AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Equity Research Report
Techno Electric & Engineering Company Ltd.

Rating: Buy
Target: 1,235
Upside: 29%

Continuation of our coverage on TEECL post Q1FY27 results announced by the company on 12th August, 2026.

Recommendation and Rationale:

We maintain our Buy rating on TEECL and retain our target valuation multiple of 30x P/E, with revised FY27E EPS of ₹41.17 implying a target price of ₹1,235. We remain positive on the medium-term outlook, supported by a strong T&D order book of ₹9,596 Cr, rising to ₹11,000 Cr post-quarter, and order inflows already ahead of FY27 guidance. AMI is progressing well, with 77% portfolio-wide installation and Madhya Pradesh entering the cash-generative annuity phase. The 150 MW data-centre pipeline, against a 250 MW FY30 ambition, provides additional long-term optionality.

Financial Performance

Techno Electric & Engineering reported a strong operating performance in Q1 FY27, with standalone revenue from operations rising 25% YoY to ₹642 crore, driven by healthy execution across transmission EPC and AMI installation. Standalone EBITDA increased 13% YoY to ₹89 crore, while EBITDA margin moderated to 13.88% from 15.38% in Q1 FY26, primarily due to elevated transformer, CRGO steel and other long-lead equipment costs; however, advance procurement and cost controls helped the company maintain margins within its guided 13–14% range.

Standalone PAT stood at ₹96 crore versus ₹98 crore in Q1 FY26, with the modest decline largely reflecting lower other income, which fell to ₹41 crore from ₹58 crore as QIP proceeds were deployed towards data centres, AMI and TBCB projects. Finance cost declined sharply by 46% YoY to ₹6.6 crore, partly offsetting the reduction in other income. EPS stood at ₹8.27 versus ₹10.60 in Q1 FY26, with the previous year's EPS also benefiting from income from a discontinued business.

On a consolidated basis, revenue grew 20% YoY to ₹630 crore, while EBITDA increased 8% YoY to ₹100 crore, with EBITDA margin at 15.79%. PAT stood at ₹93 crore compared with ₹111 crore in Q1 FY26, impacted by lower other income and higher depreciation following the commencement of commercial operations at the Chennai and Edge data centres. Consolidated EPS stood at ₹8.02 versus ₹11.70 in Q1 FY26.

The company maintained a strong balance sheet with a debt-free position and net cash, while its unexecuted order book stood at ₹9,596 crore as of June 2026. Management remains on track to achieve FY27 revenue of ₹4,000 crore or more with EBITDA margins of around 13–14%.

Investment Rational:

- Strong execution visibility from a robust order book of ₹9,596 crore and healthy order inflows positions Techno Electric well to deliver sustained revenue growth over the medium term, while its strong presence in high-voltage transmission provides a competitive advantage in the ongoing power transmission capex cycle.
- The debt-free, net-cash balance sheet and capital-light monetization strategy provide Techno Electric with the flexibility to fund its growth initiatives while maintaining healthy financial strength and improving capital efficiency through TBCB asset monetization.
- The transition towards annuity-based businesses through smart metering and TBCB assets should improve the quality and predictability of earnings as projects move from the capital-intensive development phase to recurring cash generation.
- The emerging data centre business provides a meaningful long-term growth lever, with the company targeting 250 MW of capacity by 2030, by leveraging its transmission and power infrastructure expertise to build a scalable digital infrastructure platform amid strong industry demand.

Key Stock Data	
CMP (₹)(17/08/2026)	959.15
Industry	Construction
Market Cap (₹Crore)	11,176
52 Week High/Low (Rs)	1,655 /870
BSE/NSE Code	542141 /TECHNOE
Bloomberg	TECHNOE:IN

Consolidated 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	271	379	449	479
PATM (%)	18	17	14	12

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

Particulars	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Rev. from operations	843	872	1010	630
EBITDA	111	126	132	100
EBITDA Margin (%)	13	14	13	16
PAT	104	119	115	93
PATM (%)	12	13	11	14

Shareholding Pattern(%)

Particulars	Q3FY26	Q4FY26	Q4FY26	Q1FY27
Promoters	56.93	56.93	56.93	56.93
FIIs	9.22	8.53	8.65	8.08
DIIs	22.62	23.05	22.72	21.61
Public	11.24	11.47	11.70	13.39

Source: Company, Screener

Price Chart

Source: NSE, Company financials and investor presentation

SEGMENT REVIEW

Transmission & Distribution (T&D)

T&D remains TEECL's core earnings engine, supported by a sizeable execution team and a strong client base across leading transmission utilities. Its exposure to large, high-voltage projects provides visibility to India's ongoing transmission-capacity expansion.

• **Order book** of ₹6,146 Cr (Transmission EPC) + ₹492 Cr (TBCB assets) = ₹6,638 Cr for the T&D vertical combined.

• **New Order Wins**: ₹666 Cr won in Q1FY27 + ₹1,530 Cr won post-Q1 = ₹2,196 Cr YTD, with a further ₹2,100 Cr at L1.

• **Digital substations**: Scope of work is also widening into higher-margin categories synchronous condensers, dynamic reactive compensation, HVDC corridors and digital substations, where TEECL has established early credentials.

- **FY27 Target:** ₹4,000 Cr full-year order-inflow guidance is effectively already met (YTD + L1 ≈ ₹4,296 Cr), with management flagging it's likely to be exceeded.
- **Sector outlook** remains strong: India is targeted to invest ₹9 lakh Cr in transmission infrastructure between FY27–FY32, evacuation is needed for 900+ GW of non-fossil capacity (incl. 548 GW solar/wind) by FY35-36, and peak power demand hit an all-time high of 271 GW in May 2026.

SMART METERING (AMI) BUSINESS

The company has secured contracts for 2.24 million smart meters across four states under the 10-year DBFOOT (Design, Build, Finance, Own, Operate & Transfer) model, with a revenue commitment of ₹2,600 Cr in project value. 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	Status	Commentary
Madhya Pradesh (AMI 1)	Completed	100% installed and certified; now in the 93 month O&M annuity phase
Jammu & Kashmir Lot-B	Completed	2.5lakh meters delivered · ₹383.39 Cr · 100% live
Jammu & Kashmir (AMI 2)	On Schedule	Installation due for completion within Q3FY27
Jharkhand (AMI-3)	On Schedule	Installation due for completion within Q2FY27
Tripura (AMI-4)	On Schedule	Installation due for completion within Q3FY27

Source: Company financials and investor presentation

• 18.5 lakh meters installed as at Q1FY27 end (vs 15.0 lakh at March'26-end); only 4 lakh meters remain to be installed, targeted for completion by December 2026.

• Bidding on fresh AMI tenders remains selective given competitive margin pressure; near-term priority is completing the existing 2.24 mn meter portfolio.

Data Centers (Techno Digital)

Techno Digital remains the company's second growth engine alongside its core power EPC franchise, built on the thesis that a data center is fundamentally a power asset — and that TEECL's power-engineering pedigree is therefore a genuine edge in building India's digital infrastructure. Q1FY27 marked a distinct inflection in tone versus prior quarters: customer demand at Chennai has exceeded planned capacity, prompting management to organically re-engineer and scale up the campus's design IT load rather than simply market the originally planned capacity. Management attributed the sudden surge in enquiries to a mix of factors — capacity in the rest of APAC being rapidly absorbed, Mumbai being largely booked out for 18–24 months, the Union Budget's data-centre tax holiday, and Chennai's natural latency/subsea-cable advantages.

Operational Status:

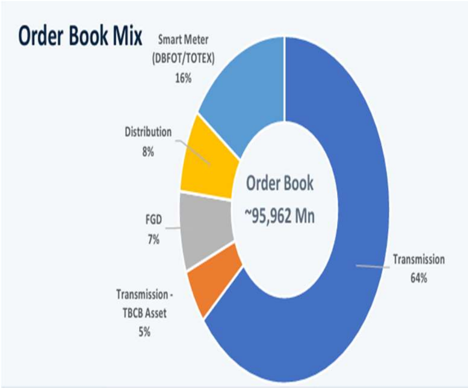
Facility	Capacity	Status	Key Details
Chennai Campus	Scaled up	Phase 1 LIVE	Design IT load re-engineered upward; TIA-942-B and IGBC Gold certified
Noida Campus	16 MW	Construction	Building Plan Approval received Jul-26; commissioning targeted Q4 FY27
Kolkata Campus	12 MW	Development	Foundation works in progress; targeted live by FY29
Andhra Pradesh	2 MW	MoU Signed	Built for End Use
Gurgaon EDC	0.4 MW	Live	100% occupied; cloud and managed services commenced here
Mumbai EDC	0.8 MW	Live	Commissioned; onboarding customers
Edge Network	102 sites	Rolling Out	23 states in partnership with RailTel.

Source: Company financials and investor presentation

FY27 Revenue Guidance: Retained its data-center revenue guidance of ₹40–50 crore for FY27.
Medium-term Growth: Management continues to target 250 MW of operational data-center capacity by FY30, supported by contracted enterprise-led demand. The demand funnel has strengthened materially, with 150 MW of IT load under active discussion, 30+ opportunities in the pipeline and 10 new customer logos added in Q1, including two leading telecom players and the company's first cloud-services engagement.

TBCB / FGD:

• **TBCB (Tariff Based Competitive Bidding)** 4 projects won (3 completed, 1 under development). Projects include Ishanagar (completion by Q2FY27) and Dhule (completion by Q3FY27), both in partnership with IndiGrid, tied back to the ₹492 Cr TBCB order book and the ₹1,500 Cr "contract assets" hidden-value point.
• **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.



Source: Investor presentation

Business Vertical Mix as on 30th June 2026

Customer	(₹ Cr)
Transmission EPC	6,146
Smart Meter (DBFOT/TOTEX)	1,491
FGD	722
Transmission — TBCB Asset	492
Distribution / Digitisation	744
Total	**9,596**

Source: Company financials and investor presentation

- Unexecuted order book stood at ₹9,596 Cr as at 30 June 2026, rising to ₹11,000 Cr as of the earnings call date (12 Aug 2026) post fresh order wins.
- Fresh order inflow of ₹666 Cr was booked in Q1FY27 itself; a further ₹1,530 Cr has been won post-Q1, taking YTD inflow to ₹2,196 Cr.
- Additionally, the company is L1 bidder on ₹2,100 Cr of further bids, largely in transmission and high-end substation packages for Power Grid, Adani Energy, Resonia and IndiGrid.
- Bid coordinators (PFC/REC) are currently finalizing 8–10 transmission concessions each month, underscoring a strong near-term bidding pipeline and healthy opportunity flow.

Earnings Call Highlights:

- Management remains confident on FY27 execution, with standalone revenue guidance of ₹4,000 crore or more and EBITDA margin guidance of 13–14%.
- The company also expects FY27 order inflow to exceed its earlier ₹4,000 crore target, supported by strong traction in transmission and high-end substation opportunities.
- Order visibility remains strong, with YTD order inflows of around ₹2,200 crore and an additional ₹2,100 crore of L1 orders. The unexecuted order book stood at ₹11,000 crore, up from ₹9,600 crore as of June 30, 2026.
- Q1FY27 performance remained healthy despite the seasonally weak quarter, with standalone revenue growing 25% YoY to ₹641 crore and EBITDA increasing 13% YoY to ₹89 crore, translating into an EBITDA margin of 13.88%. Management highlighted that the industry typically generates 60% of annual revenue in H2.
- Margins remained in line with guidance despite elevated input costs for transformers, CRGO steel and other long-lead equipment. Management attributed the resilience to advance planning of order placements, strong vendor relationships and control over other costs.
- Management highlighted ₹1,500 crore of contract assets as of June 2026, largely comprising CWIP related to smart meters and TBCB/JV transmission projects. These assets are currently unbilled/unmonetised and could provide a potential bottom-line unlock as completed assets are progressively capitalised or monetised.
- Smart metering execution remains on track, with 18.5 lakh of the 22.4 lakh contracted meters already installed. Madhya Pradesh has moved into the annuity/cash-generating phase, while Ranchi, Tripura and J&K are >70% complete and expected to be progressively completed by December 2026.
- The Smart meter segment is expected to be broadly self-funded in FY27, with management expecting ₹450 Cr of collections from PMPM and lump-sum payments against ₹400 Cr of balance meter deployment capex. Management does not expect any further investment in smart metering this year.
- Data centre investments remain front-loaded, while revenue ramp-up is expected to be back-ended: cumulative data-centre capex stood at ₹628 Cr as of March 31, 2026, including ₹524 Cr deployed at Chennai.
- Management has earmarked ₹1,000 Cr of data-centre capex, with revenue expected to be weighted towards H2 as customer commissioning, validation and migration progress; the earlier ₹40 Cr FY27 revenue guidance remains unchanged.
- AI-led demand could materially increase data-centre capacity within existing footprints: Management indicated that higher rack densities could increase Chennai's potential capacity to 35–40MW from the earlier 24MW, with similar upside potentially emerging at Noida and Kolkata.

- TEECL is taking a measured approach to GPU-as-a-service, with capacity to be procured only against committed demand from specific, strong counterparties, rather than making large speculative GPU investments. Management clarified that the company will provide infrastructure to house third-party-owned CPUs/GPUs, rather than purchasing the computing units itself.
- Balance sheet remains robust, with the company maintaining a debt-free position, net cash balance and AA rating. Management also indicated that the EPC business is self-funded and does not require additional working capital to support growth.
- Lower EPS was primarily due to a decline in other income, following deployment of QIP proceeds into data centres, AMI and transmission projects and the absence of income from discontinued operations recorded in the previous year.

Key Risks

- Input cost inflation (transformers, CRGO steel) and supply-chain conditions remain a swing factor for EBITDA margins, as flagged consistently since the Q4FY26 update.
- Data-centre monetization risk persists despite a visibly stronger demand funnel (150 MW under discussion, 10 new logos), FY27 revenue guidance for the segment remains unchanged at ₹40–50 Cr. The P&L benefit of the demand surge is a FY28+ story, and near-term execution risk persists.

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

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

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.

Analyst Certification

I, Ritika Didwania, 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.

RITIKA ANJANI DIDWANIA

Digitally signed by RITIKA ANJANI DIDWANIA
DN: c=IN, o=Personal, postalCode=401101, st=Maharashtra, serialNumber=EBD975F09FAF3EE1880B1E8FD87DCD13EFFC00281ADF4C11D4608FFC4EECD343, cn=RITIKA ANJANI DIDWANIA
Date: 2026.08.17 18:35:23 +05'30'

For research related queries contact:

Ritika Didwania 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