

Techno Electric | BUY

Strong pipeline; data center client on-boarding to start soon

Techno Electric (Techno), reported a healthy 1QFY26 performance with revenue growth of 24% YoY and EBITDA margin expanding 170bps YoY to 15.4%. Order pipeline continues to remain strong, with T&D order pipeline of INR 400bn/year, driven by continued capex in T&D sector, where Techno aims to bag orders worth c.INR 25bn/year. Chennai Data Center Phase-I (5 MW) is complete and likely to deploy c.50 racks (0.5MW of capacity) by end of 2QFY26 and remaining by Dec'25. Management maintained its revenue guidance of INR35bn and EPS of INR 55 for FY26.

- **Efficient project execution resulted in better margins:** Std. Revenue grew 24% YoY to INR 5.1bn (JMFe of INR 6.7bn). EBITDA at INR 790mn was up 39.8% YoY (JMFe INR 919mn), EBITDA margins expanded 170bps YoY to 15.4% (JMFe 13.8%) due to better execution mix. Additionally delivery timeline for some of the projects were compressed due to delay in acquiring land resulting in increased productivity and optimizing cost. PAT at INR 982mn grew 76.5% YoY (JMFe INR 906mn), aided by higher other income (up 149% YoY to INR 579mn).
- **Strong order book:** Order book at end of 1QFY26 stands at INR 104bn, up 14.4% YoY (4.2x TTM revenue), providing strong revenue visibility going forward. Company is L1 in orders worth INR 7.2bn. T&D segment order book stands at INR 71bn. Factoring in strong order pipeline largely in T&D, smart metering space, management expects to bag order inflows worth INR 35bn in FY26.
- **Data Center update:** Chennai Data Center Phase-I, deployment process has started and expect to deploy 50 racks (0.5MW) in 2QFY26 and to get fully deployed by Dec'25. Currently company is in talks with domestic banks, cloud service providers, global private sector bank to lease out the racks. Edge Data Center order from Railtel is progressing as per scheduled and 1st Edge data center at Gurgaon of 200KV capacity is now complete and company is in process of leasing out to customer. Mumbai data center site is likely to be operational by 2HFY26. Company targets to complete five edge data center site in FY26.
- **Maintain Buy with TP of INR 1,660:** We believe TEEC strong execution track record, technical capabilities, presence across power value chain and diversified sector, augurs well for company to capitalise on upcoming opportunity in T&D, smart metering and Data Center. Maintain Buy rating on stock with SoTP of INR 1,660 valuing EPC business at 25x FY27E, factoring in strong order backlog & pipeline, and value Data Center on 1.2x P/BV considering completion of data center phase-I capex and expected client on-boarding in 2QFY26. **Key Risk:** Slowdown in ordering activity in T&D, delay in execution smart metering order and arising BS risk due to asset heavy model (smart meters and Data Center).



Nilesh Soni

nilesh.soni@jmfl.com | Tel: (91 22) 66303372

Priyanka Biswas

priyanka.biswas@jmfl.com | Tel: (91 22) 6970 3622

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,660
Upside/(Downside)	15.3%
Previous Price Target	1,655
Change	0.3%

Key Data – TECHNOE IN

Current Market Price	INR1,440
Market cap (bn)	INR167.5/US\$1.9
Free Float	41%
Shares in issue (mn)	116.3
Diluted share (mn)	116.3
3-mon avg daily val (mn)	INR560.2/US\$6.4
52-week range	1,825/785
Sensex/Nifty	80,540/24,619
INR/US\$	87.4

Price Performance

%	1M	6M	12M
Absolute	-9.9	48.7	-11.6
Relative*	-8.0	40.2	-13.2

* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	16,809	24,017	34,926	45,574	52,668
Sales Growth (%)	73.9	42.9	45.4	30.5	15.6
EBITDA	2,269	3,280	4,820	6,426	7,374
EBITDA Margin (%)	13.5	13.7	13.8	14.1	14.0
Adjusted Net Profit	2,723	3,833	5,320	6,619	7,408
Diluted EPS (INR)	23.4	33.0	45.7	56.9	63.7
Diluted EPS Growth (%)	112.5	40.8	38.8	24.4	11.9
ROIC (%)	26.7	34.5	49.8	46.9	43.5
ROE (%)	13.1	12.9	13.4	15.0	15.0
P/E (x)	61.5	43.7	31.5	25.3	22.6
P/B (x)	7.6	4.4	4.0	3.6	3.2
EV/EBITDA (x)	73.0	50.5	34.2	25.5	22.2
Dividend Yield (%)	0.4	0.6	0.8	1.0	1.1

Source: Company data, JM Financial. Note: Valuations as of 13/Aug/2025

JM Financial Research is also available on:
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S&P Capital IQ, FactSet and Visible Alpha

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

Exhibit 1. Quarterly Performance

Y/E March (INR mn)	1QFY25	1QFY26	% YoY	4QFY25	QoQ (%)	1QFY26E	Var (%)
Net Sales	4,137	5,137	24.2	8,119	-36.7	6,659	-22.9
Expenditure	3,572	4,347	21.7	7,093	-38.7	5,740	-24.3
EBITDA	565	790	39.8	1,027	-23.0	919	-14.0
EBITDA (%)	13.7	15.4	170bps	12.6	270bps	13.8	160bps
Other income	232	579	149.4	698	-17.0	333	73.9
Depreciation	18	20	6.3	17	13.2	18	10.1
EBIT	779	1,349	73.2	1,707	-20.9	1,234	9.4
Interest	22	122	465.2	35	248.5	26	371.0
PBT before Eol	757	1,228	62.1	1,672	-26.6	1,208	1.6
Extraordinary item	0	0		0		0	
PBT after Eol	757	1,228	62.1	1,672	-26.6	1,208	1.6
Tax	201	246	22.2	344	-28.5	302	-18.5
Tax rate (%)	26.6	20.0		20.6		25.0	
Tax on Eol (assumed)							
PAT before MI/SA	556	982	76.5	1,328	-26.1	906	8.3
Minority/Share of associates	0	0	-50.0	0		0	
Profit from discontinued operations	0	0		0		0	
Reported PAT	556	982	76.5	1,328	-26.1	906	8.3
Reported EPS (INR)	5.2	9.1	76.5	12.3	-26.1	8.4	8.3

Source: Company, JM Financial

Exhibit 2. Cost Breakup

Y/E March (INR mn)	1QFY25	1QFY26	% YoY	4QFY25	QoQ (%)	1QFY26E	Var (%)
COGS	3,264	3,926	20.3	6,638	-40.9	5,194	-24.4
as a % of sales	78.9	76.4	-250bps	81.8	530bps	78.0	160bps
Staff Cost	132	189	43.6	189	-0.2	200	-5.4
as a % of sales	3.2	3.7	50bps	2.3	-130bps	3.0	-70bps
Other Expenditure	176	232	31.7	265	-12.6	346	-33.1
as a % of sales	4.3	4.5	30bps	3.3	-120bps	5.2	70bps

Source: Company, JM Financial

Exhibit 3. SoTP Valuation

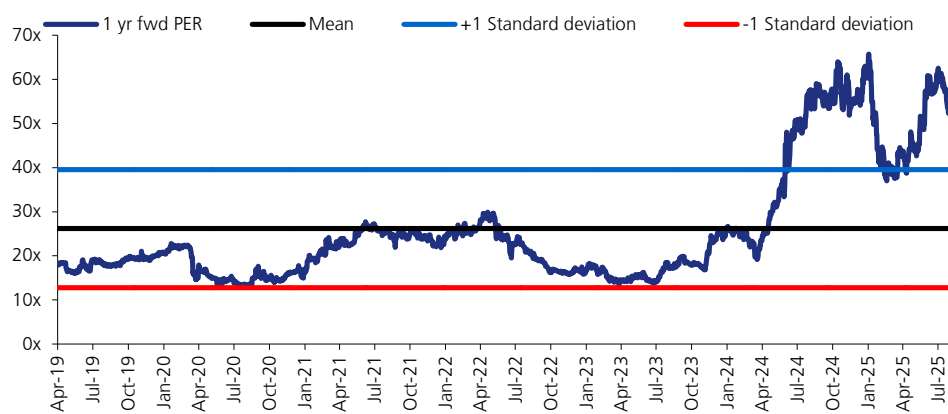
Business	Valuation basis	PAT/BV (INRmn)	No: of shares (mn)	Value/sh (INR)
EPC segment	25x Mar'27E PAT	6,051	116.3	1,301
Data Centre	1.2x P/B	14,000	116.3	144
Cash+invst	1xMar'25	25,000	116.3	215
Target Price				1,660

Source: Company, JM Financial

Key conference call highlights

- **Guidance:** Management maintained its revenue guidance of INR 35bn and EPS of INR 50 for FY26. Going forward expect to report 40-50% CAGR based on current order book and pipeline.
- General Revenue breakup quarter wise for full year: 1Q – 15%; 2Q – 20%; 3Q- 25%; 4Q- 35%.
- Delivery timeline for some of the projects was compressed due to delay in acquiring land. This in turn increased productivity and optimizing cost.
 - Company is now practicing this across its on-going site.
- **Data Center:** Chennai Phase 1 is now complete. Expect to deploy 50 racks i.e 0.5MW by end of 2QFY26 and fully by Dec'25. It is suitable for AI- backed application
 - Currently company is engaged with domestic banks, domestic cloud providers, global private sector bank and receiving positive feedback to lease it racks.
 - Company is onboarding global channel partner for distribution and establishing extensive distribution network for upcoming data center.
 - Gurgaon data center of 200KV is complete and is now in deployment, to various customer engaged by Railtel which are largely PSU.
 - Mumbai Edge data center is expected to be operational by 2HFY26.
 - Received concession from Railtel to build a hyperscale data center of 18MW in Noida and construction work is going on and expected be completed in 2HFY26.
- Order book at end of 1Q stands at INR 104bn and is further L1 in orders worth INR 7.2bn. T&D segment order book stands at INR 71bn, including concession order worth INR 2.8bn.
- Order inflows for FY26 to be INR 35bn.
- Despite strong growth company has been able to manage its working capital due to better execution, operational efficiency, focus on cash flows, efficient utilization of resources and the better credit terms from the vendors.
- **T&D segment:** Bidding pipeline from T&D segment stands at INR 400bn/year for next 3-4 yer and Techno aims to bag orders worth INR 20-25bn/year.
- **FGD:** Order book stands at INR 10bn. One of the project is 60% complete, so don't see much threat to same.
 - Company never targeted FGD revenue to be more than INR 3-4bn in one year.
- **Smart Meter:** Currently company has orders to implement 2.5mn smart meter which is expected to be completed by Sep'26. Off this c. 1.7-1.8mn will be installed till FY26 and remaining 0.7mn in FY27.
 - Will be selective in taking order in this space.

Exhibit 4. One Year Forward PE Multiple



Source: Company, JM Financial

Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	16,809	24,017	34,926	45,574	52,668
Sales Growth	73.9%	42.9%	45.4%	30.5%	15.6%
Other Operating Income	0	0	0	0	0
Total Revenue	16,809	24,017	34,926	45,574	52,668
Cost of Goods Sold/Op. Exp	13,232	19,168	27,766	36,004	41,871
Personnel Cost	462	644	943	1,231	1,317
Other Expenses	846	925	1,397	1,914	2,107
EBITDA	2,269	3,280	4,820	6,426	7,374
EBITDA Margin	13.5%	13.7%	13.8%	14.1%	14.0%
EBITDA Growth	91.6%	44.6%	46.9%	33.3%	14.7%
Depn. & Amort.	75	77	84	98	112
EBIT	2,194	3,203	4,736	6,328	7,262
Other Income	1,315	1,756	2,123	2,270	2,372
Finance Cost	164	102	210	273	316
PBT before Excep. & Forex	3,345	4,857	6,649	8,325	9,318
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,345	4,857	6,649	8,325	9,318
Taxes	622	1,024	1,330	1,707	1,910
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	2,723	3,833	5,320	6,619	7,408
Adjusted Net Profit	2,723	3,833	5,320	6,619	7,408
Net Margin	16.2%	16.0%	15.2%	14.5%	14.1%
Diluted Share Cap. (mn)	116.3	116.3	116.3	116.3	116.3
Diluted EPS (INR)	23.4	33.0	45.7	56.9	63.7
Diluted EPS Growth	112.5%	40.8%	38.8%	24.4%	11.9%
Total Dividend + Tax	753	1,047	1,330	1,655	1,852
Dividend Per Share (INR)	6.5	9.0	11.4	14.2	15.9

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,310	4,258	6,649	8,325	9,318
Depn. & Amort.	75	77	84	98	112
Net Interest Exp. / Inc. (-)	-123	-84	-210	-1,997	-2,056
Inc (-) / Dec in WCap.	-4,878	5,765	-3,125	-2,917	-1,944
Others	-2,481	-2,448	0	0	0
Taxes Paid	723	804	-1,330	-1,707	-1,910
Operating Cash Flow	-3,374	8,373	2,068	1,802	3,520
Capex	-220	-25	-200	-200	-200
Free Cash Flow	-3,594	8,348	1,868	1,602	3,320
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	-1,330	-1,655	-1,852
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-164	13,151	210	1,997	2,056
Financing Cash Flow	-810	12,337	-1,120	342	204
Inc / Dec (-) in Cash	-151	922	748	944	524
Opening Cash Balance	483	332	1,254	2,002	2,946
Closing Cash Balance	1,360	1,254	2,002	2,946	3,470

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	21,917	37,670	41,659	46,623	52,179
Share Capital	215	233	233	233	233
Reserves & Surplus	21,702	37,437	41,427	46,391	51,946
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	698	849	849	849	849
Total - Equity & Liab.	22,616	38,519	42,509	47,473	53,028
Net Fixed Assets	442	389	505	607	695
Gross Fixed Assets	1,073	1,097	1,297	1,497	1,697
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	631	708	792	890	1,002
Capital WIP	0	0	0	0	0
Investments	11,899	30,433	30,433	31,433	34,433
Current Assets	16,280	25,094	35,397	46,523	53,830
Inventories	259	0	383	499	577
Sundry Debtors	7,411	6,915	10,047	13,110	15,151
Cash & Bank Balances	1,360	1,254	2,002	2,946	3,470
Loans & Advances	351	3,809	4,784	6,243	7,215
Other Current Assets	6,901	13,116	18,181	23,724	27,416
Current Liab. & Prov.	6,006	17,397	23,826	31,090	35,930
Current Liabilities	5,498	8,630	11,482	14,983	17,316
Provisions & Others	508	8,767	12,344	16,107	18,614
Net Current Assets	10,274	7,697	11,571	15,432	17,900
Total - Assets	22,616	38,519	42,509	47,473	53,028

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	16.2%	16.0%	15.2%	14.5%	14.1%
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%	13.4%	15.0%	15.0%

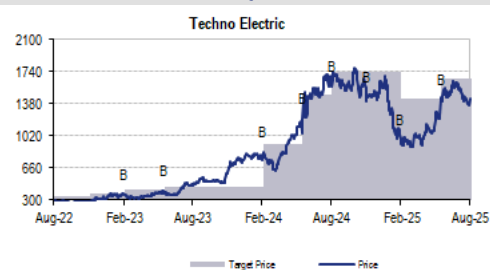
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	188.5	323.9	358.2	400.9	448.7
ROIC	26.7%	34.5%	49.8%	46.9%	43.5%
ROE	13.1%	12.9%	13.4%	15.0%	15.0%
Net Debt/Equity (x)	-0.1	0.0	0.0	-0.1	-0.1
P/E (x)	61.5	43.7	31.5	25.3	22.6
P/B (x)	7.6	4.4	4.0	3.6	3.2
EV/EBITDA (x)	73.0	50.5	34.2	25.5	22.2
EV/Sales (x)	9.9	6.9	4.7	3.6	3.1
Debtor days	161	105	105	105	105
Inventory days	6	0	4	4	4
Creditor days	138	152	139	140	140

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Apr-20	Buy	250	
1-Jul-20	Buy	250	0.0
1-Sep-20	Buy	235	-6.0
13-Nov-20	Buy	255	8.5
16-Feb-21	Buy	315	23.5
30-Jun-21	Buy	365	15.9
17-Aug-21	Buy	365	0.0
15-Nov-21	Buy	370	1.4
15-Feb-22	Buy	340	-8.1
31-May-22	Buy	340	0.0
16-Aug-22	Buy	350	2.9
15-Nov-22	Buy	370	5.7
15-Feb-23	Buy	420	13.5
31-May-23	Buy	450	7.1
16-Feb-24	Buy	930	106.7
30-May-24	Buy	1,485	59.7
14-Aug-24	Buy	1,735	16.8
14-Nov-24	Buy	1,735	0.0
12-Feb-25	Buy	1,440	-17.0
30-May-25	Buy	1,655	14.9

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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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.
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* REITs refers to Real Estate Investment Trusts.

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