

Data Patterns: Control Over Design Drives Margin Resilience

May 17, 2026 | CMP: INR 3,877 | Target Price: INR 4,060

Expected Share Price Return: 4.7% | Dividend Yield: 0.3% | Potential Upside: 5.0%

Sector View: Positive

ADD

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)	4,303/2,131
Mkt Cap (Bn)	INR 218.7 / \$2.28
Shares o/s (Mn)	56.0
3M Avg. Daily Volume	1,275,745

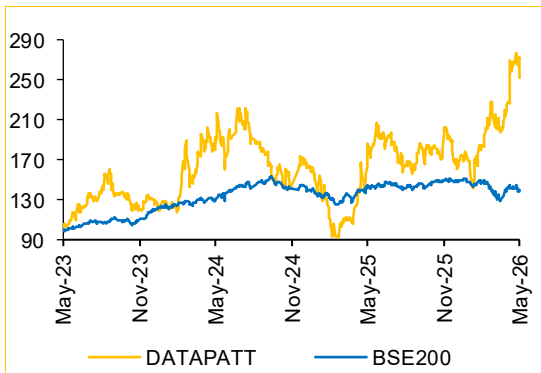
Change in CIE Estimates						
	FY27E			FY28E		
INR Mn	New	Old	Dev.	New	Old	Dev.
Revenue	12,113	11,605	4.4%	15,868	14,391	10.3%
EBITDA	4,906	4,549	7.8%	6,427	5,684	13.1%
EBITDAM %	40.5	39.2	130 bps	40.5	39.5	100 bps
PAT	3,878	3,616	7.2%	5,048	4,486	12.5%
EPS	69.3	64.6	7.2%	90.2	80.1	12.6%

Actual vs CIE Estimates			
INR Mn	Q4FY26A	CIE Est.	Dev.
Revenue	3,449	4,358	(20.9)%
EBITDA	1,928	1,724	11.9%
EBITDAM %	55.9	39.5	1,637 bps
PAT	1,384	1,318	5.0%

Key Financials					
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	7,084	9,248	12,113	15,868	17,455
YoY (%)	36.3	30.6	31.0	31.0	10.0
EBITDA	2,750	3,740	4,906	6,427	7,074
EBITDAM %	38.8	40.4	40.5	40.5	40.5
Adj. PAT	2,218	2,736	3,878	5,048	5,487
EPS (INR)	39.6	48.9	69.3	90.2	98.0
ROE %	15.7	16.7	20.1	21.2	18.9
ROCE %	21.2	22.6	26.9	28.4	25.3
PE (x)	97.8	79.3	56.0	43.0	39.6
P/BV (x)	14.4	12.5	10.2	8.3	6.8

Shareholding Pattern (%)			
	Mar-26	Dec-25	Sep-25
Promoters	42.41	42.41	42.41
FIIs	12.47	11.54	11.40
DIIIs	11.68	10.27	9.79
Public	33.43	35.77	36.39

Relative Performance (%)			
YTD	3Yr.	2Yr.	1Yr.
BSE 200	39.6	7.1	(2.8)
DATAPATT	152.2	35.1	47.5



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Control Over Design Drives Margin Resilience

We continue to remain positive on the company, but more importantly, **the nature of the story is clearly evolving**. From what we see, the company is no longer just building capabilities – it is now **getting structurally embedded into key defence platforms**. This is an important shift, because **growth going ahead is likely to be driven more by its positioning within long-cycle programmes**.

What stood out to us is the **increasing share of repeat, system-level opportunities (~INR 19,000 Mn)**. This, along with the pipeline commentary, suggests that **reported order book may not fully capture the revenue visibility**. In our view, the company is now **participating deeper across platform lifecycles (seekers, radars, EW, avionics)**, which typically leads to **more predictable and compounding revenue streams over time**.

On margins, the mgmt. commentary was quite telling. It is evident that **profitability here is less dependent on competition intensity and more on control over design**. Wherever the company is delivering system-level work, **margins are meaningfully better**. So, while quarterly margins may move based on mix, **we do not see structural pressure on profitability**.

Putting this together, we believe the company sits in a relatively niche position – **high control, limited competition and increasing platform-level relevance**. If execution sustains and pipeline conversion improves, **earnings could surprise on the upside**, though near-term trajectory will still depend on **order inflows and execution pace**.

Revenue Miss; Margin Shines

- Revenue for Q4FY26 was down by 13.0% YoY and up by 99.2% QoQ at INR 3,449 Mn (vs CIE est. INR 4,358 Mn)
- EBITDA for Q4FY26 was up by 29.0% YoY and up 139.3% QoQ at INR 1,928 Mn (vs CIE est. INR 1,724 Mn). EBITDAM stood at 55.9%, expanding by 1,819 bps YoY and 937 bps QoQ (vs CIE est. of 39.5%)
- RPAT for Q4FY26 was up by 21.3% YoY and up by 137.4% QoQ at INR 1,384 Mn (vs CIE est. INR 1,318 Mn). RPAT margin expanded by 1,133 bps YoY and 645 bps QoQ, reaching 40.1% (vs CIE est. 30.2%)

View & Valuation: We maintain our positive stance on DATAPATT, underpinned by its robust long-term growth visibility, supported by a healthy orderbook and strong order pipeline. Accordingly we revise our FY27E and FY28E EPS estimate by **7.2% and 12.6%**, respectively. We expect respective Revenue/EBITDA/PAT to expand at a CAGR of **20.0%/20.1%/19.0% over FY27–29E**. We downgrade our rating to 'ADD' with an upgraded **target price of INR 4,060** (earlier INR 3,600), maintaining our valuation multiple at **45x of FY28E EPS**.

Particulars (INR Mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Revenue	3,449	3,962	(13.0)	1,731	99.2
Material Exp.	917	2,023	(54.7)	391	134.8
Gross Profit	2,531	1,939	30.6	1,341	88.8
Employee Exp.	407	295	37.8	393	3.7
Other Exp.	196	149	31.8	142	37.9
EBITDA	1,928	1,495	29.0	806	139.3
Depreciation	59	39	51.8	59	(0.5)
EBIT	1,926	1,562	23.3	775	148.6
Other Income	57	106	(46.7)	58	(2.6)
Interest Cost	47	31	49.0	22	111.4
PBT	1,880	1,531	22.8	753	149.7
Tax	496	390	27.0	170	192.2
RPAT	1,384	1,141	21.3	583	137.4
APAT	1,384	1,141	21.3	606	128.2
Adj. EPS (INR)	24.7	20.4	21.3	10.8	128.2
Margin Analysis	Q4FY26	Q4FY25	YoY (bps)	Q3FY26	QoQ (bps)
Gross Margin (%)	73.4	48.9	2,447	77.4	(403)
Emp. Exp. % of Sales	11.8	7.5	435	22.7	(1,088)
Other Exp. % of Sales	5.7	3.8	193	8.2	(252)
EBITDA Margin (%)	55.9	37.7	1,819	46.5	937
Tax Rate (%)	26.4	25.5	89	22.5	383
APAT Margin (%)	40.1	28.8	1,133	35.0	511

Management Call – Highlights

In-house full-system development underpins structurally superior margins

Guidance of 20–25% revenue growth and 38–40% EBITDA margins

Order inflows surged 216% YoY; strong pipeline of negotiated and expected orders

Broad and deepening footprint across India's most strategically critical defence programmes

Export momentum picking up and the company is targeting global defence modernisation programmes

Margin Profile

- Gross margin improvement driven by a favourable product mix and higher revenue
- **Margin Drivers:** Margin is strong, largely owing to completely in-house developed full-system solutions
- **Strategic Bidding:** The management purposely accepted a dilutive contract to develop full system capabilities and establish programme management credentials, positioning the business for higher-margin order inflows ahead

Working Capital & Future Guidance

- **Cash Conversion Cycle:** Improved meaningfully, from 428 days in the previous year to 365 days this year. The management aims to settle this to 320–340 days
- **Revenue Guidance:** The management targets 20–25% revenue growth in the short term
- **Margin Guidance:** The company expects to sustain a healthy EBITDA margin at 38–40%

Order Book & Revenue Visibility

- **Surging Inflows:** FY26 witnessed 216% YoY increase in order inflow, totalling INR 1,121 Cr
- **Current Backlog:** The reported order book stands at INR 926 Cr. The effective order pipeline is INR 2,062 Cr, which includes INR 1,090 Cr of fully negotiated contracts, expected to close in the next 1–2 months
- **Repeat Production Orders:** An additional INR 1,900 Cr in single-vendor production contracts are expected in the next 12 months based on previously delivered products
- **Services Mix:** 38% of the current order book comprises services, 41% is from development, while production contributes 21%

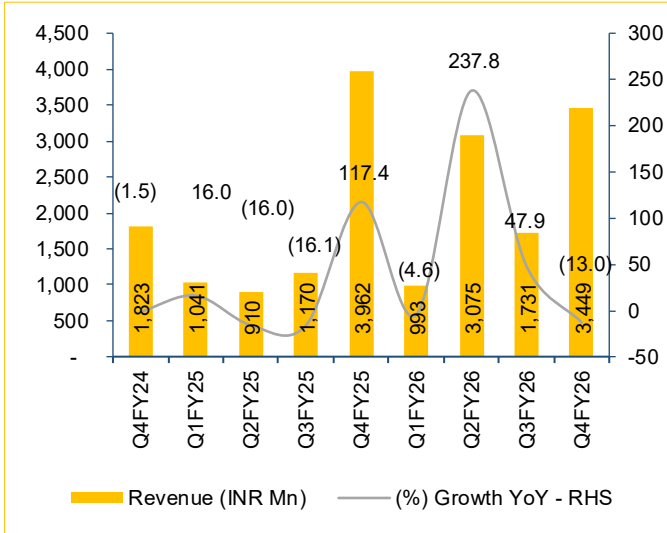
Key Defence Programmes & Execution

- **BrahMos Seekers:** The first variant of the development seeker is under execution, with production orders expected in 4–5 months
- **AMCA:** The company has developed the glass cockpit and mission management systems for the AMCA programme
- **Electronic Warfare (EW):** Fully in-house developed EW suites and self-jammers have been well-received by the Indian Air Force and are ready for flight trials
- **Anti-drone & Radar Systems:** Actively developing new solutions for drone detection, spoofing and jamming, alongside airborne fire control and surveillance radars

Export Traction & Global Opportunities

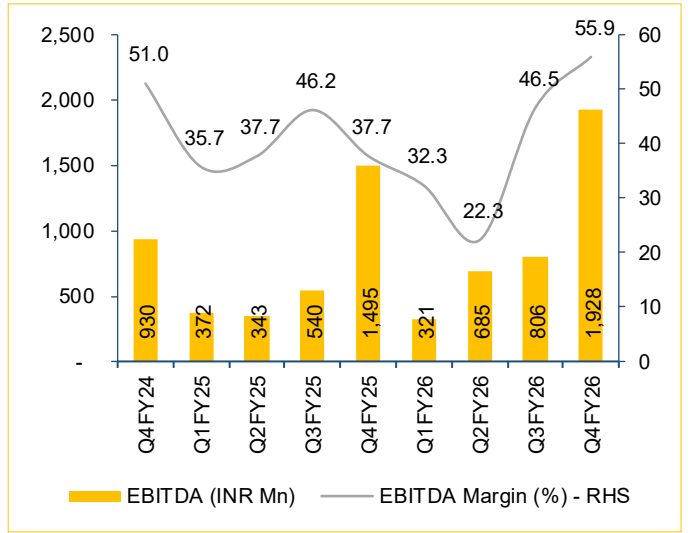
- **Europe Export Success:** Successfully developed, exported and site-tested transportable precision approach radars for a European nation
- **Current Export Backlog:** The export order book stands at INR 53 Cr
- **Global OEM Engagement:** International OEMs from Europe and the US are actively visiting and inquiring for complete systems
- **Dedicated Marketing Push:** A specialised export marketing team is being formed to aggressively target long-term defence modernisation programmes globally

Revenue down 13.0% on a YoY basis



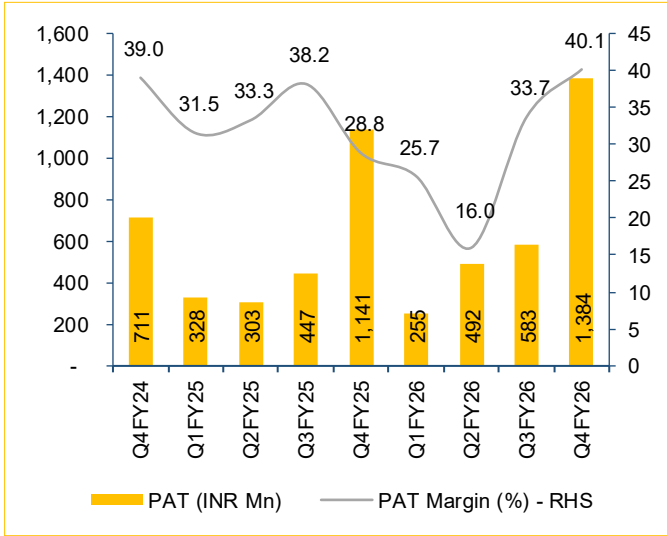
Source: DATAPATT, Choice Institutional Equities

EBITDA up 29.0% on a YoY basis



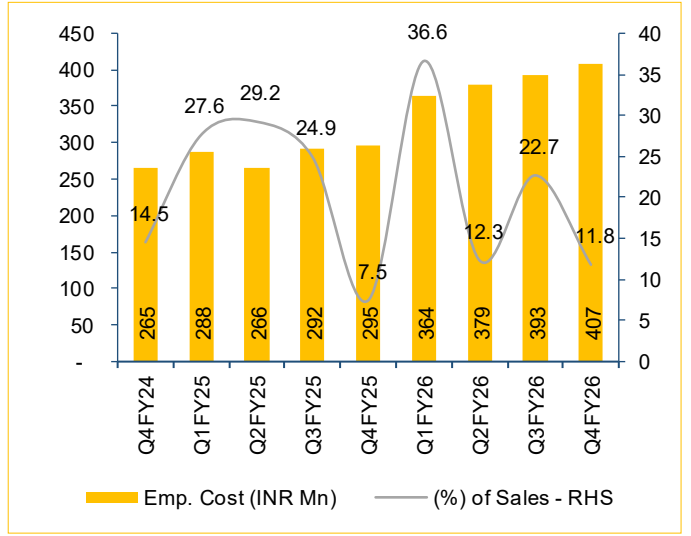
Source: DATAPATT, Choice Institutional Equities

PAT up 21.3% on a YoY basis



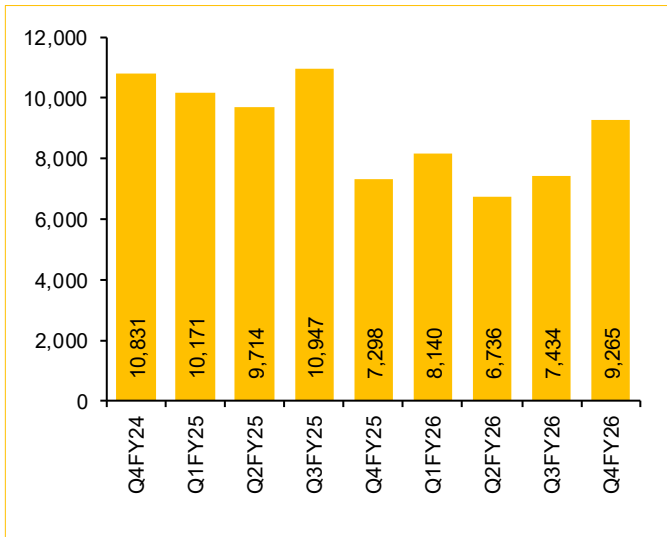
Source: DATAPATT, Choice Institutional Equities

Employee cost % of revenue



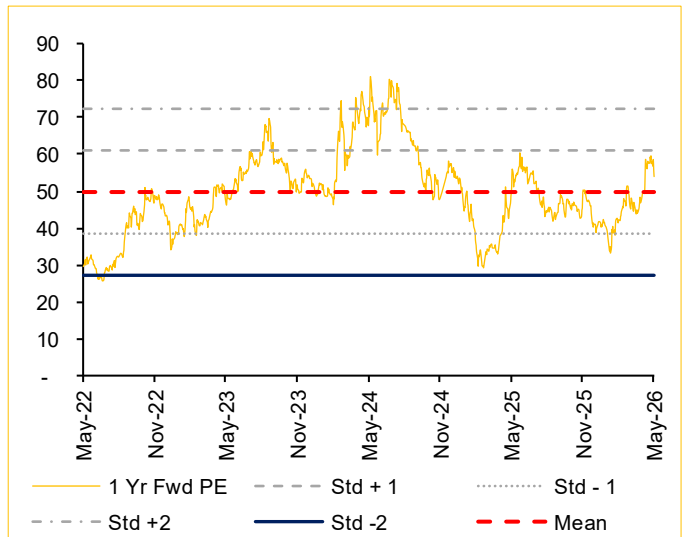
Source: DATAPATT, Choice Institutional Equities

Order book position (INR Mn)



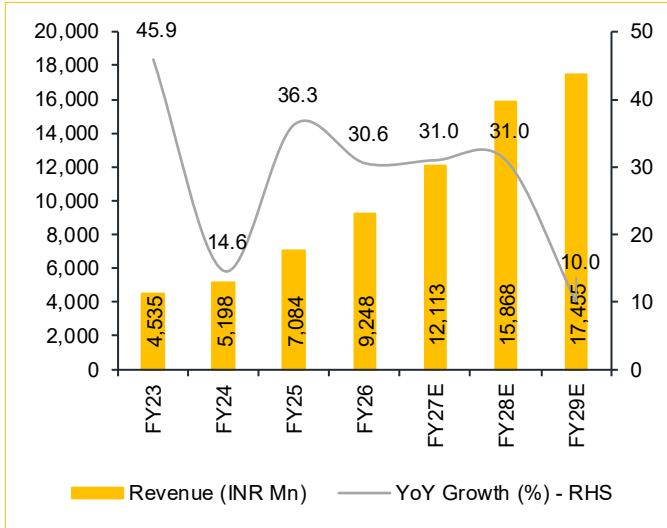
Source: DATAPATT, Choice Institutional Equities

1-yr forward PE band



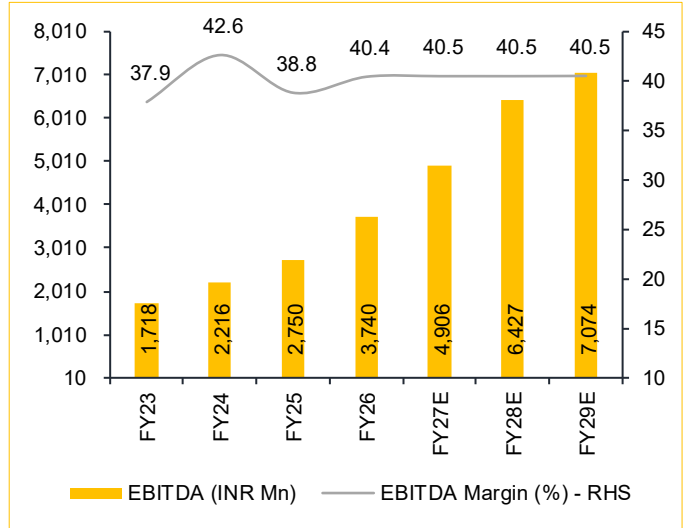
Source: DATAPATT, Choice Institutional Equities

Rev. expected to expand at 23.6% CAGR over FY26–29E



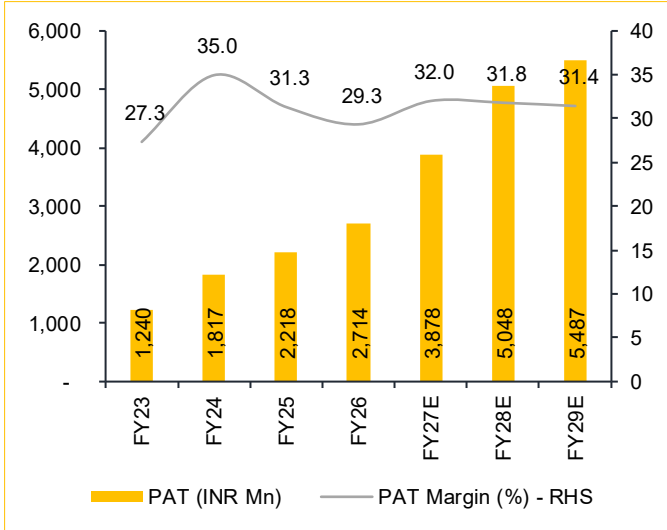
Source: DATAPATT, Choice Institutional Equities

EBITDA forecast to expand at 23.7% CAGR over FY26–29E



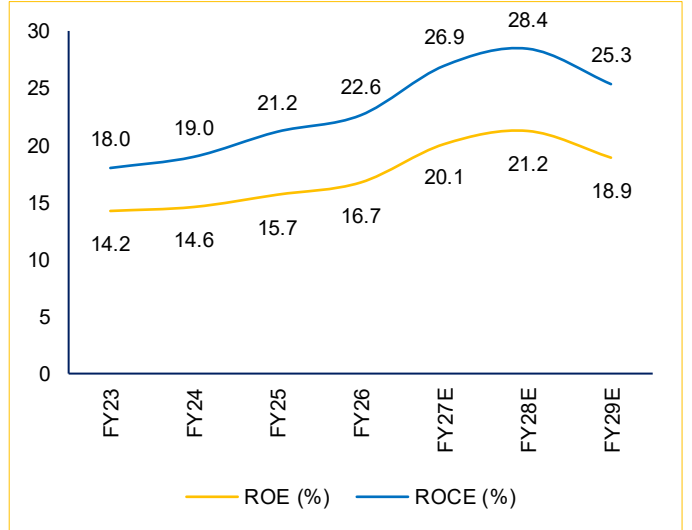
Source: DATAPATT, Choice Institutional Equities

PAT growth projected to remain robust



Source: DATAPATT, Choice Institutional Equities

ROE & ROCE



Source: DATAPATT, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	7,084	9,248	12,113	15,868	17,455
Gross Profit	4,323	5,849	7,619	9,965	10,949
EBITDA	2,750	3,740	4,906	6,427	7,074
Other Income	463	280	666	793	785
Depreciation	139	230	208	236	264
EBIT	3,074	3,790	5,364	6,984	7,595
Interest Expense	121	125	194	254	279
PBT	2,953	3,635	5,170	6,730	7,316
Reported PAT	2,218	2,714	3,878	5,048	5,487
EPS	39.6	48.9	69.3	90.2	98.0

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	36.3	30.6	31.0	31.0	10.0
EBITDA (%)	24.1	36.0	31.2	31.0	10.1
PAT (%)	22.1	22.3	42.9	30.2	8.7
Margin Ratios					
EBITDA Margin (%)	38.8	40.4	40.5	40.5	40.5
PAT Margin (%)	31.3	29.3	32.0	31.8	31.4
Performance Ratios					
OCF/EBITDA (x)	(0.3)	0.2	0.2	0.2	0.3
ROE (%)	15.7	16.7	20.1	21.2	18.9
ROCE (%)	21.2	22.6	26.9	28.4	25.3
Turnover Ratio (Days)					
Inventory	164	108	120	115	115
Debtors	307	287	270	260	240
Payables	43	30	48	50	50
Cash Conversion Cycle (Days)	428	365	342	325	305
Financial Stability Ratios					
Net Debt to Equity (x)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)
Valuation Metrics					
Outstanding shares (Mn)	56.0	56.0	56.0	56.0	56.0
Price (INR)	3,877	3,877	3,877	3,877	3,877
Market Cap (INR Bn)	217.0	217.0	217.0	217.0	217.0
PE (x)	97.8	79.3	56.0	43.0	39.6
EV (INR Bn)	215.8	216.1	215.8	215.8	215.4
EV/EBITDA (x)	78.5	57.8	44.0	33.6	30.4
Book Value (INR/share)	269	310	379	470	568
P/BV (x)	14.4	12.5	10.2	8.3	6.8

Source: DATAPATT, Choice Institutional Equities

Balance Sheet (INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	15,082	17,360	21,237	26,285	31,772
Total Debt	-	-	-	-	-
Other Non-Current Liabilities	542	528	685	897	987
Trade Payables	838	768	1,593	2,174	2,391
Other Current Liab.	1,929	636	834	1,092	1,201
Total Liabilities	18,391	19,292	24,349	30,448	36,351
Fixed Assets	1,710	1,892	2,083	2,247	2,383
CWIP	128	132	363	635	1,047
Oth Non-curr Assets	2,040	2,586	2,423	3,174	3,840
Inventories	3,185	2,739	3,982	5,000	5,500
Sundry Debtors	5,964	7,278	8,960	11,303	11,477
Cash and Bank Bal.	1,264	938	1,260	1,177	1,631
Other Current Assets	4,101	3,727	5,276	6,912	10,473
Total Assets	18,391	19,292	24,349	30,448	36,351
Capital Employed	15,624	17,888	21,922	27,182	32,759
Net Debt	(1,264)	(938)	(1,260)	(1,177)	(1,631)
FCFF	(1,542)	81	426	981	1,722

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operation	(899)	802	826	1,381	2,122
Cash Flows from Investing	890	(32)	(467)	(1,422)	(1,479)
Cash Flows from Financing	(496)	(577)	(37)	(42)	(190)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden	75.1%	74.6%	75.0%	75.0%	75.0%
Interest Burden	96.1%	95.9%	96.4%	96.4%	96.3%
EBIT Margin	43.4%	41.0%	44.3%	44.0%	43.5%
Asset Turnover	0.4	0.5	0.5	0.5	0.5
Equity Multiplier	1.3	1.2	1.3	1.3	1.3
ROE	15.7%	16.7%	20.1%	21.2%	18.9%

Source: DATAPATT, Choice Institutional Equities

Historical Price Chart: Data Patterns (DATAPATT)



Date	Rating	Target Price
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
May 17, 2026	ADD	4,060

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CHOICE RATING DISTRIBUTION & METHODOLOGY

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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