Data Patterns (DATPAT)

CMP: ₹ 4271 | Target ₹ 4920 (15%) | Target Period: 12 months | **BUY**

August 2, 2026

Execution intact; large order pipeline supports long-term growth...

About the stock: Data Patterns (India) (DPIL) is a vertically integrated defence and aerospace electronics solutions provider. Company's domain expertise is in development & manufacturing of key electronic systems like radars, electronic warfare, communication systems, avionics, satellite and test equipment's. Customers include MoD, DRDO, DPSUs, private sector players and exports

- Company's order backlog stands at ₹ 2654 crore as of Jun'26

Investment Rationale:

- **Robust order pipeline and technology transition support multi-year growth:** Company's order book (including negotiated orders) stands at ₹2,654 crore (2.8x TTM revenue), providing healthy revenue visibility. Management expects ~₹2,000 crore of additional order inflows in FY27E (apart from orders under negotiations), with a significant portion of the negotiated order pipeline likely to convert over the next 2–3 months. The company reiterated its revenue growth and EBITDA guidance at 20–25% and 35–40% for FY27E, despite quarterly execution volatility, supported by increasing participation in larger system-level contracts, repeat production orders and a healthy opportunity pipeline
- **Well positioned to benefit from next-generation defence electronics and system-level opportunities:** Company continues to evolve from a subsystem supplier to a complete system solutions provider by leveraging reusable technology platforms and expanding indigenous capabilities across air defence radars, electronic warfare, avionics, seekers, communication intelligence, counter-drone systems and advanced sensors. The management highlighted a ₹40,000–50,000 crore addressable market across existing and upcoming products, with increasing electronics content per platform, defence indigenisation and repeat production programs provide a strong runway for long-term growth
- **Technology investments, exports and manufacturing scale-up strengthen long-term positioning:** The company continues to invest aggressively in R&D, AI-led product development and manufacturing infrastructure, with ₹200+ crore planned capex over the next two years to support future scale. Export opportunities are expanding across Europe and the US, with increasing engagement from global OEMs in defence and civil aerospace. Additionally, the acquisition of ST Advanced Composites strengthens composite manufacturing capabilities and enhances company's ability by 1.3-2x per programme to offer integrated system-level solutions across domestic and export market

Rating and Target Price:

- We believe that Data Patterns is well positioned to capture rising opportunities across defence & space electronics in the coming years. With steady execution and sustainable margins, we estimate revenue and PAT CAGR of ~25% over FY26-28E
- We upgrade Data Patterns to BUY with a target price of ₹ 4920 (based on 65x FY28E EPS)

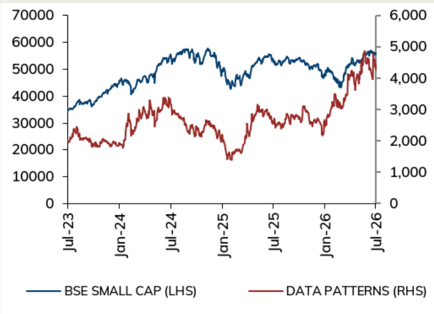
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	23,911
FY26 Gross Debt (₹ Crore)	0
FY26 Cash (₹ Crore)	94
EV (₹ Crore)	23,817
52 Week H/L (₹)	4956 / 2131
Equity Capital	11.2
Face Value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	42.4	42.4	42.4	42.4
FII	11.4	11.5	12.5	12.5
DII	9.8	10.3	11.7	12.0
Others	36.4	35.8	33.4	33.1

Price Chart



Key risks

i. Dependent on govt contracts

ii. High working capital requirement

iii. Availability of key raw materials/ components

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	453	520	708	925	31.3	1,147	1,433	24.5
EBITDA	172	222	275	374	27.6	457	573	23.8
EBITDA margin (%)	37.9	42.6	38.8	40.4		39.8	40.0	
Net Profit	124	182	222	271	30.4	338	424	24.9
Diluted EPS (Rs)	22.1	32.5	39.6	48.5		60.4	75.7	
P/E (x)	192.9	131.6	107.8	88.1		70.7	56.4	
EV/EBITDA (x)	125.5	97.0	78.9	58.1		47.6	37.8	
RoCE (%)	14.8	19.0	20.4	21.8		22.7	24.0	
RoE (%)	10.6	13.7	14.7	15.8		16.7	17.7	

Source: Company, ICICI Direct Research

Q1FY27 Result Summary

- Revenue stood at ₹ 116 crore (+16.8% YoY, -66.4% QoQ), with execution impacted by temporary delays in customer approvals
- EBITDA stood at ₹31 crore (-2.2% YoY, -83.7% QoQ), while EBITDA margin declined to 27.0% (-526 bps YoY, -2,888 bps QoQ) due to the execution mix during the quarter. PAT declined 13.5% YoY (-84.1% QoQ) to ₹22 crore

Q1FY27 highlights

- Consolidated order book (including negotiated orders) stood at ₹2,654 crore, while management remains confident of securing ~₹2,000 crore of additional order inflows in FY27, supported by large single-vendor opportunities across radars, avionics, electronic warfare, ATE and missile programs.
- Management reiterated FY27 revenue growth guidance of 20–25% with EBITDA margins of 35–40%, while highlighting that Q1 margins were temporarily impacted by higher investments in talent, capability expansion, product mix and timing of revenue recognition. Gross margins remained healthy, reflecting the high-value nature of the product portfolio.
- Management indicated that a significant portion of the ₹ 1734 crore negotiated order pipeline is expected to convert into firm orders over the next 2-3 months
- Company highlighted increasing transition from sub-system supplier to complete system solution provider, enabling participation in larger-value contracts while leveraging reusable technology platforms to improve scalability, faster product development and higher wallet share.
- Initial traction has started in the drone and counter-drone business with early order wins. Management expects this segment to emerge as an important long-term growth driver, supported by indigenous demand across radar, passive detection and electronic warfare-based counter-drone solutions.
- Management continues to invest aggressively in next-generation indigenous technologies across air defence radars, electronic warfare, communication intelligence, seekers, avionics, AI-enabled defence electronics and advanced sensors, with several development programs expected to mature into production opportunities over the next 2–3 years
- Company also expects that already qualified indigenous air defence radars, BrahMos subsystems, electronic warfare systems, airborne sensors and defence electronics, could generate repeat orders worth several thousands of crores over the next 1-2 years
- Company is also under active discussions for multiple fighter aircraft, naval and UAV platform opportunities.
- Regarding exports management is in final stages of discussions with European and US OEMs and expect multi-million-dollar export orders to start over the next few months, while targeting recurring engineering-led revenue streams.
- Management highlighted a ₹40,000–50,000 crore addressable market across existing and upcoming products, supported by India's defence indigenisation push, increasing electronics content per platform and expanding export opportunities.
- Capex and R&D investments continue to accelerate with plans to invest ₹200+ crore over the next two years towards new manufacturing facilities, production lines, clean rooms, AI infrastructure, testing capabilities and advanced engineering infrastructure to support future scale.
- The recently acquired Advanced Composite Technologies (ST Advanced) would enable the company to provide electronics along with RF structures, thus expanding the addressable value per program by 1.3-2x

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Net Sales	116.0	99.3	16.8	344.9	-66.4	Execution impacted on temporary delays in customer approvals
Other income	7.3	10.6		5.7		
Total Revenue	123.3	109.9		350.5		
Raw materials costs	24.5	20.1		91.7		
Employees Expenses	42.5	36.4		40.7		
Other Expenses	17.6	10.8		19.6		
Total Expenditure	84.7	67.3	25.9	152.0	-44.3	
EBITDA	31.4	32.1	-2.2	192.8	-83.7	
EBITDA margins (%)	27.0	32.3	-526 bps	55.9	-2888 bps	Margins declined due to execution mix
Interest	3.3	3.2		4.7		
Depreciation	5.9	5.5		5.9		
Tax	7.4	8.5		49.6		
PAT	22.1	25.5	-13.5	138.4	-84.1	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	708.4	924.8	1,146.7	1,433.4
% Growth	36.3	30.6	24.0	25.0
Other income	46.3	28.0	29.0	33.9
Total Revenue	708.4	924.8	1,146.7	1,433.4
% Growth	36.3	30.6	24.0	25.0
Total Raw Material Costs	276	340	421	519
Employee Expenses	114	154	193	241
other expenses	43	57	76	100
Total Operating Expenditure	433.4	550.8	690.1	860.1
Operating Profit (EBITDA)	275.0	374.0	456.6	573.3
% Growth	24.1	36.0	22.1	25.6
Interest	12	12	13	13
PBDT	309	390	473	595
Depreciation	14	23	25	34
PBT before Exceptional Items	295	367	448	561
Total Tax	74	92	110	137
PAT before MI	222	271	338	424
PAT	221.8	271.4	338.1	423.6
% Growth	22.1	22.3	24.6	25.3
EPS	39.6	48.5	60.4	75.7

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	222	271	338	424
Depreciation	14	23	25	34
Interest	12	12	13	13
Cash Flow before WC chg	248	307	376	470
Changes in inventory	(52)	45	(65)	(85)
Changes in debtors	(198)	(131)	(120)	(173)
Changes in loans & adv	-	-	-	-
Changes in other CA	0	25	(8)	(10)
Net Incr in Current Assets	(267)	(47)	(194)	(268)
Changes in creditors	34	(7)	33	27
Changes in provisions	1	3	3	3
Net Inc in Current Liabilities	(73)	(136)	48	44
Net CF from Op activities	(92.7)	123.6	229.6	246.4
Chg in deferred tax assets	-	-	-	-
(Pur)/Sale of Fixed Assets	(112)	(61)	(80)	(100)
Net CF from Inv activities	(138.3)	(100.0)	(142.7)	(179.3)
Dividend and Dividend Tax	(34)	(41)	(49)	(58)
Net CF from Fin Activities	(49.9)	(56.1)	(61.8)	(70.9)
Net Cash flow	(281)	(33)	25	(4)
Opening Cash/Cash Eq	407	126	94	119
Closing Cash/ Cash Eq	126	94	119	115

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	11.2	11.2	11.2	11.2
Reserve and Surplus	1,497	1,725	2,014	2,379
Total Shareholders' funds	1,508	1,736	2,025	2,390
Other Non-Current Liabilities	14.3	14.9	2.0	2.0
Total Debt	-	-	-	-
Total Liabilities	1,562.4	1,788.8	2,037.6	2,402.8
Gross Block	225	268	301	401
Acc: Depreciation	84	107	132	166
Net Block	141	161	169	235
Capital WIP	13	13	60	60
Total Fixed Assets	296	335	389	456
Non-Current Assets	91	127	149	178
Inventory	319	274	339	424
Debtors	596	728	848	1,021
Loans and Advances	58	33	41	51
Other Current Assets	126	94	119	115
Cash	1,125	1,139	1,358	1,622
Total Current Assets	84	77	110	137
Current Liabilities	12	14	10	10
Provisions	277	140	188	232
Total Current Liabilities	848	999	1,170	1,390
Net Current Assets	1,562	1,789	2,038	2,403
Total Assets	11.2	11.2	11.2	11.2

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	39.6	48.5	60.4	75.7
Cash per Share	80.9	75.5	80.0	88.2
BV	269.4	310.1	361.7	426.9
Dividend per share	6.0	7.3	8.8	10.4
Dividend payout ratio	15%	15%	15%	14%
EBITDA Margin				
PAT Margin	38.8	40.4	39.8	40.0
RoE	31.3	29.3	29.5	29.6
RoCE	0.5	0.5	0.6	0.6
RoIC	1.4	1.4	1.5	1.5
EV / EBITDA	10.6	11.5	12.3	11.6
P/E				
EV / Net Sales	18.9	21.4	22.6	23.7
Sales / Equity	14.7	15.8	16.7	17.7
Market Cap / Sales	20.4	21.8	22.7	24.0
Price to Book Value				
Asset turnover	78.9	58.1	47.6	37.8
Debtors Turnover Ratio	107.8	88.1	70.7	56.4
Creditors Turnover Ratio	30.6	23.5	18.9	15.1
Debt / Equity	0.5	0.5	0.6	0.6
Current Ratio	31.3	24.0	19.3	15.5
Quick Ratio	15.9	13.8	11.8	10.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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