AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Equity Research Report
Techno Electric & Engineering Company Ltd.

Rating: Buy
Target: ₹1,296
Upside: 19%

Continuation of our coverage on TEECL post Q4FY26 results announced by the company on 25th May, 2026.

Recommendation and Rationale:

Techno Electric delivered another year of record revenues in FY26, with consolidated revenue growing 43% YoY to ₹3,252 crore and PAT increasing 12% YoY to ₹474 crore. The core T&D EPC business continues to witness strong execution, while the company's data center venture, Techno Digital, is gradually gaining traction. However, near-term margins remained under pressure due to supply chain disruptions arising from the Middle East (GCC) conflict, which impacted the availability and pricing of key equipment. While management expects these challenges to ease as geopolitical conditions stabilize, we have revised our FY27 earnings estimates downward to factor in the slower-than-anticipated scale-up of the data center business and the potential margin impact from ongoing geopolitical uncertainties. We maintain our "Buy" rating and retain our target valuation multiple of 30x FY27E EPS. Accordingly, our target price stands revised downward to ₹1,296.

Financial Performance (Consolidated)

Techno Electric reported a record quarterly revenue of ₹1,010 crore in Q4 FY26, reflecting a strong 24% YoY growth driven by robust execution across its core transmission business, smart metering projects, and emerging digital infrastructure verticals.

EBITDA stood at ₹132 crore, up 4% YoY, while EBITDA margin remained at 13%. Margin performance was impacted by elevated procurement costs arising from supply-chain disruptions and higher logistics costs during the quarter.

Robust Order Book and Strong Execution Visibility: With an unexecuted order book of ₹9,600 crore, fresh order wins of ₹386 crore and ₹810 crore of L1 projects, Techno Electric enjoys strong medium-term revenue visibility. The company's expertise in high-voltage substations, digital grid infrastructure, and renewable energy transmission positions it well to capitalize on India's expanding power infrastructure investments.

T&D remains the company's core earnings driver, supported by a strong execution track record of over 350 EHV substations across India. The company continues to benefit from growing transmission investments and renewable energy integration opportunities, while recent wins in 132 kV digital substation projects reinforce its positioning in smart grid and next-generation power infrastructure.

Smart Metering: The Company has made significant progress in its smart metering business, with around 70% of the awarded 2.24 million meters already executed. As project implementation enters the final phase, management remains focused on timely execution while maintaining a disciplined bidding strategy to protect profitability in an increasingly competitive market.

The Data Center business continues to gain traction, supported by growing demand from AI, cloud, and digital infrastructure. Chennai has already leased 0.5 MW capacity, Gurgaon Edge DC is fully occupied, and Noida Phase-I is expected to reach full utilization by Dec'26. Management expects ₹40–50 crore revenue from the segment in FY27, with data centers emerging as an important long-term growth and profitability driver.

Key Stock Data	
CMP (₹)(17/06/2026)	1,085.00
Industry	Construction
Market Cap (₹Crore)	12,635.95
52 Week High/Low (Rs)	1,655 / 870
BSE/NSE Code	542141 /TECHNOE
Bloomberg	TECHNOE:IN

Financial Results Data (in ₹ Crores/ Unless stated otherwise)

Particulars	FY24	FY25	FY26	FY27E
Rev. from operations	1,502	2,269	3,252	4,000
EBITDA	210	339	462	536
EBITDA Margin (%)	14	15	14	13.4
PAT	268	423	474	502
PATM (%)	18	19	14	13

Quarterly Results Data (in ₹ Crores/ Unless stated otherwise)

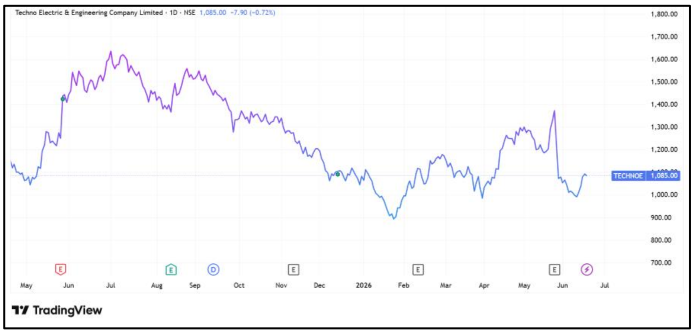
Particulars	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Rev. from operations	526	843	872	1010
EBITDA	92	111	126	132
EBITDA Margin (%)	18	13	14	13
PAT	136	104	119	115
PATM (%)	25	12	13	11

Shareholding Pattern(%)

Particulars	Q2FY26	Q3FY26	Q4FY26
Promoters	56.93	56.93	56.93
FIIs	9.22	8.53	8.65
DIIs	22.62	23.05	22.72
Public	11.24	11.47	11.70

Source: Company, Screener

Price Chart



Source: NSE, Company financials and investor presentation

SEGMENT REVIEW

Transmission & Distribution (T&D)

T&D remains Techno Electric's core business and primary revenue driver. The company has established a leadership position in more than 350 substations of 400 kV and above over the last three decades. With a strong presence across major utility projects and a dominant share in substations built for Power Grid Corporation of India (PGCIL).

• **Order book** at ₹6,185 crore (Transmission EPC) + ₹670 crore (TBCB assets) = ₹6,855 crore for T&D combined.
• **New Order Wins**: Post-March 2026, fresh orders of ₹386 crore won and L1 position secured in orders worth ₹810 crore.
• **Digital substations**: Received one of India's most advanced orders- four 132 kV digital substations in the DVC Grid Command Area. A major milestone in India's smart grid journey.
• **FY27 Target**: Targeting ₹4,000 crore fresh order inflow in FY27; aiming to maintain a 2.5x book-to-bill ratio.

SMART METERING (AMI) BUSINESS

The company has secured contracts for 2.24 million smart meters across five states under the 10-year DBFOOT (Design, Build, Finance, Own, Operate & Transfer) model, with an outstanding order book of ₹1,564 crore, accounting for 16% of the total order book. The business offers strong revenue visibility through long-term service agreements and is expected to generate stable, recurring annuity-like cash flows over the contract tenure.

Smart Metering: Execution Progress & Status

State / DISCOM	% Installed	Status
Jammu & Kashmir - LotB	100%	Completed-100% Live
Madhya Pradesh (AMI-1)	98%	Near completion
Jammu & Kashmir- Lot A (AMI-2)	49%	In progress
Jharkhand (AMI-3)	63%	In progress
Tripura (AMI-4)	75%	In progress

Source: Company financials and investor presentation

• **Strong execution momentum**: 69% of the total 2.24 million meter order book executed, up from 50% at end of Q3FY26. 100% completion across all projects targeted in FY27.
• **Cash position**: AMI business now cash-accretive; expected to generate ₹400-450 crore in FY27 against ₹650 crore total capex (net parent funding: only ₹250 crore).
• **Bidding strategy**: Company is being selective on new AMI tenders given margin pressures being observed in the market. Priority is completing existing portfolio on time and with quality.

Data Centers (Techno Digital)

Techno Digital represents the company's next growth engine and a key strategic diversification beyond its core EPC business. The company is creating a nationwide digital infrastructure ecosystem through hyperscale and edge data centers, positioning itself to benefit from India's rapidly expanding digital economy. While near-term revenues are still building and execution has progressed more gradually than initially anticipated, the operational rollout of assets is gaining momentum.

Operational Status:

Facility	Capacity	Status	Key Details
Chennai DC	36 MW (5.6MW Op.)	Phase 1 LIVE	Strong interest from global & domestic cloud operators; Phase II capex to commence. 0.5 MW leased; 2 MW under active discussion; full lease-out targeted FY27.
Noida DC	16 MW	Phase 0 LIVE (June 2026)	Phase 0 (500 kW) commissioned; full 5 MW Phase 1 by May 2027. Strong government demand; Railtel Partnership.
Kolkata DC	12 MW	Under Construction	On track for commissioning by end of CY 2028.
Gurgaon EDC		LIVE 100% Occupied	Cloud services operational. Revenue: Rs. 2 Cr/annum; positive operating margins. Railtel partnership.
Mumbai EDC		Operational	Went live in May 2026. Customer on boarding in progress.

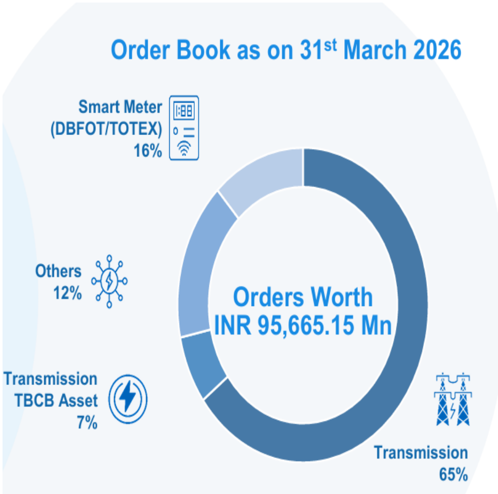
Source: Company financials and investor presentation

- **Next Edge DC locations:** Indore, Visakhapatnam, Chandigarh, Lucknow; 2–3 to begin construction in FY27.
- **Revenue Targets:**
  FY27 Target: ₹40-50 crore Revenue (revised from an earlier informal expectation of ₹100 crore; the revision reflects slower-than-expected Chennai leasing and edge DC rollout delays).
  By December 2027: Total commissioned capacity to reach 15-20 MW (expandable to 40 MW on immediate basis).
  FY30 Vision: ₹400-500 crore in data center revenues at 50% EBITDA margins, with 250 MW of operational capacity.

TBCB / FGD:

• **TBCB (Tariff Based Competitive Bidding)** 4 projects won (3 completed, 1 under development). Projects include Ishanagar (completion by June Q1 FY27) and Dhule (completion by December 2026), both in partnership with IndiGrid.
• **FGD (Flue Gas Desulphurization)** Kota project on track for completion by March 2027; Jalawan by June 2027. New FGD tenders have slowed due to policy uncertainty, but the company is monitoring closely.

Order Book as on 31st March 2026
Business Vertical -wise order book



Source: Investor presentation

Customer	Order Value (₹ Mn)	Weightage (%)
Power Grid Corporation of India Ltd.	26,390.38	27.59%
Adani Energy Solutions Limited	12,743.50	13.32%
Rajasthan Rajya Vidyut Prasaran Nigam Ltd.	7,775.11	8.13%
Nepal MCA	7,440.53	7.78%
RESONIA LIMITED (Formerly Sterlite Grid 32 Limited)	7,108.71	7.43%
Smart Meter from J&K DISCOM	6,467.32	6.76%
Others	6,080.64	6.36%
NERES XVI, Power Transmission Ltd., Gogamukh	4,600.00	4.81%
Smart Meter from Ranchi DISCOM	3,881.82	4.06%
DVC Command Area (Digitisation)	3,692.39	3.86%
Smart Meter from Tripura DISCOM	2,742.00	2.87%
Assam Electricity Grid Corporation Limited	2,365.27	2.47%
Smart Meter from Indore DISCOM	2,091.88	2.19%
IndiGrid (Ishanagar and Dhule)	1,706.41	1.78%
Smart Meter from J&K DISCOM (Additional Order)	462.40	0.48%
Sterlite Grid 18 Limited	116.79	0.12%
Total	**95,665.15**	**100.00%**

Source: Company financials and investor presentation

Earnings Call Highlights:

- Management highlighting that FY26 marked another year of all-time high revenues. Despite external headwinds particularly supply chain disruptions caused by the Middle East conflict the company delivered disciplined execution across all segments.
- The company expects to spend around ₹1,250 crore on capex in FY27, with ₹1,000 crore allocated for data center expansion, including Chennai Phase-II, Noida Phase-I, and additional Edge Data Centers.
- The smart metering business plans to invest ₹650 crore, with ₹400 crore coming from internal cash flows generated by the AMI business. The additional capex from the parent will be ₹250 crores.
- In FY27, management expects standalone revenue of over ₹4,000 crore and EBITDA margins of roughly 13%. While geopolitical tensions and supply-chain disruptions may continue to put pressure on costs in the first half of FY27, management anticipates that margins will gradually increase in the second half as operating conditions return to normal.
- The company aims to achieve a standalone EPS of around ₹60 in FY27, driven by solid performance in its core transmission sector and progressive expansion of its digital infrastructure portfolio.
- The Data Center business, currently in the monetization phase, is estimated to generate ₹40-50 crore in revenue during FY27.
- The company's long-term objective is to develop a 250 MW data center platform by FY30, potentially generating ₹400-500 crore of yearly revenue at much higher margins than the typical EPC sector.
- Management expects FY28 revenue of roughly ₹5,000 crore and EPS of around ₹75, driven by a healthy order book and rising annuity-based businesses.

Key Risks

- **Supply Chain Risk:** GCC/Middle East conflict causing supply chain disruptions (insulators, switchgear) and commodity cost inflation (aluminium, metals). Management estimates ₹200 crore top-line impact in FY26 and expects some effect to linger in H1FY27.
- **Data Center Execution Risk**: Data center ramp-up slower than expected. Competing against well-established global players with decades of customer relationships. Revenue contribution remains small for now.
- **Working Capital Risk**: Rising receivables: Standalone receivables increased significantly; however, management clarifies ₹400 crore has already been collected post-March 2026. There is also a legacy ₹88 crore Afghanistan receivable (now reduced to ₹50-55 crore net) pending ADB payment.

Disclosure under SEBI Research Analyst Regulations 2014:

Sr.no.	Particulars	Yes/No
1)	Research Analyst or his/her relative's or Ajcon Global Services Limited financial interest in the subject company(ies):	No
2)	Research Analyst or his/her relative or Ajcon Global Services Limited actual/beneficial ownership of 1% or more securities of the subject company (ies) at the end of the month immediately preceding the date of publication of the Research report	No
3)	Research Analyst or his/her relative or Ajcon Global Services Limited has any other material conflict of interest at the time of publication of the Research Report	No
4)	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5)	Ajcon Global Services Limited has received any compensation from the subject company in the past twelve months	No
6)	Ajcon Global Services Limited has received any compensation for investment banking, or merchant banking, or brokerage services from the subject company in the past twelve months	No
7)	Ajcon Global Services Limited has received any compensation for products or services other than investment banking,or merchant banking, or brokerage services from the subject company in the past twelve months	No
8)	Ajcon Global Services Limited has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9)	Ajcon Global Services Limited has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10)	Research Analyst or Ajcon Global Services Limited has been engaged in market making activity for the subject company(ies)	No

Recommendation parameters for fundamental reports:

Buy – Absolute return of 15% and above

Accumulate – Absolute return between 10% and 15%

Hold – Absolute return between 0% and 10%

Book profits: On achieving the price target given in the research report for a particular Company or on an occurrence of a specific event leading to change in fundamentals of the Company recommended

Disclaimer

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity andcurrency broking. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice.The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward- looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Analyst Certification

I, Divya Makwana, research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

Divya Babubhai Makwana

Digitally signed by Divya Babubhai Makwana
DN: c=IN, o=Personal, title=9587, 2.5.4.20=244c9f1ee4254aade11a1e272cdcfd740651187bf45239ac869ee9c642ed0aa8, postalCode=400092, st=Maharashtra, serialNumber=824ad3cd7e41958684e621fe36d3f8a362c79c651226b3099d7efd869fce2df7, cn=Divya Babubhai Makwana
Date: 2026.06.17 17:16:26 +05'30'

For research related queries contact:

Divya Makwana at research@ajcon.net, CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: www.ajcononline.com

Registered and Corporate office: 408 - (4th Floor), Express Zone, “A” Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel’s, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062