

Data Patterns: Strong results delivery validates IP-led long-cycle growth strategy

Feb 06, 2026 | CMP: INR 2,524 | Target Price: INR 3,600

Expected Share Price Return: 42.6% | Dividend Yield: 0.0% | Potential upside: 42.6%

Sector View: Positive

BUY

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✗

Company Info

BB Code	DATAPATT IN EQUITY		
Face Value (INR)	2.0		
52-wk High/Low (INR)	3,268/1,351		
Mkt Cap (Bn)	INR 141.3 / \$1.70		
Shares o/s (Mn)	56.0		
3M Avg. Daily Volume	6,61,864		

Change in CIE Estimates

	FY26E			FY27E		
INR Mn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	9,211	9,067	1.6	11,605	11,424	1.6
EBITDA	3,565	3,509	1.6	4,549	4,467	1.8
EBITDAM %	38.7	38.7	-	39.2	39.1	10bps
PAT	2,859	2,801	2.1	3,616	3,621	(0.1)
EPS	51.1	50.0	2.2	64.6	64.7	(0.2)

Actual vs CIE Estimates

INR Mn	Q3FY26A	CIE Est.	Dev. %
Revenue	1,731	1,360	27.3
EBITDA	806	517	55.9
EBITDAM %	46.5	38.0	855bps
PAT	583	451	29.2

Key Financials

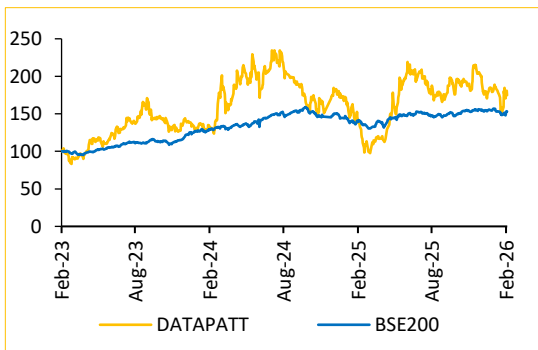
INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5,198	7,084	9,211	11,605	14,391
YoY (%)	14.6	36.3	30.0	26.0	24.0
EBITDA	2,216	2,750	3,565	4,549	5,684
EBITDAM %	42.6	38.8	38.7	39.2	39.5
Adj. PAT	1,817	2,218	2,859	3,616	4,486
EPS (INR)	32.5	39.6	51.1	64.6	80.1
ROE %	14.6	15.7	17.3	18.3	18.8
ROCE %	15.5	18.0	19.6	21.0	21.8
PE (x)	77.8	63.7	49.4	39.1	31.5
P/BV (x)	10.7	9.4	7.9	6.6	5.4

Shareholding Pattern (%)

	Dec-25	Sep-25	Jun-25
Promoters	42.41	42.41	42.41
FIIs	11.54	11.40	12.78
DIIs	10.27	9.79	8.08
Public	35.77	36.39	36.72

Relative Performance (%)

YTD	3Yr.	2Yr.	1Yr.
BSE 200	53.0	18.6	8.0
DATAPATT	74.6	33.7	24.7



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Strong results delivery validates IP-led long-cycle growth strategy

We see management commentary as firmly reinforcing an IP-led, system-centric growth strategy, consciously prioritising earnings quality and long-cycle scale over near-term revenue acceleration. The **all-time high order book of ~INR 18,678 Mn (~2.6x FY25 revenue)**, while **~INR 11,000 Mn of negotiated but yet-to-be-awarded orders**, suggests a strong near-term inflow pipeline. Importantly, the management's repeated emphasis on selective contract participation and a sharp focus on IP-owned, core-design programs structurally protect margin and avoid commoditised L1-led contracts.

Conversion of large development programs into scalable production orders, we believe, is the key inflection point. Management commentary points to multiple platforms – seekers (including BrahMos), EW suites, radars and avionics – where development spends at present embed significant potential **cumulative production revenues in the next 3–5 years**. While exports remain modest (~INR 630 Mn order book), **early traction in Europe and the US via co-development models and favourable trade frameworks** introduces medium-term **optionality for repeatable, annuity-like revenues**.

Another Strong Quarter; Beats Expectations

- Revenue for Q3FY26 up by 47.9% YoY and down by 43.7% QoQ at INR 1,731 Mn (vs CIE Est. INR 1,360 Mn)
- EBITDA for Q3FY26 up by 49.2% YoY and up by 17.7% QoQ at INR 806 Mn (vs CIE Est. INR 517 Mn). The EBITDA margin stood at 46.5%, expanded 39bps YoY (vs CIE Est. of 38.0%)
- PAT for Q3FY26 up by 30.5% YoY and up 18.5% QoQ at INR 583 Mn (vs CIE Est. INR 451 Mn). PAT margin contracted by 448bps YoY, reaching 33.7% (vs CIE Est. 33.2%)

View & Valuation: We maintain our positive stance on Data Patterns, underpinned by its robust long-term growth visibility, supported by a healthy order book and strong order pipeline. Reiterating our **'BUY'** rating with a target price of **INR 3,600**, maintaining our valuation multiple at **45x of FY28E EPS**.

Particulars (INR Mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Revenue	1,731	1,170	47.9	3,075	(43.7)
Material Exp.	391	231	69.4	1,890	(79.3)
Gross Profit	1,341	940	42.7	1,184	13.2
Employee Exp.	393	292	34.7	379	3.7
Other Exp.	142	108	31.7	121	17.6
EBITDA	806	540	49.2	685	17.7
Depreciation	59	35	70.6	57	4.8
EBIT	775	619	25.1	688	12.7
Other Income	58	114	(48.9)	59	(2.2)
Interest Cost	22	32	(30.8)	24	(8.7)
PBT	753	588	28.1	664	13.4
Tax	170	141	20.4	172	(1.2)
RPAT	583	447	30.5	492	18.5
APAT	583	447	30.5	492	18.5
Adj. EPS (INR)	10.4	8.0	30.5	8.8	18.5
Margin Analysis	Q3FY26	Q3FY25	YoY (bps)	Q2FY26	QoQ (bps)
Gross Margin (%)	77.4	80.3	(286)	38.5	3,892
Emp. Exp. % of Sales	22.7	24.9	(223)	12.3	1,037
Other Exp. % of Sales	8.2	9.2	(101)	3.9	428
EBITDA Margin (%)	46.5	46.2	39	22.3	2,428
Tax Rate (%)	22.5	24.0	(144)	25.9	(333)
APAT Margin (%)	33.7	38.2	(448)	16.0	1,768

Management Call – Highlights

Management expects an improvement in the working capital cycle from 340 days to sub-300 days in 3–5 years

Order Book & Pipeline Visibility

- Existing order book: INR 1,858 Cr (all-time high)
- Near-term conversion: INR 1,100 Cr negotiated orders expected within 12 months
- Additional pipeline: INR 500–600 Cr contracts anticipated in Q4FY26
- Export order book: INR 63 Cr; active engagement in the UK, Europe and the US markets
- Working capital cycle: 428 days (March '25), 340 days (December '25); target 270–300 days over 3–5 years
- Large development contract collections expected within 3–4 months

Data Patterns is evolving from a subsystem supplier to a complete system integrator in radar and EW domains

Strategic Product Development & Execution Timeline

- Fire control radars + advanced EW suites: Users currently testing; 2–3-year commercialisation cycle
- BrahMos seekers: trials completed, development delivered ahead of schedule; production orders CY2026/FY27E
- AMCA production: Shortlisted (1 of 3 finalists) with Bharat Forge; RFP received; contract decision 36 months
- Anti-drone systems: passive + active capabilities developed from existing IP portfolio

Margin Architecture & Competitive Positioning

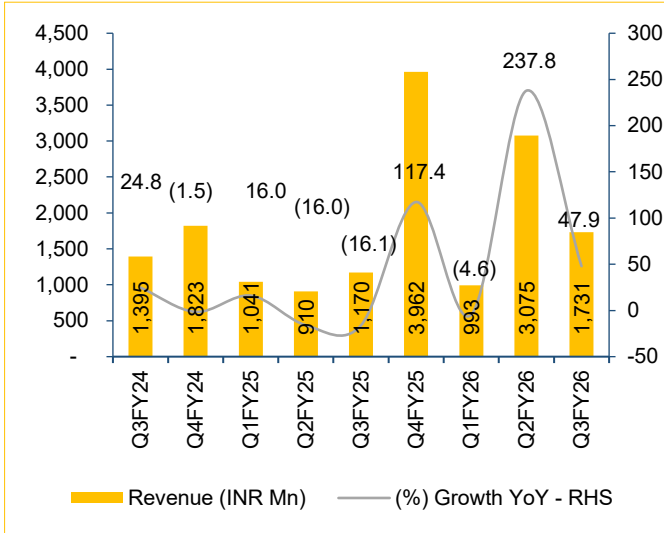
- Margin drivers: In-house building block design from raw materials vs. competitor reliance on imported subsystems
- Contract selectivity: Focus on high-IP content programs; Purposeful avoidance of low-margin L1 integration work
- Cost advantages vs. European competitors: Lower development cost, faster delivery timelines
- Strategic differentiation: End-to-end system design capability vs. subsystem aggregation model of competitors

Management building a dedicated export team to scale this business

Forward Guidance & Strategic Objectives

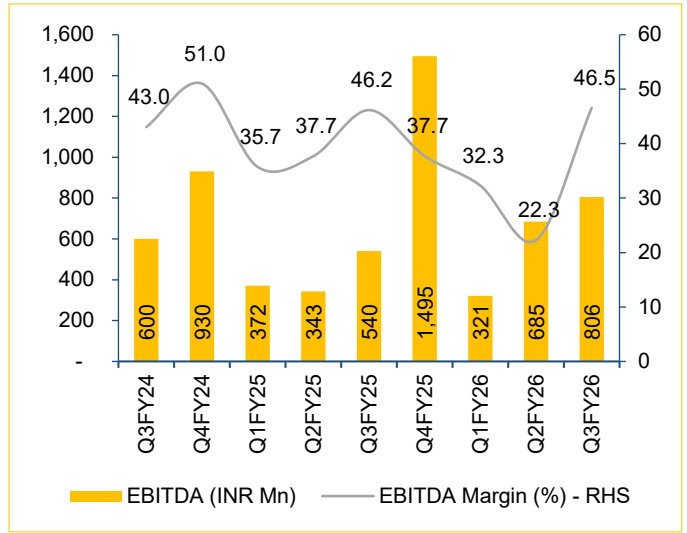
- Revenue growth target: 20–25% CAGR in the medium term
- Maintain net debt-free balance sheet
- TAM estimate: INR 15,000–20,000 Cr for existing product portfolio
- Revenue diversification: Building predictable & repeatable streams alongside project-based contracts

Revenue up 47.9% on YoY basis



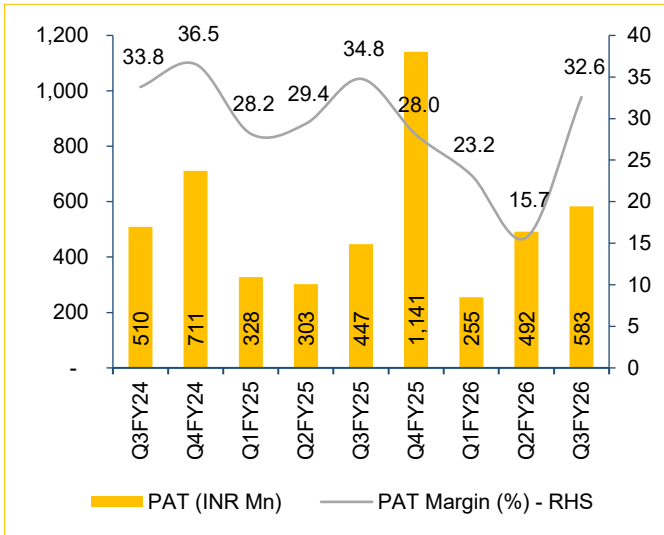
Source: DATAPATT, Choice Institutional Equities

EBITDA up 49.2% on YoY basis



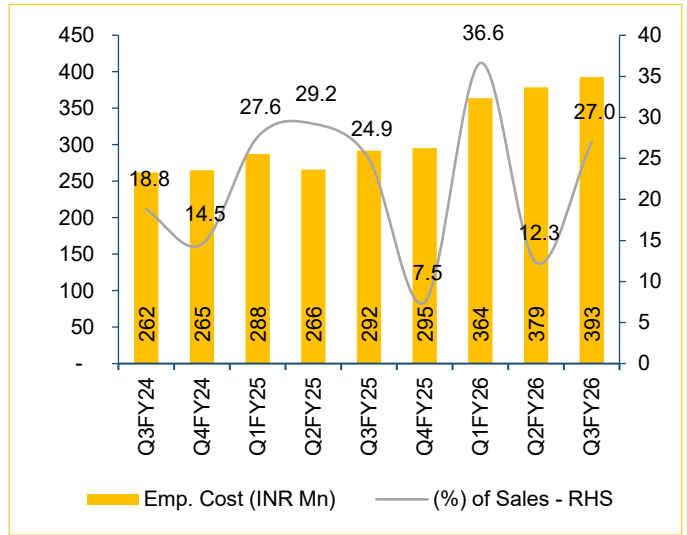
Source: DATAPATT, Choice Institutional Equities

PAT up 30.5% on YoY basis



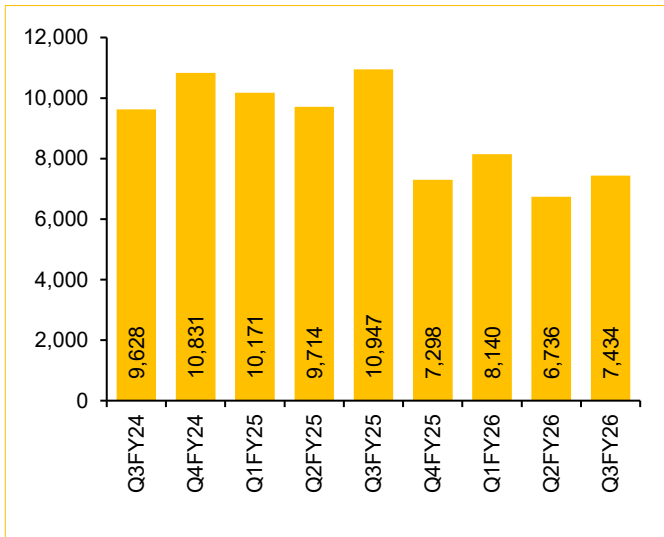
Source: DATAPATT, Choice Institutional Equities

Employee cost % of revenue



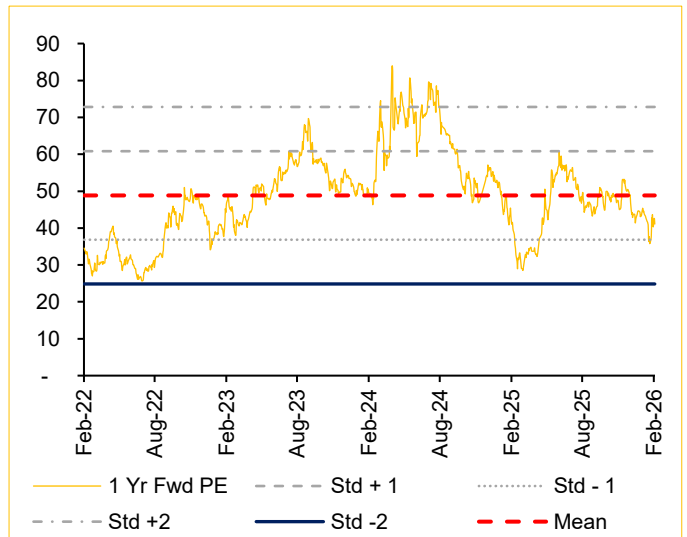
Source: DATAPATT, Choice Institutional Equities

Order book position (INR Mn)



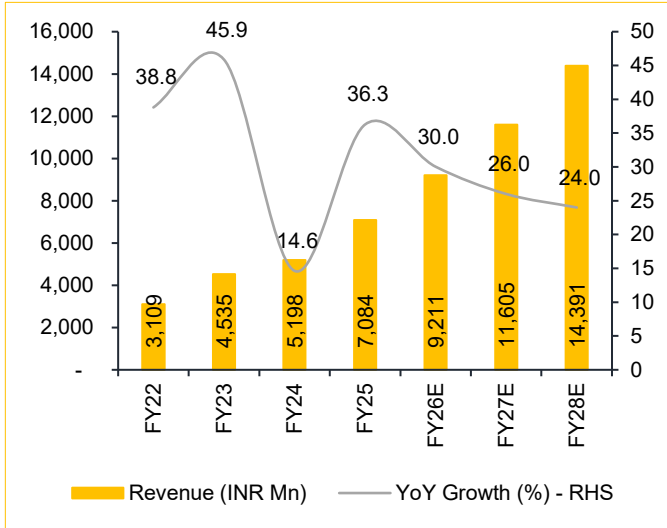
Source: DATAPATT, Choice Institutional Equities

1-yr forward PE band



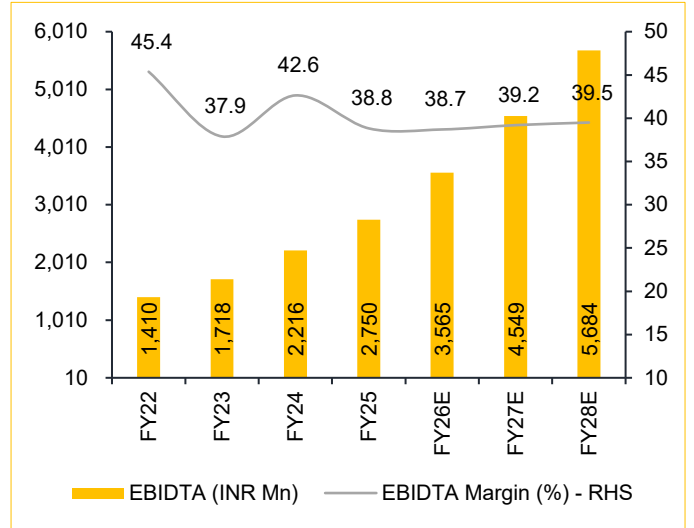
Source: DATAPATT, Choice Institutional Equities

Rev. expected to expand at 26.7% CAGR over FY25–28E



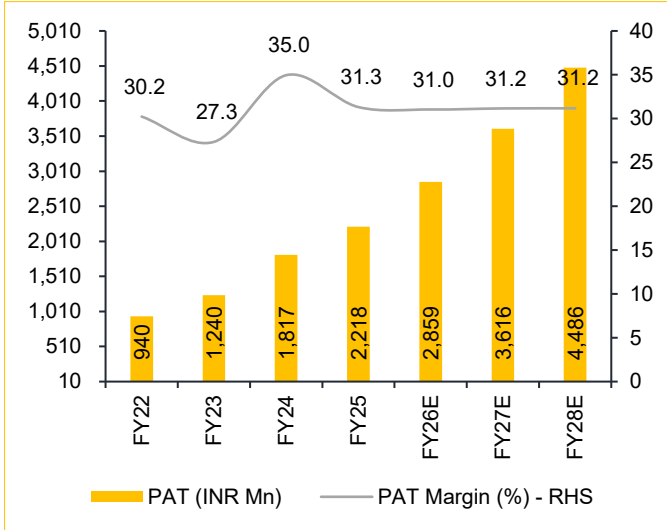
Source: DATAPATT, Choice Institutional Equities

Better mix may lead to improved EBITDAM



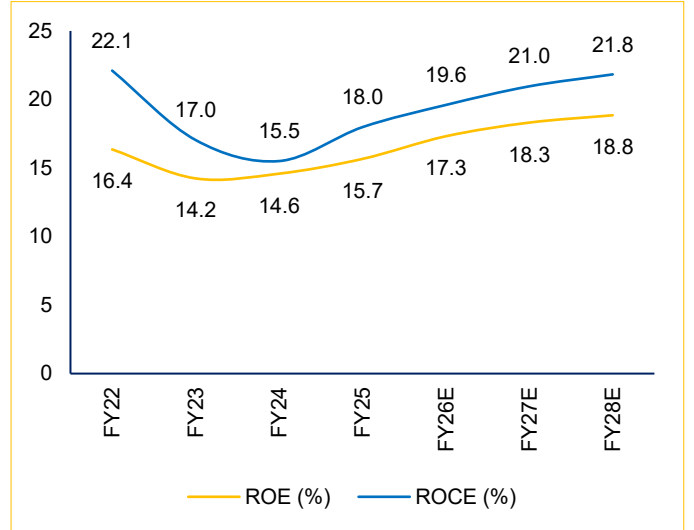
Source: DATAPATT, Choice Institutional Equities

PAT growth to remain robust



Source: DATAPATT, Choice Institutional Equities

ROE & ROCE



Source: DATAPATT, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5,198	7,084	9,211	11,605	14,391
Gross Profit	3,547	4,323	5,665	7,172	8,922
EBITDA	2,216	2,750	3,565	4,549	5,684
Depreciation	161	139	204	238	265
EBIT	2,055	2,611	3,361	4,311	5,420
Other Income	460	463	599	696	791
Interest Expense	93	121	147	186	230
PBT	2,422	2,953	3,812	4,822	5,981
Reported PAT	1,817	2,218	2,859	3,616	4,486
EPS	32.5	39.6	51.1	64.6	80.1

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios					
Revenue (%)	14.6	36.3	30.0	26.0	24.0
EBITDA (%)	29.0	24.1	29.6	27.6	24.9
PAT (%)	46.5	22.1	28.9	26.5	24.0
Margin Ratios					
EBITDA Margin (%)	42.6	38.8	38.7	39.2	39.5
PAT Margin (%)	35.0	31.3	31.0	31.2	31.2
Performance Ratios					
OCF/EBITDA (x)	0.6	(0.3)	1.0	0.4	0.4
ROE (%)	14.6	15.7	17.3	18.3	18.8
ROCE (%)	15.5	18.0	19.6	21.0	21.8
Turnover Ratio (Days)					
Inventory	187	164	130	120	115
Debtors	280	307	230	225	220
Payables	35	43	45	48	50
Cash Conversion Cycle (Days)	432	428	315	297	285
Financial Stability Ratios					
Net Debt to Equity (x)	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)
Interest Cover (x)	22.0	21.6	22.8	23.2	23.5
Valuation Metrics					
Fully diluted shares (Mn)	56.0	56.0	56.0	56.0	56.0
Price (INR)	2524	2524	2524	2524	2524
Market Cap (INR Bn)	141.3	141.3	141.3	141.3	141.3
PE(x)	77.8	63.7	49.4	39.1	31.5
EV (INR Bn)	137.4	140.0	137.8	137.2	136.3
EV/EBITDA (x)	62.0	50.9	38.7	30.2	24.0
Book Value (INR/share)	237	269	320	385	465
P/BV (x)	10.7	9.4	7.9	6.6	5.4

Source: DATAPATT, Choice Institutional Equities

Balance Sheet (INR Mn)

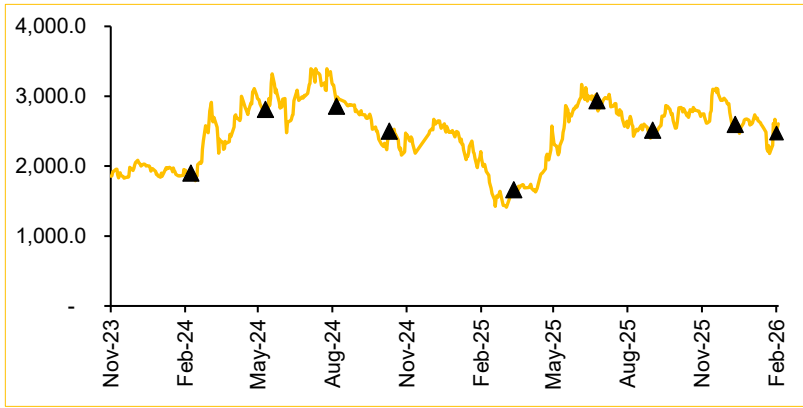
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	13,242	15,082	17,941	21,558	26,043
Total Debt	0	0	0	0	0
Other Non-Curr Liab.	174	542	728	917	1,137
Trade Payables	501	838	1,136	1,526	1,971
Other Current Liab.	3,001	1,929	2,509	3,161	3,919
Total Liabilities	16,918	18,391	22,313	27,161	33,071
Fixed Assets	1,206	1,710	2,256	2,768	3,253
CWIP	72	128	166	210	260
Othr Non-curr Assets	1,632	2,040	2,652	3,342	4,144
Inventories	2,668	3,185	3,281	3,815	4,534
Sundry Debtors	3,988	5,964	5,804	7,154	8,674
Cash and Bank Bal.	3,927	1,264	3,493	4,058	4,996
Other Current Assets	3,426	4,101	4,661	5,814	7,210
Total Assets	16,918	18,391	22,313	27,161	33,071
Capital Employed	13,416	15,624	18,669	22,474	27,180
Net Debt	(3,927)	(1,264)	(3,493)	(4,058)	(4,996)
FCFF	965	(1,542)	2,842	1,294	1,800

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operation	1,394	(899)	3,592	2,044	2,550
Cash Flows from Investing	(2,239)	890	(1,401)	(1,483)	(1,602)
Cash Flows from Financing	(425)	(496)	39	3	(10)

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden	75.0%	75.1%	75.0%	75.0%	75.0%
Interest Burden	117.9%	113.1%	113.4%	111.8%	110.4%
EBIT Margin	39.5%	36.9%	36.5%	37.1%	37.7%
Asset Turnover	0.3	0.4	0.4	0.4	0.4
Equity Multiplier	1.4	1.3	1.4	1.4	1.4
ROE	14.6%	15.7%	17.3%	18.3%	18.8%

Source: DATAPATT, Choice Institutional Equities

Historical Price Chart: Data Patterns (DATAPATT)



Date	Rating	Target Price
Feb 03, 2024	ADD	2,174
May 22, 2024	SELL	2,638
July 31, 2024	SELL	3,035
Nov 12, 2024	BUY	2,608
Feb 07, 2025	BUY	2,450
May 20, 2025	ADD	2,915
Aug 11, 2025	BUY	3,100
Nov 13, 2025	BUY	3,300
Feb 06, 2026	BUY	3,600

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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