

- ❑ The company reported revenue of ₹8,434 million for the quarter ended June 2025, marking an 91.1% year-on-year increase from ₹4,414 million in the same quarter last year, and there was a growth of 60.4% rise on a sequential basis (Results are not comparable on QoQ basis due to nature of the business). On H1 FY26 basis, they reported a revenue of ₹13,694 million a growth of 67.7% YoY
- ❑ The company reported EBITDA of ₹1,113 million and Profit After Tax (PAT) of ₹1,040 million for the Sep 2025 quarter. While EBITDA grew by 58.5% year-on-year, PAT grew by 10.4% over the same period. The company reported an EBITDA margin (EBIDTAM) of 13.2% and a profit after tax margin (PATM) of 12.3% in Q2 FY26, down from 15.9% and PATM was down from 21.3% respectively in the same quarter last year. In H1 FY26, they recorded an EBITDA of ₹2,037 million and a PAT of ₹2,149 million, translating to EBITDA and PAT margins of 14.9% and 15.7%, respectively.
- ❑ In the Data Centers segment, Phase 1 of the Chennai facility was launched in August 2025 with initial customers being onboarded. The Gurgaon Data Center, the first under the RailTel EDC contract, is now commercially operational. Work has also begun on RailTel's 16 MW Noida data center, following a revenue-share model like their Edge data centers.
- ❑ Chennai Phase 1 is approximately 5.6 megawatts, and the total capacity is 24 megawatts. Early adopters at the Chennai data center include clients from the media and entertainment sector, domestic cloud providers, and select telecom players. In Gurgaon, RailTel has taken up about 50% of the capacity, while the remaining capacity will be used for private cloud and managed services, which significantly boosts rack monetization, nearly three times higher than pure colocation.
- ❑ They have several bids underway and expect to secure additional orders of about ₹15,000 million this financial year, including new data center and Edge data center projects. This would take total order intake for the year to around ₹30,000 million, providing sufficient visibility to maintain growth momentum. The company has delivered nearly 4x revenue growth over the past three years with only a modest increase in manpower.
- ❑ They have deployed half of their 2.5 million smart meter order and expect to complete the rest by September 2026, while taking a selective bidding approach due to margin pressures. Their FGD projects are progressing well, though new tenders are delayed due to policy uncertainty; updated CA guidelines now prioritize A-category locations. Current projects remain unaffected.
- ❑ Management highlighted that their existing order book is strong, and the ₹30,000–35,000 million inflow guidance is conservative—they may even exceed ₹35,000 million and potentially reach ₹40,000 million. The key challenge is not capability but execution, given supply chain constraints, climate-related disruptions, and site readiness issues. They expect to deliver around 40% revenue growth in FY26 with EBITDA margins of 13.5–14% in H2 FY26. The company continues to work closely with strong execution partners such as Adani, Sterlite, and Power Grid, where timely project delivery is essential. We maintain a **BUY** rating on the stock with a target price of **₹1,600 per share**.

**Key takeaways from Management Commentary**

- ❑ Their revenue pattern remains consistent, with around 40% of annual revenue generated in the first half and 60% in the second, and FY26 performance is broadly aligned with the ₹25,000 million target. They remain on track to meet H2 goals, backed by a strong and steadily growing order book and healthy visibility in the T&D segment, while focusing on consolidating operations to further improve efficiency and scalability.
- ❑ This quarter significantly tested their patience, as the construction ecosystem faced persistent challenges across key project regions such as Rajasthan, Ladakh, and Maharashtra, along with sector-wide hurdles like delayed site handovers, changing customer requirements, and environmental constraints.
- ❑ Their liquid investments and cash balances stand at ₹26,000 million, equivalent to about ₹225 per share. The order book remains strong at ₹99,570 million as of September 2025, with an additional ₹4,000 million in orders received in September and thereafter, taking the total to roughly ₹1,03,500 million. They are also L1 on projects worth about ₹7,820 million, including one project from America valued at ₹3,000 million and two PGCL projects totaling ₹4,820 million.
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- ❑ Given the timelines for customer migration, setup, and revenue stabilization, data center contributions will remain modest this year. They expect the data center vertical to generate around ₹1,250 million in revenue in FY27. Once these assets become revenue accretive, the financial impact will be more visible and can be evaluated then. Phase 1 of the Chennai data center has been capitalized at ₹4,700 million, and an additional ₹850–1,000 million is expected to be spent this year on ongoing projects in Noida and Kolkata.

## Financials:

(In ₹ mn)	Q2-FY26	Q2-FY25	Chg	H1 FY26	H1 FY25	Chg
Net Sales	8,434	4,414	91.1%	13,694	8,168	67.7%
Operating Expense	7,322	3,712	97.2%	11,657	6,942	67.9%
EBITDA	1,113	702	58.5%	2,037	1,226	66.2%
Other Income	375	392		858	628	
Depreciation	24	20		45	40	
EBIT	1,464	1,074	36.3%	2,850	1,814	57.1%
Interest	68	20		93	42	
PBT	1,396	1,053	32.5%	2,757	1,772	55.6%
Tax	356	111		608	298	
Exceptional Items	-	-		-	-	
<b>PAT</b>	<b>1,040</b>	<b>942</b>	<b>10.4%</b>	<b>2,149</b>	<b>1,475</b>	<b>45.7%</b>
Minority /Other Adj.				-		
<b>Consolidated PAT</b>	<b>1,040</b>	<b>942</b>	<b>10.4%</b>	<b>2,149</b>	<b>1,475</b>	<b>45.7%</b>

  

Margins	Q2-FY26	Q2-FY25	Chg BPS	H1 FY26	H1 FY25	Chg BPS
Operating Margin %	13.2%	15.9%	-271	14.9%	15.0%	-13
Net Margin %	12.3%	21.3%	-901	15.7%	18.1%	-236

## Consolidated Financials:

(In ₹ mn)	FY-24	FY-25	FY-26E	FY-27E
Net Sales	15,024	22,687	35,550	45,432
Operating Expense	12,924	19,294	28,938	36,300
EBITDA	2,100	3,393	6,612	9,132
Other Income	1,361	1,600	2,506	3,203
Depreciation	78	81	126	161
EBIT	3,383	4,912	8,992	12,174
Interest	170	105	165	211
PBT	3,213	4,806	8,827	11,963
Tax	502	1,025	1,883	2,552
PAT	2,685	3,781	6,945	9,412

Margins	FY-24	FY-25	FY-26E	FY-27E
Sales Growth %	81.1%	51.0%	56.7%	27.8%
Operating Margin %	14.0%	15.0%	18.6%	20.1%
Net Margin %	17.9%	16.7%	19.5%	20.7%

(In ₹ mn)	FY-24	FY-25	FY-26E	FY-27E
<b><u>Liabilities</u></b>				
Equity Share Capital	215	233	223	223
Reserves & Surplus	21,417	37,164	64,294	111,229
<b>Total Shareholder's Funds</b>	<b>21,632</b>	<b>37,396</b>	<b>64,517</b>	<b>111,452</b>
Other Long-term Liabilities	357	2,850	2,850	2,850
Deferred Tax Liability	566	715	904	1,143
Short Term Liabilities	5,655	9,477	15,637	25,801
<b>Total</b>	<b>28,210</b>	<b>50,438</b>	<b>83,908</b>	<b>141,245</b>
<b><u>Assets</u></b>				
Net Fixed Assets	3,516	5,593	8,807	14,003
Long-Term L&A	311	483	749	1,161
Non-Current Investments	5	347	347	347
Other Non-Current Assets	65	101	157	243
Current Asset	24,312	44,524	73,848	125,491
<b>Total</b>	<b>28,210</b>	<b>50,438</b>	<b>83,908</b>	<b>141,245</b>

Key Ratios	FY-24	FY-25	FY-26E	FY-27E
EPS (₹)	23.4	32.5	59.7	80.9
P/E (x)	50.6	36.3	19.8	14.6
P/B (x)	6.3	3.7	2.1	1.2
ROE	12.6%	10.1%	10.8%	8.4%

Source: Company, Anand Rathi Research

## Key Risks:

- ☐ Delays in client land acquisition can lead to tight project timelines and strain on resources.
- ☐ Projects like the Chennai Data Center have faced delays due to slow regulatory clearances and permitting processes.
- ☐ Export demand and commodity volatility inflate EPC procurement costs and pressure margins.
- ☐ Rising export demand and volatile commodity prices impact procurement costs and margins in the EPC business.

## Rating and Target Price history:

Techno Electric rating history &amp; price chart



TECHNOE rating details

Date	Rating	Target Price (₹)	Share Price (₹)
30-June-2025	Buy	2,000	1,601
21-August-2025	Buy	2,000	1,507
20-November-2025	Buy	1,600	1,195

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 20 November 2025 close.

Source: Bloomberg, Anand Rathi Research

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