December 24, 2025

Data Patterns India Limited: Long-term rating upgraded to [ICRA]A+ and outlook revised to Stable from Positive; short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	50.00	50.00	[ICRA]A+ (Stable); Upgraded from [ICRA]A (Positive) and outlook revised to Stable from Positive
Short-term – Non-fund based – Bank guarantee	725.00	725.00	[ICRA]A1; Reaffirmed
Total	**775.00**	**775.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade for Data Patterns India Limited (DPIL) factors in the steady increase in the scale of operations, while maintaining healthy operating margins, strong debt protection metrics and a liquidity position that is expected to sustain in the medium term. Backed by favourable demand prospects for the sector (DPIL is an electronic solutions provider for the defence and aerospace segments), the company has a healthy outstanding order book of Rs. 1,287 crore (includes orders received and negotiated of ~Rs. 552 crore) as of November 12, 2025, which provides medium-term revenue visibility. The company's revenues have increased at a CAGR of 32% during the last three years to Rs. 708.4 crore in FY2025, and ICRA expects DPIL to achieve revenue growth of 15-20% in FY2026 and 10-15% in FY2027, supported by a healthy outstanding order book and expected new orders. The operating margins moderated to 24.7% in H1 FY2026 (compared to 38.8% in FY2025) due to the delivery of a low-margin contract of Rs. 180 crore, which was taken at a competitive price considering possible long-term business opportunities. Nonetheless, operating margins are likely to revert to healthy levels of 30-35% in FY2026 and 35-40% in FY2027. The ratings take into account the limited dependence on debt and the sustenance of a strong liquidity position, despite capex plans of Rs. 150-200 crore over the next 12-24 months for infrastructure and product development, which will be fully funded by internal accruals. Backed by low debt levels and the absence of debt-funded capex plans, the leverage and coverage metrics are expected to remain strong in the medium term.

The ratings favourably factor in the company's established track record of more than three decades in the design, development and manufacturing of electronic equipment for the defence and aerospace sectors. This has supported DPIL in establishing strong relationships with reputed defence organisations in the domestic market, leading to repeat orders. Its growth prospects remain healthy, driven by the Indian Government's focus on indigenisation in the defence sector as part of the Make in India programme.

The company's working capital intensity (NWC/OI) stood high at 105% as of September 2025 (103% as of March 2025), as the operations continue to be working capital intensive owing to a longer receivable cycle and high inventory levels. Around 30-40% of revenue booking happens in the last quarter of the fiscal, adding to elevated working capital indicators at the year end. Phase-wise billing, along with extensive trials and testing for technically critical products before final acceptance, as well as procurement and stocking of electronic components undertaken to cater to new and existing orders, resulted in inventory days of 173 days as on September 30, 2025. The NWC/OI is projected to remain high at 90-100% in the medium term. Nevertheless, DPIL's strong liquidity position acts as a mitigant to an extent. The ratings factor in the long gestation nature of projects executed by the company, involving the design and development of products. There is a relatively high likelihood of projects being deferred due to procedural delays (leading to order deferment), as is inherent in the defence industry.

The Stable outlook reflects ICRA's expectation that DPIL will benefit from the expected improvement in its order book position, resulting in sustained growth in revenues while maintaining healthy operating margins, strong debt protection metrics and liquidity position.

Key rating drivers and their description

Credit strengths

Strong financial risk profile and liquidity position – The company's revenues have increased at a CAGR of 32% during the last three years to Rs. 708.4 crore in FY2025, and ICRA expects DPIL to achieve revenue growth of 15-20% in FY2026 and 10-15% in FY2027, supported by a healthy outstanding order book and expected new orders. The operating margins moderated to 24.7% in H1 FY2026 (compared to 38.8% in FY2025) due to the delivery of a low-margin contract of Rs. 180 crore, which was taken at a competitive price considering possible long-term business opportunities. Nonetheless, operating margins are likely to revert to healthy levels of 30-35% in FY2026 and 35-40% in FY2027. The ratings take into account the limited dependence on debt and the sustenance of a strong liquidity position despite capex plans of Rs. 150-200 crore over the next 12-24 months for infrastructure and product development, which will be fully funded by internal accruals. Backed by low debt levels and the absence of debt-funded capex plans, the leverage and coverage metrics are expected to remain strong in the medium term.

Healthy outstanding order book providing medium-term revenue visibility – Backed by favourable demand prospects for the sector, the company has a healthy outstanding order book of Rs. 1,287 crore (includes orders received and negotiated of ~Rs. 552 crore) as of November 12, 2025, which provides medium-term revenue visibility. Notwithstanding the healthy order book, timely execution of these orders will remain critical to achieving revenue growth and profitability in line with expectations. DPIL's growth prospects remain healthy, driven by the Indian Government's focus on indigenisation in the defence sector as part of the Make in India programme.

Extensive experience of management team; established relationships with reputed clientele in defence sector – DPIL has an established track record of more than three decades in the design, development and manufacturing of electronic equipment for the defence and aerospace sectors. This has supported DPIL in establishing strong relationships with reputed defence organisations in the domestic market, leading to repeat orders. Its growth prospects remain healthy, driven by the Indian Government's focus on indigenisation in the defence sector as part of the Make in India programme. The major customers include the Ministry of Defence (MoD), Defence Research and Development Organisation (DRDO), BrahMos Aerospace Private Limited, Bharat Electronics Limited (BEL), Hindustan Aeronautics Limited (HAL), Electronic Corporation of India Ltd (ECIL) and units operated by the Indian Space Research Organisation (ISRO).

Credit challenges

High working capital-intensive nature of operations – The company's working capital intensity (NWC/OI) stood high at 105% as of September 2025 (103% as of March 2025), as the operations continue to be working capital intensive owing to a longer receivable cycle and high inventory levels. Around 30-40% of revenue booking happens in the last quarter of the fiscal, adding to elevated working capital indicators at the year end. Phase-wise billing, along with extensive trials and testing for technically critical products before final acceptance, as well as procurement and stocking of electronic components undertaken to cater to new and existing orders, resulted in inventory days of 173 days as on September 30, 2025. The NWC/OI is projected to remain high at 90-100% in the medium term. Nevertheless, DPIL's strong liquidity position acts as a mitigant to an extent.

Long gestation period of product development; susceptible to regulatory changes in defence segment – The research and development (R&D) cycle of defence products and solutions is long and could stretch for several years. Moreover, DPIL offers products and solutions that form part of a larger delivery system manufactured by other system integrators, with the end customer being the MoD. This further elongates the cycle. The company's operations are exposed to inherent regulatory risks in the defence segment, including a relatively high likelihood of projects being deferred due to procedural delays (leading to order deferment).

Environmental and social risks

Environmental considerations: The entity is exposed to supply-chain disruptions due to environmental events and a limited supplier base, as well as risks related to waste disposal and pollution.

Social considerations: In terms of social risks, the entity faces challenges pertaining to the availability of skilled technical talent, safety hazards in manufacturing operations, and defects in products, which could lead to a loss of reputation and business, etc.

Liquidity position: Strong

DPIL's liquidity position is strong, with free cash and liquid investments of Rs. 325.4 crore and undrawn cash credit limits of Rs. 50 crore as on September 30, 2025. The company is planning to incur capex of Rs. 150-200 crore over the next 12-24 months towards infrastructure and product development, which will be funded through internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company demonstrates a significant improvement in its working capital cycle, along with healthy growth in its scale of operations while maintaining its operating profitability, leverage and strong liquidity position.

Negative factors – Pressure on DPIL's ratings could arise if there is a material decline in order intake/earnings, or a significant increase in leverage, or a further elongation in working capital cycle, impacting the company's liquidity position on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Data Patterns (India) Limited (previously Indus Teqsite Private Limited) is a defence and aerospace electronics solutions provider, catering to the indigenously developed defence products industry with in-house design and development capabilities. The major products manufactured constitute radars, communication systems, electronic warfare suites, various electronic equipment for the BrahMos programme, avionics, small satellites, automated test equipment (ATE) for defence and aerospace systems, commercial off-the-shelf (COTS) modules. It also generates service income by providing annual maintenance for the products manufactured and repair services. The company has a track record of more than three decades in the defence and aerospace electronics industry. DPIL has a manufacturing facility at SIPCOT IT Park, Chennai.

Key financial indicators (audited)

DPIL	FY2024	FY2025	H1 FY2026*
Operating income	519.8	708.4	406.8
PAT	181.7	221.8	74.7
OPBDIT/OI	42.6%	38.8%	24.7%
PAT/OI	35.0%	31.3%	18.4%
Total outside liabilities/Tangible net worth (times)	0.3	0.2	0.1
Total debt/OPBDIT (times)	0.0	0.0	0.0
Interest coverage (times)	23.8	22.8	18.0

*Source: Company, ICRA Research; *provisional; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 24, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	50.00	[ICRA]A+ (Stable)	Jul 12, 2024	[ICRA]A (Positive)	Oct 23, 2023	[ICRA]A (Stable)	Nov 30, 2022	[ICRA]A- (Stable)
				Mar 20, 2025	[ICRA]A (Positive)	-	-	-	-
Non-fund based-Bank guarantee	Short Term	725.00	[ICRA]A1	Jul 12, 2024	[ICRA]A1	Oct 23, 2023	[ICRA]A1	Nov 30, 2022	[ICRA]A2+
				Mar 20, 2025	[ICRA]A1	-	-	-	-
Unallocated limits-Unallocated limits	Long Term			Jul 12, 2024	[ICRA]A (Positive)	-	-	-	-
Interchangeable limits-Bank guarantee	Short Term			-	-	-	-	Nov 30, 2022	[ICRA]A2+
Interchangeable limits-Others	Short Term			-	-	-	-	Nov 30, 2022	[ICRA]A2+
Interchangeable limits-Working capital demand loan	Short Term			-	-	-	-	Nov 30, 2022	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Short-term – Non-fund based – Bank guarantee	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term – Fund-based – Cash credit**	NA	NA	NA	50.00	[ICRA]A+ (Stable)
NA	**Short-term – Non-fund based – Bank guarantee**	NA	NA	NA	725.00	[ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis - Not Applicable

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Abhishek Lahoti
+91 40 6939 6433
abhishek.lahoti@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Mihir Gada
+91 22 6169 3326
mihir.gada@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches