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Record revenue, margins strain, growth intact...

About the stock: Techno Electric is engaged in Engineering, Procurement and Construction (EPC), asset ownership and operations and maintenance services in the three industry segments of energy transmission (68% of order book), distribution (21%) and generation (11%).

- Techno Electric also ventured into Data centre space in 2021 where it sets up and operates data centres for data centre users across industry.
- Expansion in data centre business and energy transmission sector tailwinds to drive long term incremental growth.

Q2FY26 performance: Techno Electric reported mix Q2FY26 performance with a strong revenue growth of 91% YoY to ₹843 crore, EBITDA grew 58% YoY to ₹111 crore, EBITDA margins declined by sharp 270 bps YoY to 13.2%. Consequently, PAT came in at ₹104 crore, up 10.4%. PAT margins sharply decline by 900 bps to 12.3%. Margins came under pressure on increase in raw material prices.

Investment Rationale:

- EPC business driving growth on sector tailwinds:** The company witnessed record growth ~91% revenue growth in Q2FY26, however margins came under pressure on rising raw material prices. This was primarily led by transmission EPC business. The company has orderbook of ₹9957 crore. With order bid pipeline of more than ₹1.5 trillion over next two years Techno electric expects healthy order inflows to continue in transmission EPC space. Further the company will implement 1 million smart meters over next year for which it will invest ₹500 crore. We have built in revenue and PAT growth at a CAGR of 44% and 23% over FY25-FY27E.
- Data centre-next growth engine:** The company expects to commission 25 MW and 50 MW of Data Centre capacity in FY26E and FY27E respectively. Techno Electric's first edge data centre in Gurgaon and the phase 1 (5.6MW) of Chennai has become operational. Mumbai edge data centre to be operational by FY26E. Further it aims to deploy 10 edge data centres in short term and ~250 MW hyperscale and edge data centre by 2030. For this it plans to invest ~₹8,000 crore. The data centre business will have high EBITDA margins ~80% due to high capital requirements. The company targets to achieve IRR of 15.5% from the data centre business.

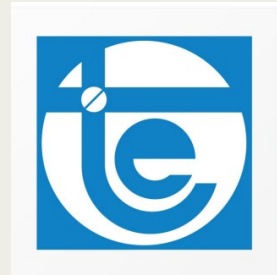
Rating and Target Price

- With increasing traction in the energy transmission & data centre demand, combined with healthy orderbook to drive growth in revenue and profitability. We Estimate revenue, EBITDA and PAT to grow at ~44%, ~45% and ~23% CAGR respectively over FY25-27E. We value it at 30x FY27E to arrive at a fair value of ₹1490 per share.

Key Financial Summary

Particulars (Rs. in crore)	FY23	FY24	FY25	Δ (FY22-FY25E)	FY26E	FY27E	GR (FY25-27E)
Revenue	829.5	1,502.4	2,268.7	31.4%	3,479.6	4,697.4	43.9%
EBITDA	86.7	209.4	339.3	29.0%	480.1	711.5	44.8%
EBITDA margin (%)	10.4	13.9	15.0		13.8	15.1	
Net Profit	96.6	271.0	385.5	16.6%	446.9	578.4	22.5%
EPS (Rs.)	8.8	24.6	33.1		38.4	49.7	
P/E (x)	141.8	50.5	37.6		32.4	25.0	
Price / Book (x)	7.1	6.3	3.9		3.5	3.2	
EV/EBITDA (x)	160.1	66.3	41.1		28.9	19.6	
RoCE (%)	7.7	15.1	12.7		13.7	15.9	
RoE (%)	5.0	12.4	11.5		10.9	12.7	

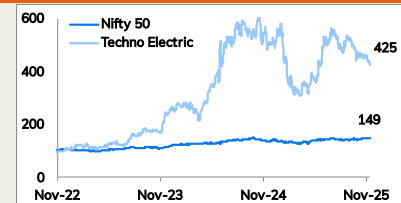
Source: Company, ICICI Direct Research

**Particulars**

Particular	Rs. (in crore)
Market Capitalization	14,359.0
Total Debt (H1FY26)	33.5
Cash and Inv (H1FY26)	138.7
Enterprise Value	14,253.8
52 week H/L (Rs.)	1718/795
Equity capital	23.3
Face value (Rs.)	2.0

Shareholding pattern

%	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	56.9	56.9	56.9	56.9
FII	9.9	9.3	9.0	9.2
DII	24.0	24.5	24.0	22.6
Public	9.1	9.2	10.1	11.2

Price Chart**Key risks**

- Supply chain pressures if continued may drive margins downward.
- Technology disruptions in data centre business.

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Key result and concall highlights

- Techno delivered a strong Q2FY26 with a strong revenue growth of 91% YoY to ₹843 crore, EBITDA grew 58% YoY to ₹111 crore, EBITDA margins declined by sharp 270 bps YoY to 13.2%. Consequently, PAT came in at ₹104 crore, up 10.4%. with PAT margins decline by 900 bps to 12.3%.
- Order book stands at ₹10,350 crore (₹9,957 crore at September-end plus ₹400 crore received subsequently). Techno remains L1 in a meaningful volume of new orders which is worth ₹782 crore, which will further bolster inflows in FY26. Management expects ₹3,000 crore order intake in FY26.
- Order inflow guidance for the full financial year FY26 is revised at around ₹3,000 crore, which supports the company's growth outlook of 40-50% CAGR for the next two years.
- Techno Data centre business progressing well, The Gurgaon Edge Data Centre has commenced commercial operations with RailTel consuming ~50% capacity and the remaining capacity will be used to provide private cloud and managed services.
- Chennai Phase 1 (5.6 MW of 24 MW total capacity) inaugurated in August 2025. It has leased 0.5 MW capacity to customers from media, entertainment, cloud services and telecom sectors onboarded. Company expects to lease remaining capacity in couple of quarters.
- Management expects data centre business to earn an annual revenue of ~₹125 crores by FY27E
- The company is executing 2.5 million smart meter order book 50% of which is deployed and balance completion is targeted by September FY26. Going ahead, due to increased competition in the smart metering segment company will may refrain from order booking in the segment.
- Liquidity remains robust with a cash balance of ₹2,500 crore. The company continues to operate on a debt-light balance sheet and actively monetises receivables to keep working capital cycles lean despite revenue expansion.
- Management has guided for topline of around ~₹3500 crore in FY26E. Techno aims to earn EPS of ₹50 and ₹75 in FY26E and FY27E (excluding data center operations). With expected EBITDA margins in range of 13.5%-14%.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Net Sales	1,502.4	2,268.7	3,479.6	4,697.4
Other Operating Income	-	-	-	-
Total Operating Income	1,502.4	2,268.7	3,479.6	4,697.4
% Growth		51.0	53.4	35.0
Other Income	136.1	160.0	145.0	140.0
Total Revenue	1,638.5	2,428.6	3,624.6	4,837.4
Cost of materials consumed	1,124.7	1,739.4	2,703.1	3,574.0
Purchase of stock-in-trade	-	-	-	-
Other Expenses	86.4	97.2	162.6	229.9
Total expenditure	1,293.0	1,929.4	2,999.4	3,986.0
EBITDA	209.4	339.3	480.1	711.5
% Growth		62.0	41.5	48.2
Interest	16.4	10.5	12.1	13.9
Depreciation	7.8	8.1	49.5	105.4
PBT	321.3	480.6	563.5	732.1
Tax	50.2	102.5	124.0	161.1
PAT	271.0	385.5	446.9	578.4
% Growth		42.2	15.9	29.4
EPS	24.6	33.1	38.4	49.7

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	268.5	430.3	446.9	578.4
Depreciation	7.8	8.1	49.5	105.4
Interest	16.4	10.5	12.1	13.9
Other income	(136.1)	(160.0)	(145.0)	(140.0)
Prov for Taxation	50.2	102.5	124.0	161.1
Cash Flow before WC changes	206.8	391.4	487.5	718.8
Change in Working Capital	(53.0)	(24.9)	0.3	(446.0)
Taxes Paid	(52.7)	(87.7)	(124.0)	(161.1)
Cashflow from Operating Activities	101.2	278.9	363.8	111.8
(Purchase)/Sale of Fixed Assets	(183.7)	(168.3)	(1,175.0)	(1,305.0)
(Purchase)/Sale of Investments	132.4	(1,694.1)	825.0	1,050.0
Other Income	-	-	-	-
Cashflow from Investing Activities	(51.2)	(1,862.4)	(350.0)	(255.0)
Issue/(Repayment of Debt)	-	39.1	-	-
Changes in Minority Interest	-	-	-	-
Changes in Networth	(35.4)	1,153.5	(103.7)	(103.7)
Interest	(16.4)	(10.5)	(12.1)	(13.9)
Others	-	-	-	-
Cashflow from Financing Activities	(51.8)	1,182.1	(115.8)	(117.6)
Changes in Cash	(17.5)	(0.5)	37.7	(53.0)
Opening Cash/Cash Equivalent	154.6	137.2	136.7	174.4
Closing Cash/ Cash Equivalent	137.2	136.7	174.4	121.4

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Share Capital	21.5	23.3	23.3	23.3
Reserves & Surplus	2,141.7	3,723.7	4,067.0	4,541.7
Networth	2,163.2	3,747.0	4,090.2	4,564.9
Total Debt	-	39.1	39.1	39.1
Deferred tax liability (net)	69.3	84.1	84.1	84.1
Total Liabilities	2,265.1	4,150.9	4,561.4	5,157.9
Gross Block	343.1	345.4	345.4	345.4
Acc: Depreciation	267.2	275.2	324.7	430.1
Net Block	75.9	70.2	445.7	895.3
Capital WIP	275.7	441.7	1,191.7	1,941.7
Investments/ Investment property	1,141.9	2,836.1	2,011.1	961.1
Inventory	25.9	-	10.0	10.0
Sundry debtors	741.1	672.9	1,043.9	1,409.2
Cash and bank balances	137.2	136.7	174.4	121.4
Loans and advances	30.0	4.0	208.8	281.8
Other Current Assets	294.3	814.6	695.9	1,174.4
Total current Assets	1,289.7	1,658.4	2,237.3	3,137.7
CL& Prov.	553.2	868.9	1,386.9	1,870.7
Net Current Assets	721.1	745.5	782.9	1,175.9
Total Assets	2,265.1	4,150.9	4,551.2	5,137.0

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	24.6	33.1	38.4	49.7
Cash EPS	25.4	33.8	42.7	58.8
BV	196.7	322.2	351.7	392.5
DPS	5.9	9.0	9.0	9.0
Cash Per Share	24.3	23.7	27.9	37.0
EBITDA Margin	13.9	15.0	13.8	15.1
PBT / Net Sales	13.4	14.6	12.4	12.9
PAT Margin	17.9	19.0	12.8	12.3
Inventory days	6.3	-	1.0	0.8
Debtor days	180.0	108.3	109.5	109.5
Creditor days	133.6	139.1	145.0	145.0
RoE	12.4	11.5	10.9	12.7
RoCE	15.1	12.7	13.7	15.9
RoIC	11.5	9.4	16.5	32.2
P/E	50.5	37.6	32.4	25.0
EV / EBITDA	66.3	41.1	28.9	19.6
EV / Net Sales	9.2	6.1	4.0	3.0
Market Cap / Sales	9.3	6.2	4.0	3.0
Price to Book Value	6.3	3.9	3.5	3.2
Debt/EBITDA	0.0	0.1	0.1	0.1
Net Debt / Equity	-0.1	0.0	0.0	0.0
Current Ratio	2.0	1.7	1.4	1.5
Quick Ratio	1.9	1.7	1.4	1.5

Source: Company, ICICI Direct Research

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