calls also, over next probably some three to five years' time, it will gradually come down to 270 to maybe 300 days. That is the working capital cycle that we are expecting in -- it is in line with our expectations only.

Collections on development contracts is getting delayed, but the production contracts, we are able to collect it faster. So, we expect maybe around 270 to 300 days of working capital cycle going forward, sir.

S. Rangarajan:

And we also get advance against all these contracts help us. So, the net borrowing from banks is actually zero. We only work on bank guarantees. Non-fund limits is what we're working on. That is also the second point. Third is we obtained very large development contracts last couple of years. And all of them have a very high potential of multiple times getting into production orders, which can be a few thousand crores each.

So, we have selectively participated in programs. So, it will give us long-term gain on a large scale, which is what the company is actually working towards, the whole organization working towards scaling up the technology. So, it's in line with what we're expecting. And the working capital is going to be large, and it is larger than because of development contracts.

Moderator:

The next question comes from the line of Dipen Vakil from Phillip Capital. Please go ahead.

Dipen Vakil:

Congratulations on a healthy execution. Sir, my first question is relating to the order inflow. So, sir, we usually mentioned that our order pipeline is close to around INR20 billion to INR30 billion in the next 18 to 24 months. And considering that we are looking at a strong order wins in fourth quarter, would you like to update on the order inflow guidance going ahead as well as to what we are seeing, especially one is overall order inflow and another is on the recurring side of what kind of recurring orders can we expect going ahead?

S. Rangarajan:

I won't comment on the recurring orders, but I can comment on the order pipeline. Products we develop now, we can expect another \$2 billion to \$3 billion of order pipeline and capability. Matter of fact, in a couple of years, I think it should go much beyond that if what we think won't happen. Of course, we have no control over the market and the timing of when the contracts come because the government, all my business is government.

But the products we have developed and how it's been appreciated by the customers and the quality and the reliability of the products and the advanced nature of technology, which is deployed in the products, the requirements which we have quoted against and got the development contracts are all large value contracts going ahead and multiple systems are required across India.

So, if this fructifies, our order book situation should scale up multiple X times in the next couple of years or 3 years' time is what we expect. We've been driving the product development activities towards scaling substantive revenues, and we are on track at the present moment. We're still work in process because the orders have not come. The repeat products have been delivered, but we should -- it should -- in our minds, it should turn out to be large contracts going ahead. This is one.

Second is with our initiation into export markets also, we believe that this also should take off and start giving us some -- in a repetitive business you talked about, probably another couple of

years down the line, both in civil aviation as well as defence equipment. We are working on both sides with a few companies. If we can scale up the number of organization and get the initial dive-ins and initial products inside. I think the next 2, 3 years, we will probably get repetitive business outside India.

Here in India, mostly it's project-based. So, we're not able to predict repetitiveness. Though we get into AMCA program and LCA and some helicopter programs and all of them. There is plagued by delays on deliveries from our ASEAN customers. But our product deliveries also get delayed, acceptance get delayed. But in the mature market, where there is a need, there is a predictable business is what we expect.

Whatever orders we're getting from UK, it's a predictable business. They give you a long-term order, which is monthly deliveries. We want the part portion of our turnover to at least be that so that we can tabularize these, these ups and downs or unpredictability in the market. We would like to do that. Strategically, I think that is necessary. So, we're working on both ends of the spectrum to see that we don't miss out on opportunities in India.

We are also bringing some repetitive business in the hot markets. We're working on both. It takes a bit of time because these are opened out just now to us, and we have to focus -- we've been looking in India all through our life. Now our focus is also shifting to out of India along with the concentration in India. So, we are aware of the opportunities and are aware of how to scale this business and guided by our Board. I think we are on the right track, and we're very excited about the opportunities lying ahead.

Dipen Vakil:

Got it, sir. Sir, that's very encouraging. Sir, my second question is on the Brahmos side of it. So, in this year also, major order received, we are looking at missiles from Brahmos. So, is it like a new product? And any update on the seeker trials that were ongoing from Brahmos?

S. Rangarajan:

We've completed the seeker trials. We've got a development contract with marginal differences, which go into production orders. We'll be delivering it in the next 1 or 2 months' time ahead of schedule. And I think we've done a good job in the product development. It's a reliable product. Once that is done, we expect Brahmos to give us -- start getting the production orders.

We've also gone ahead and ordered the equipment for production testing. So that will be arriving in the next 3, 4 months. So, we can set up a line for series production with month-to-month deliveries will happen starting '26, '27. And this is one area we have done.

Second is on other than Brahmos, we've also done a missile-to-missile higher band seeker. That is also in the advanced stage of delivery, development and delivery. We expect some repeat contracts there. We want to focus on this kind of seeker capabilities with other OEMs to see whether we can use this for other OEMs or modify it for other requirements also.

So, seeker should start -- we can't put a time line. But what we hear is it should start by this year onwards, this calendar year, that is financial year '26-27, we should start getting production orders.

- Dipen Vakil:** Got it, sir. Sir, congratulations on the Brahmos order. It was a long-awaited one. I'll fall back on the queue for further questions. Thank you and all the best.
- Moderator:** The next question comes from the line of Shirom Kapur from Jefferies Group. Please go ahead.
- Shirom Kapur:** I just want to ask on your order flow. So, last quarter, you mentioned in your press release that you had about INR550 crores worth of orders negotiated, but yet to be received. This quarter, our order flow was about INR240 crores. So -- and you've also mentioned you have about INR1,100 crores worth of orders negotiated and completed. So, just wondering, INR300 crores from that last quarter's number has spilled over and as part of the negotiated orders? And that's first clarification. Could you give that?
- S. Rangarajan:** Actually, I've not done this calculation the way you're asking. Maybe you can write to Go India and we can write back to you. I'll do the -- let me look at the order what I told last quarter and this quarter and see whether there's an overlap or already it's been received. Let me do this exercise and get back to you.
- Shirom Kapur:** Sure. No problem. And just on the time lines of these orders, so you mentioned INR1,100 crores you're expecting this in the next 1, 2 months. And the other -- in your presentation, you've also mentioned another INR500 crores on top of this, right, which could also come this quarter. So, are we expecting around INR1,600 crores worth of orders this quarter itself? Or could some spill over to next year? Just wondering on time lines?
- S. Rangarajan:** It should happen this quarter.
- Moderator:** The next question comes from the line of Aman Soni from Nvest Analytics Advisory LLP. Please go ahead.
- Aman Soni:** Sir, most of my questions are answered. Just one clarification on this industry-wide shipbuilding capex happening over the next few years. So how does management assess the addressable opportunity here? Like any of our product categories falling into that opportunity, sir?
- S. Rangarajan:** We've not actually addressed the shipbuilding as such. We work on equipment, and we've not done any development on the platform management system or things like that bridge management system. So many other things on the ship. They've been -- traditionally, they have been importing and there are companies who actually focused on it for many years.
- We've been actually working on sensors quite a lot. and we've not done so many work on that. What we are trying to do is almost upgrades for Navy. We're trying to offer our electronic offer suites, some of the radars, etcetera, and see whether those opportunities can be addressed. Presently, we are engaged in this kind of line of things. We have not actually looked at new shipbuildings.
- We have, of course, made some offers, but we've not got the contracts though we're lower scored, for example, in TACAN and something which goes into ships, tactical air navigation systems,

things like that. We have products for these kinds of things. We have not yet got orders. So, we may probably have to pursue such contracts. But at the present moment, we don't have anything which we can say is going to give us a regular return.

Aman Soni:

Understood, sir. And secondly, on the export part, you are very bullish on export as export will provide better revenue visibility as well as you mentioned to one of the participants. So, going ahead, like currently, it is 9%, 10% of our revenue in this quarter. Over the years, how much percentage of exports do you expect to the overall top line?

S. Rangarajan:

Very difficult to answer this question presently. What's happening is our Indian revenue model is increasing year-to-year, and there going to be substantial increase is going to happen in the next 2, 3 years' time. So, I don't think the export will keep in pace with that kind of increased revenue in the domestic markets. The focus is in Indian domestic markets.

But we do, over a period of time, maybe 3 years down the line, we will have to build an export business, which is sizable. Then we can talk about numbers, which is meaningful. Today, it's very difficult to talk about this.

But to answer the other question on the shipbuilding, shipbuilding not there, we're also working with some foreign companies to see whether we can do Indian content for modernization of gun control, radars,IRST, that is, infrared search and track, etcetera, which are modern sensors and fighting equipment necessary and our ships have got old equipment and the requirement to modernize these kinds of ships.

The advantage is that if you get in, of course, it takes time to prove the system on the ship and then get the inquiries and it's a two-year kind of time frame or maybe more. Once you get in, there will be a number of ships which needs upgradation that give you a regular business year-on-year. So, we're working on some kind of programs like this where a lot of Indian IP is there, but we don't have all the applications in various areas for which we get partners.

The application orientation they have, we will use to manufacture in India, but the main part will be designed by us in India. So, the IP content is still retained. And that will be based on our core competency already developed. So, we are addressing the market in different ways. I have not projected all this. These are all potential business, but not projected because we are not sure when it will happen or the size of business will happen, we're not sure.

But like this, we are attempting a number of programs, which can come out of a core competency, which is being product competence built by us and can be used in various kinds of platforms. That is why in the opening remarks, I said we are not platform specific. We can do a number of platforms.

The capabilities are IP generated can go to very many platforms. We have to go through the end, go through the process certifications, qualification, install the systems and see where it goes to bring in scale, which is what we want.

- Aman Soni:** Got it, sir. And one last thing.
- Moderator:** I'm sorry to interrupt, Aman. Those were your two questions. I request you to fall back into the queue. Thank you. The next question comes from the line of Jyoti Gupta from Nirmal Bang Securities.
- Jyoti Gupta:** It is not Jyoti Gaur, it's Jyoti Gupta. Good morning, sir. Thank you for the opportunity. I wish you swift recovery and great health. And great set of numbers. One, just wanted to ask this sudden increase in your revenue, any specific orders that have been delivered, if you can elaborate? And second is, what is the status on fire control radars? Do you expect any orders coming through in the next couple of quarters? Or what is the status that you anticipate in the future?
- S. Rangarajan:** Answer your first question, it's not sudden orders. There have been delays in getting the orders. It's got delayed very badly. We expect it to happen much earlier because of some process, which got delayed, launched up now. So, we -- it's not nothing sudden. It all started work 2 years back for all these contracts. We suddenly we don't get orders like this because it's -- so this is not sudden. Second is the flight control radars are still in development stage.
- It's going to take some time before this can realize order potential. So, we've taken money for QIP money to invest in large development activities, which can give business of around INR15,000 crores to INR20,000 crores of potential revenue. One is the flight control radar. Second is the modern EW suite, which includes the jammers PODs and the radar warning receiver and other subsystems. All of this are considerably designed by us.
- Matter of fact, as we speak, the users are in our office actually testing some of the products, we're demonstrating the products, which has already been designed. So, these are all on track, but it will take time. But what happens is, when we're talking about order book, which requirements more than INR10,000 crores. That is why the development cycles are also going to be long, but we have to certify it in the air, putting it in a Sukhoi-30 etc., etc.
- So, this will all happen over the next 2, 3 years' time. But in the next 2, 3 years, we have to continue with what we're doing, see the order book scales, the revenue scales and we meet market expectations and our own ambitions to be a large corporate. So this is the path in which you're going. You're building products for maybe four, five years down the line, which will come into large orders. So, we have a medium-term, short-term kind of targets and a medium-term target and a long-term target.
- We're trying to see how to address all of them based on and build products. The important thing is build products. India is bereft of products because we always importing products. So, we want to build products in India, increase the total addressable market and then compete. There's no point in my saying INR3 lakh crores is going to be spent in India on defence capex because we cannot address those INR3 lakh crores.

So, we have to look at more what is addressable by us and the addressable market has to be increased so that we have a percentage game in this, which can be competitive, capability, etcetera, etcetera, whatever we need to do, how to address the market. And be ahead that we head a modern worldwide systems -- so the attempt is to try to increase our TAM, and that's what we're trying to do with products.

But if we need products, which is world-class and highly reliable. So, the focus is developing such products and is to radar on such products. We're also seeing that with the international companies coming in, they are also excited with some of the products we're doing. And they also have some comparisons.

So, we look at their upsell and upgrade programs also, and redesign the products already designed by us for India suit the end customer requirements. That also we are on the job, which is also on the same core competencies, we build multiple solutions, which can also help us reduce risk and also give a repeatable business going ahead.

Moderator: The next question comes from the line of Sucrit Patil from Eyesight Fintrade. Please go ahead.

Sucrit Patil: My first question is, looking ahead, how do you see Data Patterns balancing between expanding its order book, ensuring timely execution of defence projects and maintaining profitability. As the defence electronics space evolves with newer opportunities and customer requirements, what will guide your decision-making process on where to place the strongest focus in the coming years? That's my first question. I'll ask my second question after this. Thank you.

S. Rangarajan: It's a bit not very clear question. Can you put it in fewer words, so that I can answer the question. Because you talked about defence and modern electronics and reliability and all that. This is what we're doing already, but I don't understand...

Sucrit Patil: Yes. I'll just rephrase it. I want to understand how you decide where -- I want to understand how do you decide when growth through new orders should be in the top of the list or when execution, discipline or margin protection becomes more important. Basically, what is the thought process behind shifting focus as the conditions change?

S. Rangarajan: We are very clear about contracts which we pursue. We want to build a profitable company. We are not going to be going after revenue business. It has to be a bottom line-driven business. We're very, very clear about it. We've always been doing that. It has to be IP driven. It has to differentiate, and it has to allow us to build more products because without bottom line, we won't have the money to build additional product and scale the company.

Yes, it's a longer, harder work. There is no easy way to it. But over the past 30-odd years, we've been doing that. And now that the foundations are built and deep skills and product capability has been built within the company and infrastructure built, we don't see why we should change this to suddenly go into revenue business model and see that growth happens for revenue business at the cost of bottom line. We think that is not the right thing to do, especially for the DNA of our company. This is one.

Second is the opportunity in India is scaling up substantively. And that scale-up is happening and looking at Make in India as a mandatory requirement. I think it supports the way we have been thinking about Make in India. Matter of fact, the last 20-odd years, if you come to your office and exhibitions of ours, we always -- bottom line made it in India with pride.

So, we take pride on our products. So, because we take pride in our products, it's a reflection of what we are. We believe it has to be world-class. It has to be reliable. It has to be standard. So, we try to attempt quality standards to that extent and go by it. We continue to go with the same DNA and our approach. We're not going to change that approach. And this approach is going to give us huge benefits going ahead.

So how do I scale the business? It is going to be only bottom line. We quote or invest in products where there is large market available and the gaps are there. in the scenario of Indian markets, there are gaps which is filled by others and probably filled by foreign company OEMs, international OEMs.

We try to address those gaps and try to replace those gaps with Indian products at a much lower cost and also see that we have it customized to the customer requirements much faster ahead of time and the support, which is going to be obviously much, much better designed and made in India. We give you long-term support, and we invest ahead to see that the products are available when the customer requires.

Yes, we take a risk for doing such things. But we want to differentiate ourselves from others. We build the products, and we are incrementally building the products with core IPs. So our risk in that way is also protected or not very high. So, this is our DNA, and this is how we want to continue to do business.

And I think that we have the right TAM at the right place, not only for Indian context, but also international context. So, we don't have exposure to international business. We will make attempts to see that our presence is there and we start slowly scaling to international business also. But the Indian focus is going to be the way we are. I think the scale is going to happen by itself, and we are in the right track with the right products, and I think scale will happen.

Moderator: The next question comes from the line of Santhosh from ithoughtPMS. Please go ahead.

Santhosh: Congratulations to a great set of numbers. I just have a couple of questions. You did mention the TAM of about INR15,000 crores to INR20,000 crores. What is the TAM from that? And where do you see those orders flow in terms of timelines?

S. Rangarajan: I didn't understand the first part. The second part, time lines is probably another three to five years. What is the first part?

Santhosh: Okay. So, what you mentioned the TAM is INR15,000 crores to INR20,000 crores. And what is the serviceable addressable market from that?

S. Rangarajan: When I say addressable market, TAM is addressable market INR15,000 crores to INR20,000 crores or much beyond that. If you take variants of what we develop for other programs outside India, it will probably go more than INR20,000 crores. So that's the reason we're putting deep money and the larger development cycles seems that we address the market with a product which is not available in India.

Moderator: The next question comes from the line of Vikas Desai from Serene Alpha Analytics LLP. Please go ahead.

Vikas Desai: I want to understand from you, although you addressed this question related to this to the earlier participants. On the current competitive landscape, particularly on our product category, I am seeing many players are now speaking about radar and EW space spending on the R&D and the product development?

I agree that we are ahead in this journey. But going ahead, if the competitive intensity drives and ultimately, it is a tender-driven business. So how do you see in the terms of protecting our margins in the medium to long-term, sir?

S. Rangarajan: We need to differentiate ourselves from competition. That's the only way we will get differential treatment. That's one. Second is though there are a number of companies talking radars and EW and all that. We are not developing all the portions of the radars. There still has to be a collaboration or a number of companies have to do these parts to build a system.

That also makes it more complex to build a complete system and offer as a system without contract. It has to be more as to tender driven and component or subsystem driven where they become lowest quote in each of the subsystems and then try to get the parts. That doesn't give you a flavour and a competency to build the entire system.

We went through this exercise about 15, 18 years back and decided that this is not going to scale the business. So, we need to build IP and build all parts of the system. So, it's taken us time to build it to get reliability and build a competency. So, we are now here with what we are. Yes, competition is nimble and capable and they will catch up or we will probably be even better than us. But we need to see what the landscape is and how we're doing it and address the landscape and see what we're doing there.

But we want to get the early buy-ins. Once early buy-ins come, a number of years, the contract is protected. So, we will look at opportunities like this, get an early buy-in and see how we remain ahead of the game. This is what we need to do. We have to be watchful, build competencies, which is differentiated and address the customer requirements better than others and be competitive.

So, coming on to the bottom line, the bottom line is the last portion which I look at today because I can compete in almost all contracts in DRDO today. We can do everything in electronics what DRDO wants. So, we don't do this because for the exact reason what you said, there are a number of other competitors and subsystem vendors who want to go for their business to get a handle in

those areas. We don't want to prove ourselves again and get a handle and go the path and put our efficiencies and our bandwidth in such programs. I'd rather focus on bandwidth and build end products can scale substantively going ahead.

So, we differentiate the contracts. We choose contracts what we want to build on and try to go after contracts which we think we want to do and be competitive there. So, it's a question of strategy, how we want to scale the business. And we are clear about what we want to do and look at opportunities individually, look at whether it is going to be strategic to our thought process of growth or it is going to be one of those systems where we will be only L1 to keep our engineers engaged.

We don't want to keep our engineers engaged at this moment. They are all engaged. They will be working 7 days a week. So, we will differentiate based on the nature of tenders/opportunities. In the meantime, we'll build without tenders, we'll build our own products, be ready for future orders as and when it happens. We believe it will happen.

Moderator: The next question comes from the line of Aman Vij from Astute Investment Management.

Aman Vij: Yes, sir. So, my question was on the seeker side. So, when we talk about INR1,500 Crore kind of order expected in next Quarter, we are not including the seeker production orders, right? That production order will be after that, that is one clarification I want. And the question is also on the...

Moderator: I am sorry to interrupt. Aman, you are not quite audible. If you could change your location.

Aman Vij: Yes. Is this better?

Moderator: Much better. Go ahead.

Aman Vij: Yes. So, my question was on the seeker business. So, when we talk about 15 billion kinds of order inflow for quarter 4, we are not including the seeker production orders. Is the understanding correct? That is the clarification I want.

And the question is also on the production line we are setting up. So, you talked about other than Brahmos also, we are looking at other seekers. So, we are setting up like maybe 15, 20 seekers a month line or smaller or a bigger line? That is on the seeker side question, sir.

And one final question on Sukhoi upgrade also. So given we are doing pods and other things. So, is it safe to assume, including everything, it's like maybe a INR300 crores per plane opportunity for us? These are the two questions.

S. Rangarajan: The seeker business production order is not included in the next few months order book. So that is not included point -- question number one. Question number two is there is no requirement for 20 seeker a month on the recent contracts. We won't put infrastructure to do that. We have infrastructure plan to address customer requirements and deliver ahead.

But as and when the requirements go up, we can scale up our infrastructure quite quickly since everything is designed by us, even the test equipment is designed by us, we can have -- anything can be scaled up quite quickly. And we have the infrastructure done. We're also putting up additional factory, which is going to come up in the next one to 2 years' time with a large space available for production as well as design.

So, we are continuously investing in infrastructure. capex to see that we are ahead of the game, delivering ahead of the game, so that we continuously doing. This is the first part of the seeker business, which you talked about.

And the second part you talked about is Sukhoi-30 upgrades. I don't think at the present moment, we're looking at INR300 crores because see, these are upgrade programs and there's no contracts. We're actually going -- building the products, going to certifications and immediately directly on 100 kind of seekers, 250 seeker, 250 Sukhoi-30s. I don't expect government to place orders for all of them one shot at INR300 crores per aircraft to an organization like ours.

So, initial contracts, which has come to HAL is about 84 aircraft and the value is anyway published. We're trying to see whether some part of it can be done with pods and what you talked about. And as and when our content on the things go up because it's not very simple to get content on aircraft because we are a private sector and information on HAL would like to do a lot of themselves. But it's going to be very difficult to get their content as we go up.

So, we are taking an opportunity where gaps are available, address the gaps. And we see when the confidence of the user builds up, we can get more content, then increase our scale for aircraft. This is what we're doing. Other than that, pods, separate inquiries are going to come for 100 pods, etcetera, sets.

So that is separately also happening other than the 84 is cleared for HAL. So, we look at opportunities and then we'll be able to say what kind of numbers we can put inside. Present moment, it's definitely not INR300 crores.

Moderator: The next question comes from the line of Jayakanth Kasthuri from Bandhan Alternates. Please go ahead.

Jayakanth Kasthuri: Good set of numbers. Sir, I remember in -- just a while back, you talked about the civilian side, especially with now that we have seen news coming in from HAL, now apart from the fighter aircraft, they are now considering on the civilian side of the aircraft. So, what kind of opportunities do you see in that -- in terms of some electronic products? And what is the kind of addressable market do you see in coming 2 to 3 years?

S. Rangarajan: It's very early stage, Jayakanth. We can't comment on it now. We're exploring opportunities and trying to work with one or two OEMs to see whether we can do some products for them. It will take some more time, maybe a 1 or 2 years or 3 years, 4 years before a predictable revenue model can be told to the market and investors. These are all exploratory kind of business that you're doing.

The intent is to get into civil markets because volumes are much, much larger than defence, and it's a month-on-month capability. And once we bring in the requirements, scaling can happen quite quickly in a very large scale because the numbers are very, very large. And also cash flows are very different. So, as part of business initiative, it is necessarily a mandatory to see that we scale in these areas. So, we are doing some exploratory work in this, but not to give you any data at the present moment.

Moderator: The next question comes from the line of Vishal Seth, an Individual Investor. Please go ahead.

Vishal Seth: This is regarding the Uttam AESA radar, which is developed by LRDE. My question is whether this Uttam AESA radar has data pattern's role to play in it? And is it a competing product or a complementary one to our existing product line?

S. Rangarajan: At the present moment, what Uttam you're talking about, we don't have a role to play in that. So, it's a very similar product we have designed. And we're looking at partnership with DRDO or LRDE to see whether we work with our radar as against working only Uttam as a second alternative.

We don't know how it goes. If it doesn't happen, we go alone and try to build the radar directly for airports. Both options are open. It depends on how the alignments take place. But presently, we don't do anything in Uttam.

Moderator: The next question comes from the line of Nishant Chowhan from Geojit Financial Services. Please go ahead.

Nishant Chowhan: Earlier, you mentioned something about AMCA that we've been shortlisted for the next round. So sir, any time lines to watch in terms of what happens next and how far are we from the prototyping stage and everything? And related question would be, should one completely ignore the scope of HAL to this program as of now?

S. Rangarajan: This is what is published I'm talking about. I'm as knowledgeable as you are because they have not told us anything. Maybe Bharat Forge will know a bit more than us. But regarding HAL participant, I think they've not been selected, down selected to the three to receive RFP what I hear.

Regarding time lines, what ADA is saying is 3 to 6 months, the contract will get placed. We have to go by what they say. I have no inside information to say anything different. And then the program is on, whoever gets the contract, program is on. The details of the program, the RFP details is not yet published. So, we are not at liberty to say anything as a present, even if they are published, we'll be signing an NDA, so I won't be able to talk about it.

Moderator: The next question comes from the line of Akshay Jogani from Xponent Tribe. Please go ahead.

Akshay Jogani: Congratulations on a great set of numbers. Sir, I wanted to continue on the Brahmos seeker. Every year what we hear from the, what we see on the internet is that we make about 100-odd

missiles and we increase the capacity to 150. Assuming that we are -- we increase the capacity, the seeker requirement would then also be 150?

What is our sense of the share of wallet that we get? Do we think we can get all of the 150 to make in the -- as we get the production orders? Or do we think it will be like half of it? And hence, what is the kind of capacity you are currently working with that you want to add?

S. Rangarajan:

I'm not -- first, I don't have knowledge on how many of the missile actually get fitted with seekers. That based on the contract from customer to Brahmos. And we are not privy to such information. What I can say is the inquiry comes to us, what the order comes to us, we can only talk about it. And here, say on the scale.

What I hear is that the requirements are large because it's successful missile and they are planning to buy more of them and some more are being exported also. So, we need to go with whatever they say, and I have to go with what RFP I get and contract I get. I can't talk about work share between us and somebody else because I don't have any idea really what it is. We will be able to tell you what we get orders. And what we hear is that the requirements are large. That's the present extent of my knowledge.

Moderator:

Thank you. Ladies and gentlemen, due to time constraints, that would be the last question for today. I would now like to hand the conference over to the management for their closing remarks.

S. Rangarajan:

Thank you all. Thank you for tuning in for the Q3 9-month presentation call with investors. As we've been saying during the question-and-answer session also, we are very committed to building scale in this business. The requirements are large. The government is giving us a lot of opportunities. And largely, India is still importing very major sensors and technology products and systems.

We want to address that portion of the business and see what is it we can do in India and how the IP can be more and the Indian content can be more. Our government also says that a large portion of this is to be made Indian made. So that will also enthruse us to see that we invest more. Obviously, investment and development will happen when the contracts happen business happens.

I'm happy to say that the business, whatever we designed in the last couple of years, coming -- getting into the end stage where we expect some very large contracts to happen in the next 1 to 2 years' time, which can rapidly scale up the company's business. Once we do that, I think we'll be in a different scale to probably address larger markets as we going ahead. We're also looking at not just India, like I said, we also look at export, and we give a 3- to 5-year kind of horizon to see how to scale that business model and go.

The third portion is also building Indian ecosystem with the large defence contractors in India to see whether partnerships can be done forged. It's not easy, but we're going to make an attempt. We've started with Bharat Forge. Let us see what we get out of this. It's all, of course, long-term,

it's not going to be short term. But any development in defence is a long-term program. But this will build the foundation to scale up later.

As far as the short and medium term, I think the order book is scaling up very nicely. We will scale up the order book in the coming year also, which will also give us that whatever projection we want to do multiplex the turnover, which we did last year for this year, we should be able to start doing in the next 3 years' time. So, this, we will work on and look at other opportunity how to scale the business to be a large corporate in the next 5 to 7 years. That is our ambition and vision.

And this all will come out of internally developed and also with partnerships, but a lot of IP being done within Data Patterns. We are building the skill sets in terms of people capabilities. We're also building infrastructure and investing in infrastructure to see that we address these opportunities as and when it happens and be ahead of the game as far as possible.

So, we are -- and we are trying to get into also this revenue model on a quarterly basis, a repeat revenue model to give that ups and downs to reduce the up and down of project model. We're trying to see what is the best way to do this and looking at various opportunities and strategize to see what is it we need to design on. It's a bit tougher, but we want to go in the direction also to see the smoothing cash flows and things like that and get an order book.

So, we are attempting to do a whole lot of things. We are happy to say that this is all panning out the way we want. There has been some delays. But anyway, that's part of the problem with government-driven orders. We know they're going to be. So, we need to have a bouquet of products to see that the areas are not affecting our scaling ambitions and revenue growth as we plan to be.

We want to be IP-driven business, as I keep telling you, not to be a top line business. We continue to strive to be an IP-driven business. And we're looking at other opportunities like anti-drone systems. We have a product now designed for anti-drone, both passive as well as active anti-drone as well as jamming. So, we build some products out of whatever existing products, waiting to see whether we reposition these products or end applications can be large. So, we're doing a lot of good things.

I hope that all this what we've done finally goes into contract. I believe there's a need to the market. I think we are in the right direction. We're very, very enthusiastic and committed to what we're doing and excited with the opportunities that is happening. And that's -- I think we're going ahead, we will build a scale as we go along is what we think presently.

Anyway, thank you very much for listening in, asking the questions. Please, if you have anything further, please write to Go India, and we will respond to your questions one-on-one. Thank you very much again.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of Go India Advisors, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.