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Data center scale-up remains key monitorable ...

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, distribution and data center.

- 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.

Q4FY26 performance: Techno Electric reported Q4FY26 performance with revenue rising 23.8% YoY to ₹1,010 crore, driven by robust execution in transmission and EPC projects. EBITDA increased 4.3% YoY to ₹132 crore, while EBITDA margin moderated to 13.1% from 15.5% YoY due to higher material costs and execution mix. PAT declined 15% YoY to ₹115 crore despite strong topline growth.

Investment Rationale:

- **Strong order book and energy transition opportunity provide multi-year growth visibility:** The core T&D business maintained strong execution momentum, supported by rising power demand, renewable integration and grid modernization opportunities in India. The company ended FY26 with an unexecuted order book of ~₹9,600 crore, along with fresh orders worth ₹386 crore and L1 position in additional ₹810 crore projects, providing strong revenue visibility. Management highlighted strong positioning in 765kV AIS/GIS substations and digital substations, including recent advanced 132kV digital substation orders in the DVC region, reinforcing leadership in smart grid infrastructure.
- **Data center business to emerge as a significant long-term value driver:** Management remains optimistic on the long-term data center opportunity, driven by AI adoption, cloud growth and data localization trends in India. Chennai DC has already tied up 0.5 MW capacity within six months of commissioning, while Gurgaon Edge DC is fully subscribed and generating positive operating margins. Noida Phase-1 (0.5 MW) is expected to be fully occupied by Dec'26, while Kolkata DC remains on track for CY28 commissioning. The company targets ₹40-50 crore DC revenue in FY27 and aims to scale operational capacity to 15-20 MW by Dec'27, expandable to 35-40 MW with industry-standard EBITDA margins of ~50%.
- **Smart metering business set to turn cash accretive:** The smart metering business witnessed healthy execution progress with ~70% of the 2.24-million-meter order book already executed by Mar'26 vs 50% in Q3FY26. Management indicated a disciplined bidding strategy amid margin pressure in recent tenders, prioritizing execution quality and return ratios over aggressive expansion. All ongoing smart meter projects are expected to be completed within FY27, while the AMI business is expected to turn cash accretive with internal cash generation of ₹400-450 crore during FY27.

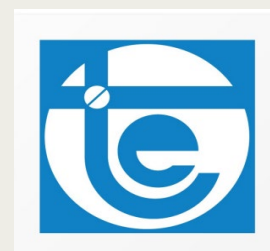
Rating and Target Price

- We estimate Revenue, EBITDA and PAT to grow at ~21.6%, ~25.4% and ~16.7% CAGR respectively over FY26-28E. We value it at 22x FY28E to arrive at a fair value of ₹1280 per share.

Key Financial Summary

Particulars (Rs. in crore)	FY23	FY24	FY25	FY26	3-Year CAGR (FY23-FY26)	FY27E	FY28E	2-Year CAGR (FY26-28E)
Revenue	829.5	1,502.4	2,268.7	3,251.6	57.7%	3,994.1	4,811.8	21.6%
EBITDA	86.7	209.4	339.3	461.8	74.7%	577.8	726.7	25.4%
EBITDA margin (%)	10.4	13.9	15.0	14.2		14.5	15.1	
Net Profit	96.6	271.0	385.5	496.8	72.6%	558.1	676.4	16.7%
EPS (Rs.)	8.8	24.6	33.1	42.7		48.0	58.2	
P/E (x)	122.4	43.6	32.4	25.2		22.4	18.5	
Price / Book (x)	6.1	5.5	3.3	3.0		2.7	2.4	
EV/EBITDA (x)	138.0	57.2	35.3	26.1		20.5	16.2	
RoCE (%)	7.7	15.1	12.6	13.8		14.1	15.5	
RoE (%)	5.0	12.4	11.4	12.6		12.0	13.0	

Source: Company, ICICI Direct Research



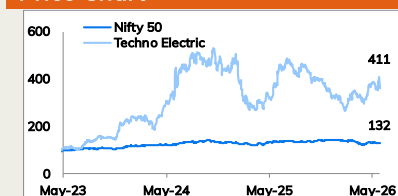
Particulars

Particular	Rs. (in crore)
Market Capitalization	12,475.0
Total Debt (FY26)	71.4
Cash (FY26)	131.0
Enterprise Value	12,415.4
52 week H/L (Rs.)	1655/870
Equity capital	23.3
Face value (Rs.)	2.0

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	56.9	56.9	56.9	56.9
FII	9.0	9.2	8.5	8.7
DII	24.0	22.6	23.1	22.7
Public	10.1	11.2	11.5	11.7

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

- **Q4FY26 financial performance:** Techno Electric reported Q4FY26 performance with revenue rising 23.8% YoY to ₹1,010 crore, driven by robust execution in transmission and EPC projects. EBITDA increased 4.3% YoY to ₹132 crore, while EBITDA margin moderated to 13.1% from 15.5% YoY due to higher material costs and execution mix. PAT declined 15% YoY to ₹115 crore despite strong topline growth.
- **FY26 financial performance:** For FY26, revenue grew sharply by 43.3% YoY to ₹3,252 crore, while EBITDA increased 36.1% YoY to ₹462 crore. However, EBITDA margin softened to 14.2% vs 15.0% in FY25 amid elevated raw material costs and higher execution intensity. PAT rose 18.7% YoY to ₹449 crore, reflecting healthy operating scale-up and execution momentum.
- **Order Book:** Unexecuted order book stood at nearly ₹9,600 crore as of March 2026, providing strong revenue visibility. Additionally, the company secured fresh orders worth ₹386 crore post year-end and is currently L1 in projects worth ₹810 crore. Current order book stands at nearly 2.5x FY27 projected revenue guidance.
- T&D order book currently stands at around ₹7,000 crore, supported by strong opportunities in renewable evacuation infrastructure, HVDC transmission and high-voltage substations. Management highlighted that India's HVDC market is expected to grow from \$15 billion in 2025 to \$30 billion by 2035.
- Nearly 70% of the 2.24 million smart meter order book had already been executed by March 2026. Management reiterated a selective bidding strategy in smart metering to protect margins and maintain execution quality amid aggressive industry competition.
- Gurgaon Edge Data Center became operational in August 2025 and is already fully subscribed. The second edge data center went live in May 2026, while Noida Data Center Phase-1 (0.5 MW) is expected to be commissioned by June 2026. The larger 5 MW phase remains on track for May 2027 commissioning.
- Techno Electric expects data center revenue of ₹40–50 crore in FY27, lower than earlier expectations due to slower utilization ramp-up. However, management remains highly optimistic on long-term growth and expects data center business revenue to scale up to ₹400–500 crore by FY30 with EBITDA margins of nearly 50%.
- By December 2027, the company expects to commission around 15–20 MW data center capacity, expandable to 35–40 MW, with utilization expected to reach 75–80% within 12 months post commissioning. Long-term operational capacity target stands at around 250 MW by FY30.
- Total planned capex for FY27 stands at approximately ₹1,250 crore, including ₹1,000 crore for data center expansion and ₹250 crore for smart metering business. Smart metering investment requirement totals around ₹650 crore, of which ₹400 crore is expected to be funded internally.
- Management guided for standalone revenue of ₹4,000 crore in FY27 with EBITDA margin of around 13% and EPS target of ₹60/share. For FY28, the company targets revenue of ₹5,000 crore with EPS guidance of ₹75/share, driven by strong execution across T&D, smart metering and data center businesses.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	1,502	2,269	3,252	3,994	4,812
Other Operating Income	-	-	-	-	-
Total Operating Income	1,502	2,269	3,252	3,994	4,812
% Growth		51.0	43.3	22.8	20.5
Other Income	136	160	150	157	165
Total Revenue	1,638	2,429	3,401	4,151	4,977
Cost of materials consumed	1,125	1,739	2,559	3,135	3,714
Purchase of stock-in-trade	-	-	-	-	-
Other Expenses	86	97	131	178	236
Total expenditure	1,293	1,929	2,790	3,416	4,085
EBITDA	209	339	462	578	727
% Growth		62.0	36.1	25.1	25.8
Interest	16.4	10.5	19.3	22.2	25.5
Depreciation	7.8	8.1	17.0	58.7	60.6
PBT	321	481	575	654	805
Tax	50	103	126	144	177
PAT	271	385	497	558	676
% Growth		42.2	28.9	12.4	21.2
EPS	24.6	33.1	42.7	48.0	58.2

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	268	430	522	558	676
Depreciation	7.8	8.1	17.0	58.7	60.6
Interest	16.4	10.5	19.3	22.2	25.5
Other income	(136)	(160)	(150)	(157)	(165)
Prov for Taxation	50	103	126	144	177
Cash Flow before WC changes	207	391	535	626	775
Change in Working Capital	(53)	(25)	(1,084)	37	(146)
Taxes Paid	(53)	(88)	(119)	(144)	(177)
Cashflow from Operating Activities	101	279	(669)	519	451
(Purchase)/Sale of Fixed Assets	(184)	(168)	(87)	(1,400)	(500)
(Purchase)/Sale of Investments	132	(1,694)	578	1,050	100
Other Income	-	-	-	-	-
Cashflow from Investing Activities	(51.2)	(1,862.4)	491.2	(350.0)	(400.0)
Issue/(Repayment of Debt)	-	39.1	32.3	-	-
Changes in Minority Interest	-	-	-	-	-
Changes in Networth	(35)	1,177	(135)	(72)	(104)
Interest	(16)	(11)	(19)	(22)	(25)
Others	-	-	-	-	-
Cashflow from Financing Activities	(52)	1,205	(122)	(94)	(129)
Changes in Cash	(17)	23	(29)	206	65
Opening Cash/Cash Equivalent	155	137	160	131	337
Closing Cash/ Cash Equivalent	137	160	131	337	403

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Share Capital	21.5	23.3	23.3	23.3	23.3
Reserves & Surplus	2,142	3,747	4,134	4,620	5,192
Networth	2,163	3,770	4,157	4,643	5,216
Total Debt	-	39.1	71.4	71.4	71.4
Deferred tax liability (net)	69.3	84.1	91.1	91.1	91.1
Total Liabilities	2,265	4,174	4,710	5,205	5,772
Gross Block	343	345	802	1,802	2,302
Acc: Depreciation	267	275	292	351	411
Net Block	76	70	510	1,451	1,890
Capital WIP	276	442	72	472	472
Investments/ Investment property	1,142	2,836	2,258	1,208	1,108
Inventory	26	-	-	10	10
Sundry debtors	741	673	1,217	1,398	1,684
Cash and bank balances	137	160	131	337	403
Loans and advances	30	4	-	-	-
Other Current Assets	294	815	1,675	1,678	1,828
Total current Assets	1,290	1,682	3,053	3,463	3,973
CL& Prov.	553	869	1,197	1,430	1,721
Net Current Assets	721	769	1,825	1,994	2,205
Total Assets	2,265	4,174	4,710	5,205	5,772

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
EPS	24.6	33.1	42.7	48.0	58.2
Cash EPS	25.4	33.8	44.2	53.0	63.4
BV	196.7	324.2	357.4	399.2	448.5
DPS	5.9	7.0	9.0	9.0	9.0
Cash Per Share	24.3	23.7	25.1	30.2	35.4
EBITDA Margin	13.9	15.0	14.2	14.5	15.1
PBT / Net Sales	13.4	14.6	13.7	13.0	13.8
PAT Margin	17.9	19.0	16.1	14.0	14.1
Inventory days	6.3	-	-	0.9	0.8
Debtor days	180.0	108.3	136.6	127.8	127.8
Creditor days	133.6	139.1	133.5	130.0	130.0
RoE	12.4	11.4	12.6	12.0	13.0
RoCE	15.1	12.6	13.8	14.1	15.5
RoIC	11.5	9.4	10.0	12.0	13.9
P/E	43.6	32.4	25.2	22.4	18.5
EV / EBITDA	57.2	35.3	26.1	20.5	16.2
EV / Net Sales	8.0	5.3	3.7	3.0	2.4
Market Cap / Sales	8.1	5.3	3.7	3.0	2.5
Price to Book Value	5.5	3.3	3.0	2.7	2.4
Debt/EBITDA	0.0	0.1	0.2	0.1	0.1
Net Debt / Equity	-0.1	0.0	0.0	-0.1	-0.1
Current Ratio	2.0	1.7	2.4	2.2	2.0
Quick Ratio	1.9	1.7	2.4	2.2	2.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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