

Techno Electric | BUY

T&D pipeline robust; eye on Data Center client on-boarding

Techno Electric (TECHNOE), quarterly performance was above JMFe. Revenue came in at INR 8.1bn (up 68.2% YoY). Order book stands healthy at c.INR 110bn up 78.3% YoY (4.6x FY26 EPC revenue) and is L1 in orders worth INR 8bn. Order inflows came in strong at INR 41.5bn vs management guidance of INR 35bn. Order pipeline for next couple of years stands strong from T&D space and TECHNOE is confident to bag orders worth INR 25-30bn/year for next couple of years in this space. Chennai Data Center phase-1 is almost completed and company expects on-boarding of customer from 2QFY26. Management guided for revenue of INR 35bn for FY26 and INR 45bn for FY27. Cash and cash equivalent stand at INR 25bn as on FY25. We remain positive on stock in long run given strong order book, pipeline, execution of Edge Data Center order and expected revenue pickup from Chennai Data Center. Chennai Data Center phase-1 client on boarding remains key to watch.

- **Strong revenue growth:** Std. Revenue grew 68.2% YoY to INR 8.1bn, which is 4.3% above JMFe of INR 7.8bn, driven by strong opening order book and project execution. EBITDA at INR 1bn (up 74.4% YoY) in line with JMFe of INR 1.1bn), EBITDA margins expanded 50bps YoY to 12.6% (JMFe 13.6%) due to lower other expenses. Other income grew 126% to INR 698mn. PAT grew 91.3% YoY to INR 1.3bn, which was 13.6% above JMFe of INR 1.2bn.
- **Order book of INR 110bn as on Mar'25:** Order inflows in 4QFY25 came in at INR 20bn. FY25 order inflow came in at INR 41.5bn higher than management guidance of INR 35bn. Order book stands healthy at INR 110bn, Including T&D orders worth INR 75bn, providing strong revenue visibility going forward. L1 in orders worth INR 8bn.
- **Data Center update:** Construction of Chennai Data center phase –I is completed and is currently in testing phase. Company targets to start leasing out the racks from 2QFY26. Company is in interaction with few customers including one of the global major cloud player for leasing along with domestic client in BFSI, PSU customers. Railtel edge Data Center order- Execution of 1st Edge DC at Gurgaon of 200KV is completed. While Mumbai edge data center is expected to be completed by Nov'25.
- **Maintain Buy with TP of INR 1,655:** 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 revised SoTP of INR 1,655 (INR 1,440 earlier) valuing EPC business at 25x FY27E (24x FY27E earlier), factoring in strong order backlog & pipeline, and value Data Center on 1.2x P/BV (vs 1x P/BV earlier) considering completion of data center phase-I capex and expected client on-boarding in near future **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).



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,655
Upside/(Downside)	14.6%
Previous Price Target	1,440
Change	14.9%

Key Data – TECHNOE IN

Current Market Price	INR1,444
Market cap (bn)	INR167.9/US\$2.0
Free Float	41%
Shares in issue (mn)	116.3
Diluted share (mn)	116.3
3-mon avg daily val (mn)	INR512.4/US\$6.0
52-week range	1,825/785
Sensex/Nifty	81,633/24,834
INR/US\$	85.5

Price Performance

%	1M	6M	12M
Absolute	31.6	-2.0	29.7
Relative*	29.4	-4.2	17.4

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	16,809	24,017	35,048	45,660	51,422
Sales Growth (%)	73.9	42.9	45.9	30.3	12.6
EBITDA	2,269	3,280	4,870	6,469	7,175
EBITDA Margin (%)	13.5	13.7	13.9	14.2	14.0
Adjusted Net Profit	2,723	3,833	5,181	6,563	7,327
Diluted EPS (INR)	23.4	33.0	44.6	56.4	63.0
Diluted EPS Growth (%)	112.5	40.8	35.2	26.7	11.6
ROIC (%)	26.7	34.5	50.6	47.9	43.6
ROE (%)	13.1	12.9	13.1	14.9	14.9
P/E (x)	61.7	43.8	32.4	25.6	22.9
P/B (x)	7.7	4.5	4.0	3.6	3.2
EV/EBITDA (x)	73.2	50.7	34.0	25.4	22.7
Dividend Yield (%)	0.4	0.6	0.8	1.0	1.1

Source: Company data, JM Financial. Note: Valuations as of 29/May/2025

JM Financial Research is also available on:
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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)	4QFY24	4QFY25	% YoY	3QFY25	QoQ (%)	4QFY25E	Var (%)
Net Sales	4,827	8,119	68.2	6,759	20.1	7,787	4.3
Expenditure	4,238	7,093	67.3	5,767	23.0	6,727	5.4
EBITDA	588	1,027	74.4	992	3.5	1,060	-3.1
EBITDA (%)	12.2	12.6	50bps	14.7	-200bps	13.6	-100bps
Other income	309	698	126.0	439	59.0	427	63.4
Depreciation	19	17	-8.8	22	-20.6	28	-39.1
EBIT	878	1,707	94.4	1,409	21.1	1,458	17.0
Interest	43	35	-17.9	25	39.8	52	-32.3
PBT before Eol	836	1,672	100.1	1,384	20.8	1,407	18.8
Extraordinary item	0	0		0		0	
PBT after Eol	836	1,672	100.1	1,384	20.8	1,407	18.8
Tax	142	344	143.0	338	1.7	238	44.5
Tax rate (%)	16.9	20.6		24.4		16.9	
Tax on Eol (assumed)							
PAT before MI/SA	694	1,328	91.3	1,046	27.0	1,169	13.6
Minority/Share of associates	0	0	-100.0	0		0	
Profit from discontinued operations	0	0		0		0	
Reported PAT	694	1,328	91.3	1,046	27.0	1,169	13.6
Reported EPS (INR)	6.4	12.3	91.3	9.7	27.0	10.9	13.6
Adjusted PAT	694	1,328	91.3	1,046	27.0	1,169	13.6
Adjusted EPS (INR)	6.4	12.3	91.3	9.7	27.0	10.9	13.6

Source: Company, JM Financial

Exhibit 2. Cost Breakup

Y/E March (INR mn)	4QFY24	4QFY25	% YoY	3QFY25	QoQ (%)	4QFY25E	Var (%)
COGS	3,795	6,638	74.9	5,308	25.1	6,044	9.8
as a % of sales	78.6	81.8	310bps	78.5	-320bps	77.6	-410bps
Staff Cost	127	189	49.2	168	12.5	175	8.1
as a % of sales	2.6	2.3	-30bps	2.5	20bps	2.2	-10bps
Other Expenditure	317	265	-16.3	290	-8.7	507	-47.7
as a % of sales	6.6	3.3	-330bps	4.3	100bps	6.5	330bps

Source: Company, JM Financial

Exhibit 3. Change in estimate

	Revised Estimates	Introduced	Previous Estimates		% Change	
	FY26	FY27	FY26	FY27	FY26	FY27
Net Sales	35,048	45,660	33,476	45,622	5%	0%
EBITDA	4,870	6,469	4,776	6,627	2%	-2%
EBITDA margin	13.9	14.2	14.3	14.5	-40bps	-40bps
Adj. PAT	5,181	6,563	4,916	6,391	5%	3%

Source: Company, JM Financial

Exhibit 4. SoTP Valuation

Business	Valuation basis	PAT/BV (INRmn)	No. of shares (mn)	Value/sh (INR)
Core EPC segment	25x Mar'27E PAT	6,036	116.3	1,298
Data Centre	1.2x P/B	14,000	116.3	144
Cash+invst	1xMar'24	25,000	116.3	215
Target Price				1,655

Source: Company, JM Financial

Key conference call highlights

- **Guidance:** Revenue to be INR35bn for FY26 and INR 45bn for FY27. EPS of INR 50 for FY26 and INR 75 for FY27.
- **Order book** stands strong at INR 110bn. And is L1 in orders worth INR 8bn.
- **Order inflow** in FY25 stood at INR 41.5bn vs INR 35bn guided.
- Bid pipeline in T&D space stands at INR 400bn and Techno Electric targets to bag orders worth INR 25-30bn/year.
- Cash and cash equivalent stand at INR 25bn as on FY25.
- Better capital management, focus on cash flow and efficient resource utilization, resulted in better working capital management despite strong growth in revenue during the year.
- **Data Center Update:** Chennai phase one is almost completed (incurred capex of INR 4.5bn) and expects client onboarding from 2QFY26 onwards.
 - Edge Data center order from Railtel- Gurgaon site is completed and 75% of this will be utilized by railtel immediately and remaining 25% in next 3 months.
 - Started execution at second site in Mumbai which is of 450KW and likely to be completed by Nov'25.
 - Targets to setup 10 edge data center each year.
 - Expects Data center capacity to reach 25MW in FY26 and 50MW in FY27.

Exhibit 5. Price to Earning 12M FWD – Valuation Charts



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	35,048	45,660	51,422
Sales Growth	73.9%	42.9%	45.9%	30.3%	12.6%
Other Operating Income	0	0	0	0	0
Total Revenue	16,809	24,017	35,048	45,660	51,422
Cost of Goods Sold/Op. Exp	13,232	19,168	27,057	35,250	39,698
Personnel Cost	462	644	773	928	1,104
Other Expenses	846	925	2,348	3,014	3,445
EBITDA	2,269	3,280	4,870	6,469	7,175
EBITDA Margin	13.5%	13.7%	13.9%	14.2%	14.0%
EBITDA Growth	91.6%	44.6%	48.5%	32.9%	10.9%
Depn. & Amort.	75	77	84	98	112
EBIT	2,194	3,203	4,786	6,372	7,063
Other Income	1,315	1,756	1,901	2,106	2,403
Finance Cost	164	102	210	274	309
PBT before Excep. & Forex	3,345	4,857	6,477	8,203	9,158
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,345	4,857	6,477	8,203	9,158
Taxes	622	1,024	1,295	1,641	1,832
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	2,723	3,833	5,181	6,563	7,327
Adjusted Net Profit	2,723	3,833	5,181	6,563	7,327
Net Margin	16.2%	16.0%	14.8%	14.4%	14.2%
Diluted Share Cap. (mn)	116.3	116.3	116.3	116.3	116.3
Diluted EPS (INR)	23.4	33.0	44.6	56.4	63.0
Diluted EPS Growth	112.5%	40.8%	35.2%	26.7%	11.6%
Total Dividend + Tax	753	1,047	1,295	1,641	1,832
Dividend Per Share (INR)	6.5	9.0	11.1	14.1	15.7

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,310	4,258	6,477	8,203	9,158
Depn. & Amort.	75	77	84	98	112
Net Interest Exp. / Inc. (-)	-123	-84	-210	-1,832	-2,095
Inc (-) / Dec in WCap.	-4,878	5,765	-3,063	-2,879	-1,563
Others	-2,481	-2,448	0	0	0
Taxes Paid	723	804	-1,295	-1,641	-1,832
Operating Cash Flow	-3,374	8,373	1,992	1,950	3,781
Capex	-220	-25	-200	-200	-200
Free Cash Flow	-3,594	8,348	1,792	1,750	3,581
Inc (-) / Dec in Investments	4,253	-19,763	0	-1,000	-2,000
Others	0	0	0	0	0
Investing Cash Flow	4,033	-19,788	-200	-1,200	-2,200
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-646	-814	-1,295	-1,641	-1,832
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-164	13,151	210	1,832	2,095
Financing Cash Flow	-810	12,337	-1,085	191	263
Inc / Dec (-) in Cash	-151	922	707	941	1,844
Opening Cash Balance	483	332	1,254	1,961	2,902
Closing Cash Balance	1,360	1,254	1,961	2,902	4,746

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	21,917	37,670	41,556	46,478	51,973
Share Capital	215	233	233	233	233
Reserves & Surplus	21,702	37,437	41,323	46,245	51,740
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	42,405	47,327	52,822
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	33,433
Current Assets	16,280	25,094	35,568	46,686	54,055
Inventories	259	0	480	625	704
Sundry Debtors	7,411	6,915	10,082	13,135	14,793
Cash & Bank Balances	1,360	1,254	1,961	2,902	4,746
Loans & Advances	351	3,809	4,801	6,255	7,044
Other Current Assets	6,901	13,116	18,244	23,768	26,768
Current Liab. & Prov.	6,006	17,397	24,101	31,399	35,361
Current Liabilities	5,498	8,630	11,523	15,012	16,906
Provisions & Others	508	8,767	12,579	16,388	18,456
Net Current Assets	10,274	7,697	11,467	15,287	18,693
Total - Assets	22,616	38,519	42,405	47,327	52,822

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	16.2%	16.0%	14.8%	14.4%	14.2%
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%	13.1%	14.9%	14.9%

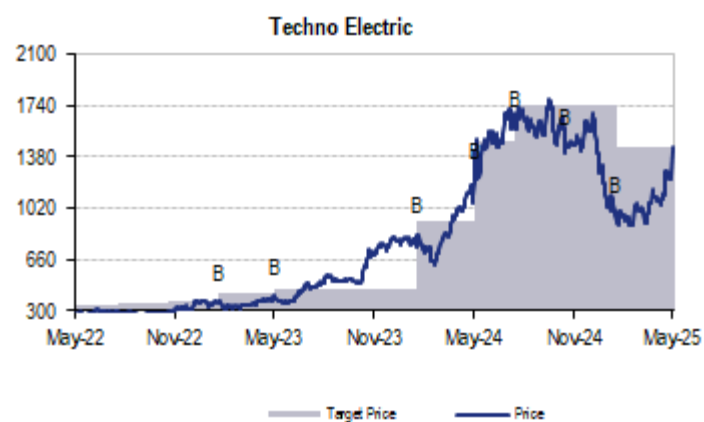
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	188.5	323.9	357.3	399.6	446.9
ROIC	26.7%	34.5%	50.6%	47.9%	43.6%
ROE	13.1%	12.9%	13.1%	14.9%	14.9%
Net Debt/Equity (x)	-0.1	0.0	0.0	-0.1	-0.1
P/E (x)	61.7	43.8	32.4	25.6	22.9
P/B (x)	7.7	4.5	4.0	3.6	3.2
EV/EBITDA (x)	73.2	50.7	34.0	25.4	22.7
EV/Sales (x)	9.9	6.9	4.7	3.6	3.2
Debtor days	161	105	105	105	105
Inventory days	6	0	5	5	5
Creditor days	138	152	139	140	139

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
10-Feb-20	Buy	325	
9-Apr-20	Buy	250	-23.1
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

Recommendation History



APPENDIX I

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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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