

Techno Electric | BUY

Strong order book and pipeline

Techno Electric (Techno) reported a healthy quarterly performance with revenue of INR 8.4bn, above JMFe of INR 6.3bn. Renting out of the Chennai Data Centre (DC) has started with 0.5MW (6MW capacity) already done and the remaining likely to be rented out in the next 6 months. Construction of phase-II expansion is targeted to commence in CY26. 1HFY26 sales was INR 13.5bn (up 48% YoY), c.40% of FY26E sales (1H accounts for 35-40% of full year sales). The management maintained its revenue guidance of INR 35bn (implying revenue of INR 21bn in 2HFY26E, in line with our estimates) and EPS guidance of INR 50 for FY26. EBITDA margin is likely to be 13.5-14%, and order inflow is expected to be INR 30bn-35bn.

- Strong quarterly performance:** Standalone revenue grew 68% YoY to INR 8.4bn (JMFe of INR 6.3bn), driven by healthy execution across T&D, smart metering and Edge Data Centre order. EBITDA was INR 1.1bn (up 66% YoY) (JMFe INR 908mn), with EBITDA margin flat YoY at 13.8% (JMFe 14.4%). PAT, at INR 1.2bn, grew 37% YoY (JMFe INR 1bn), partially impacted by increase in interest expenses, which came in at INR 164mn vs. INR 20mn YoY, due to substantial increase in working capital.
- Order book position healthy:** Order book stands at INR 10bn as of end-2QFY26, up 2.4% YoY (3.5x TTM sales), providing revenue visibility over the next couple of years. The company is also L1 in projects worth INR 7.8bn, including INR 3bn from America and INR 4.5bn from PGCL. It has bagged orders worth INR 4bn in 3QFY26 till date, and factoring in the strong order pipeline largely in T&D, the management expects to bag order inflow worth INR 35bn in FY26.
- Chennai Data Centre update:** Chennai DC phase-I of 5.4MW (capex of INR 4.7bn) was inaugurated in Aug'25 and capacity of 0.5MW was rented out to the media and entertainment industry, a domestic cloud services provider and a few telecom players. The remaining capacity is likely to be rented out in the next 6 months. Phase-II capex is expected to start in CY26 with capex of INR 2.3bn-2.5bn. The Chennai DC is designed for high-density computing, which is particularly relevant for AI deployments.
- Edge Data Centre:** 1) Gurgaon DC has commenced commercial operation and c.50% of capacity has been consumed 2) Mumbai DC is expected to be commissioned by end of FY26 (earlier target was to complete it in Dec'25, but there was a delay in handover of land). Started construction of 16MW DC in Noida awarded by Railtel.
- Maintain BUY with TP of INR 1,600:** We believe TEEC's strong execution track record, technical capabilities, presence across the power value chain and diversification across sectors augurs well for the company to capitalise on upcoming opportunities in T&D, smart metering and data centre. Factoring in higher interest cost we cut our EPS estimate by 3.5%/2%/3% for FY26/27/28E. We roll forward to Sep'27E and maintain BUY rating on the stock with an SoTP of INR 1,600 (INR 1,660 earlier) valuing the EPC business at 23x Sep'27E (25x FY27E earlier), factoring in the strong order backlog and pipeline, and value the data centre on 1.2x P/BV considering completion of DC phase-I capex and pick-up in client on boarding in 2HFY26. **Key Risk:** Slowdown in ordering activity in T&D, delay in execution of smart metering order and arising BS risk due to asset heavy model (smart meters and DC).



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,600
Upside/(Downside)	30.4%
Previous Price Target	1,660
Change	-3.6%

Key Data – TECHNOE IN

Current Market Price	INR1,227
Market cap (bn)	INR142.7/US\$1.6
Free Float	41%
Shares in issue (mn)	116.3
Diluted share (mn)	116.3
3-mon avg daily val (mn)	INR339.4/US\$3.8
52-week range	1,720/785
Sensex/Nifty	84,563/25,910
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	-9.6	0.5	-15.1
Relative*	-10.2	-2.1	-22.1

* To the BSE Sensex

Financial Summary (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	16,809	24,017	35,034	46,074	51,808
Sales Growth (%)	73.9	42.9	45.9	31.5	12.4
EBITDA	2,269	3,280	4,905	6,496	7,305
EBITDA Margin (%)	13.5	13.7	14.0	14.1	14.1
Adjusted Net Profit	2,723	3,833	5,135	6,480	7,180
Diluted EPS (INR)	23.4	33.0	44.2	55.7	61.7
Diluted EPS Growth (%)	112.5	40.8	34.0	26.2	10.8
ROIC (%)	26.7	34.5	50.6	47.0	43.3
ROE (%)	13.1	12.9	13.0	14.7	14.6
P/E (x)	52.4	37.2	27.8	22.0	19.9
P/B (x)	6.5	3.8	3.4	3.1	2.8
EV/EBITDA (x)	62.1	43.0	28.6	21.5	19.0
Dividend Yield (%)	0.5	0.7	0.9	1.1	1.3

Source: Company data, JM Financial. Note: Valuations as of 14/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Change in estimate

INR mn	Revised Estimates			Previous Estimates			% Change		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Sales	35,034	46,074	51,808	34,926	45,574	52,668	0.3%	1.1%	-1.6%
EBITDA	4,905	6,496	7,305	4,820	6,426	7,374	1.8%	1.1%	-0.9%
EBITDA margin	14.0	14.1	14.1	13.8	14.1	14.0	20bps	0bps	10bps
Adj. PAT	5,135	6,480	7,180	5,320	6,619	7,408	-3.5%	-2.1%	-3.1%

Source: JM Financial

Exhibit 2. Quarterly performance

Y/E March (INR mn)	2QFY25	2QFY26	% YoY	1QFY26	QoQ (%)	2QFY26E	Var (%)
Net Sales	5,002	8,386	67.7	5,137	63.2	6,302	33.1
Expenditure	4,306	7,232	68.0	4,347	66.4	5,395	34.1
EBITDA	696	1,154	65.9	790	46.1	908	27.2
EBITDA (%)	13.9	13.8	-10bps	15.4	-160bps	14.4	-60bps
Other income	387	474	22.5	579	-18.0	531	-10.6
Depreciation	19	23	20.1	20	18.4	21	10.8
EBIT	1,064	1,606	50.9	1,349	19.0	1,417	13.3
Interest	20	164	708.1	122	34.5	97	68.1
PBT before EoI	1,044	1,442	38.1	1,228	17.5	1,320	9.2
Extraordinary item	0	0		0		0	
PBT after EoI	1,044	1,442	38.1	1,228	17.5	1,320	9.2
Tax	141	208	47.9	246	-15.5	290	-28.4
Tax rate (%)	13.5	14.4		20.0		22.0	
Tax on EoI (assumed)							
PAT before MI/SA	903	1,234	36.6	982	25.7	1,030	19.9
Minority/Share of associates	0	0	#DIV/0!	0		0	
Profit from discontinued operations	0	0		0		0	
Reported PAT	903	1,234	36.6	982	25.7	1,030	19.9
Reported EPS (INR)	8.4	11.5	36.6	9.1	25.7	9.6	19.9

Source: Company, JM Financial

Exhibit 3. Cost breakup

Y/E March (INR mn)	2QFY25	2QFY26	% YoY	1QFY26	QoQ (%)	2QFY26E	Var (%)
COGS	3,958	6,740	70.3	3,926	71.7	4,928	36.8
as a % of sales	79.1	80.4	120bps	76.4	-390bps	78.2	-220bps
Staff Cost	155	211	36.4	189	11.8	202	4.7
as a % of sales	3.1	2.5	-60bps	3.7	120bps	3.2	70bps
Other Expenditure	193	280	45.1	232	20.9	265	5.9
as a % of sales	3.9	3.3	-50bps	4.5	120bps	4.2	90bps

Source: Company, JM Financial

Exhibit 4. SoTP valuation

Business	Valuation basis	PAT/BV (INRmn)	No: of shares (mn)	Value/sh (INR)
EPC segment	23x Sep'27E PAT	6,254	116.3	1,237
Data Centre	1.2x P/B	14,000	116.3	144
Cash+invst	1xMar'25	25,000	116.3	215
Target Price	1,600			

Source: JM Financial

Key Conference Concill

- **Guidance:** The management maintained its revenue guidance of INR 35bn and EPS guidance of INR 50 for FY26 (INR 75 for FY27). EBITDA margin to be 13.5%-14%, and order inflow is likely to be INR 30bn-35bn.
- Order book stands at INR 10bn as of end of 2QFY26 and it is L1 in projects worth INR 7.8bn, including INR 3bn from America and INR 4.5bn from PGCL.
- Bagged orders worth INR 4bn in 3QFY26 till date and expect to win additional orders worth INR 15bn in 2HFY26.
- **Data Centre:** Chennai DC phase-I of 5.4MW (capex of INR 4.7bn) was inaugurated in Aug'25 and capacity of 0.5MW was rented out to the media and entertainment industry, a domestic cloud services provider and a few telecom players. The remaining capacity is likely to be rented out in the next 6 months Phase-II capex is expected to start in CY26 with a capex of INR 2.3bn-2.5bn. The Chennai data centre is designed for high-density computing, which is particularly relevant for AI deployments.
- **Edge Data Centre:** 1) Gurgaon DC has commenced commercial operation and c.50% of capacity has been consumed 2) Mumbai DC is expected to be commissioned by end of FY26 (earlier target was to complete it in Dec'25, but there was a delay in handover of land).
 - Started construction of 16MW DC in Noida awarded by Railtel.
- Data centre vertical to contribute INR 1.3bn in FY27.
- **Smart Meter:** Executing 2.5Mn smart meter contract out of which 50% has been deployed.
 - Going forward, company will be selective in bidding due to margin pressure.
 - Focus will be on timely completion of all ongoing project and operational efficiency.
- Cash and cash balance stood at INR 26bn, which is INR 225/share.
- **Industry Highlights:**
 - Currently 50GW/year of renewable deployment is happening in India.
 - Renewable energy requires power transmission capacity c. 4x higher compared to thermal.
 - Some renewable projects are facing challenges due to lack of proper evacuation infrastructure and transmission connectivity.

Financial Tables (Standalone)

Income Statement (INR mn)						Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	16,809	24,017	35,034	46,074	51,808	Shareholders' Fund	21,917	37,670	41,521	46,380	51,765
Sales Growth	73.9%	42.9%	45.9%	31.5%	12.4%	Share Capital	215	233	233	233	233
Other Operating Income	0	0	0	0	0	Reserves & Surplus	21,702	37,437	41,288	46,148	51,533
Total Revenue	16,809	24,017	35,034	46,074	51,808	Preference Share Capital	0	0	0	0	0
Cost of Goods Sold/Op. Exp	13,232	19,168	27,782	36,399	41,135	Minority Interest	0	0	0	0	0
Personnel Cost	462	644	946	1,244	1,295	Total Loans	0	0	0	0	0
Other Expenses	846	925	1,401	1,935	2,072	Def. Tax Liab. / Assets (-)	698	849	849	849	849
EBITDA	2,269	3,280	4,905	6,496	7,305	Total - Equity & Liab.	22,616	38,519	42,370	47,230	52,615
<i>EBITDA Margin</i>	13.5%	13.7%	14.0%	14.1%	14.1%	Net Fixed Assets	442	389	505	607	695
<i>EBITDA Growth</i>	91.6%	44.6%	49.5%	32.5%	12.4%	Gross Fixed Assets	1,073	1,097	1,297	1,497	1,697
Depn. & Amort.	75	77	84	98	112	Intangible Assets	0	0	0	0	0
EBIT	2,194	3,203	4,821	6,399	7,193	Less: Depn. & Amort.	631	708	792	890	1,002
Other Income	1,315	1,756	2,123	2,259	2,346	Capital WIP	0	0	0	0	0
Finance Cost	164	102	526	507	508	Investments	11,899	30,433	30,433	31,433	34,433
PBT before Excep. & Forex	3,345	4,857	6,418	8,151	9,031	Current Assets	16,280	25,094	35,332	46,621	52,829
Excep. & Forex Inc/Loss(-)	0	0	0	0	0	Inventories	259	0	384	505	568
PBT	3,345	4,857	6,418	8,151	9,031	Sundry Debtors	7,411	6,915	10,078	13,254	14,904
Taxes	622	1,024	1,284	1,671	1,851	Cash & Bank Balances	1,360	1,254	1,834	2,566	3,292
Extraordinary Inc./Loss(-)	0	0	0	0	0	Loans & Advances	351	3,809	4,799	6,312	7,097
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	Other Current Assets	6,901	13,116	18,237	23,984	26,968
Reported Net Profit	2,723	3,833	5,135	6,480	7,180	Current Liab. & Prov.	6,006	17,397	23,900	31,432	35,343
Adjusted Net Profit	2,723	3,833	5,135	6,480	7,180	Current Liabilities	5,498	8,630	11,518	15,148	17,033
Net Margin	16.2%	16.0%	14.7%	14.1%	13.9%	Provisions & Others	508	8,767	12,382	16,284	18,310
Diluted Share Cap. (mn)	116.3	116.3	116.3	116.3	116.3	Net Current Assets	10,274	7,697	11,432	15,190	17,486
Diluted EPS (INR)	23.4	33.0	44.2	55.7	61.7	Total - Assets	22,616	38,519	42,370	47,230	52,615
Diluted EPS Growth	112.5%	40.8%	34.0%	26.2%	10.8%						
Total Dividend + Tax	753	1,047	1,284	1,620	1,795						
Dividend Per Share (INR)	6.5	9.0	11.0	13.9	15.4						

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,310	4,258	6,418	8,151	9,031
Depn. & Amort.	75	77	84	98	112
Net Interest Exp. / Inc. (-)	-123	-84	-526	-1,752	-1,838
Inc (-) / Dec in WCap.	-4,878	5,765	-3,155	-3,025	-1,571
Others	-2,481	-2,448	0	0	0
Taxes Paid	723	804	-1,284	-1,671	-1,851
Operating Cash Flow	-3,374	8,373	1,538	1,801	3,883
Capex	-220	-25	-200	-200	-200
Free Cash Flow	-3,594	8,348	1,338	1,601	3,683
Inc (-) / Dec in Investments	4,253	-19,763	0	-1,000	-3,000
Others	0	0	0	0	0
Investing Cash Flow	4,033	-19,788	-200	-1,200	-3,200
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-646	-814	-1,284	-1,620	-1,795
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-164	13,151	526	1,752	1,838
Financing Cash Flow	-810	12,337	-758	132	43
Inc / Dec (-) in Cash	-151	922	580	733	726
Opening Cash Balance	483	332	1,254	1,834	2,566
Closing Cash Balance	1,360	1,254	1,834	2,566	3,292

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	16.2%	16.0%	14.7%	14.1%	13.9%
Asset Turnover (x)	0.8	0.8	0.9	1.0	1.0
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	13.1%	12.9%	13.0%	14.7%	14.6%
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	188.5	323.9	357.0	398.8	445.1
ROIC	26.7%	34.5%	50.6%	47.0%	43.3%
ROE	13.1%	12.9%	13.0%	14.7%	14.6%
Net Debt/Equity (x)	-0.1	0.0	0.0	-0.1	-0.1
P/E (x)	52.4	37.2	27.8	22.0	19.9
P/B (x)	6.5	3.8	3.4	3.1	2.8
EV/EBITDA (x)	62.1	43.0	28.6	21.5	19.0
EV/Sales (x)	8.4	5.9	4.0	3.0	2.7
Debtor days	161	105	105	105	105
Inventory days	6	0	4	4	4
Creditor days	138	152	140	140	140

Source: Company, JM Financial



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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