KANOHAR ELECTRICALS LTD

IPO NOTE | 07th SEPTEMBER, 2026

ABOUT THE COMPANY: Incorporated in 1972, Kanohar Electricals Limited is engaged in the manufacturing of transformers in India. The Company caters to industries such as power transmission, railways, renewable energy and power distribution. The Company operates through two business segments: (i) transformer manufacturing and (ii) engineering, procurement and construction (EPC).

KEY BUSINESS INSIGHTS: The company is one of the leading domestic transformer manufacturers in India by revenue in FY26 and caters to critical sectors such as power transmission, railways, renewable energy and power distribution. It is among only five companies in India certified for short-circuit testing of 500 MVA, 400 kV transformers, creating a significant entry barrier in the high-voltage transformer segment.The company operates two manufacturing facilities at Meerut, Uttar Pradesh with an aggregate installed capacity of 19,200 MVA. The Gangol facility is capable of manufacturing transformers up to 500 MVA, 400 kV (suitable up to 765 kV), positioning the company to participate in high-value extra-high-voltage and ultra-high-voltage transmission projects.The company has established relationships with major power transmission utilities. As of March 2026, its order book from Power Grid Corporation of India (POWERGRID) stood at approximately ₹573 crore, highlighting its ability to secure large and technically complex orders. The company plans to increase transformer manufacturing capacity by an additional 18,000 MVA, nearly doubling current capacity. IPO proceeds will be used for new machinery, automation, testing infrastructure and expansion of backward integration facilities.

ISSUE DETAILS	
Price Band (in ₹ per share)	601.00-632.00
Issue size (in ₹ Crore)	1056.00
Fresh Issue (in ₹ Crore)	300.00
Offer for Sale (in ₹ Crore)	756.00
Issue Open Date	08-09-2026
Issue Close Date	10-09-2026
Tentative Date of Allotment	11-09-2026
Tentative Date of Listing	16-09-2026
Total Number of Shares (in lakhs)	1,67,04,750
Face Value (in ₹)	2.00
Exchanges to be Listed on	NSE/BSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	23	₹14,536
Retail (Max)	13	299	₹1,88,968
S-HNI (Min)	14	322	₹2,03,504
S-HNI (Max)	68	1564	₹9,88,448
B-HNI (Min)	69	1587	₹10,02,984

OUR VIEWS: The company has established itself as a differentiated player within India's power equipment ecosystem through its combination of high-end transformer manufacturing capabilities and EPC execution expertise. Its ability to manufacture technically complex products such as 500 MVA 400 kV power transformers, Scott transformers and traction transformers places it in a niche category with relatively limited competition. At upper price that stock appear to be undervalued at P/E, P/B of 36.26X,12.63X respectively compared to industry average of 101.86X,32.98X respectively, hence we give a "**SUBSCRIBE**" for long term investment.

BRLMs: Nuvama Wealth Management Limited, IIFL Capital Services Limited

PROMOTERS: DINESH SINGHAL, ADESH SINGHAL, VIVEK SINGHAL, ABHISHEK SINGHAL, VIRAT SINGHAL, ADITYA SINGHAL AND K SONS FAMILY TRUST

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	FY26	FY25	FY24
Share Capital***	14.88	4.01	4.01
Net Worth	372.84	243.13	178.12
Revenue From Operations	653.83	450.61	276.69
EBITDA	180.41	93.39	31.07
EBITDA Margin (%)	27.59	20.73	11.23
Profit/(Loss) After Tax	129.73	65.11	17.75
EPS (in Rs.)	17.43	8.75	2.39
ROCE (%)	70.13	47.61	16.69
P/E#	36.26	NA	NA
P/B#	12.62	NA	NA

**Restated consolidated financials; #Calculated at upper price band ***Bonus issue in the ratio of three Equity Shares for every Equity Share held*

OBJECTS OF THE OFFER

- Funding the capital expenditure requirements of Company Est Amt *(₹ Cr.) 19.59*
- Funding the incremental working capital requirements of Company Est Amt *(₹ Cr.) 19.59*
- General Corporate Purposes

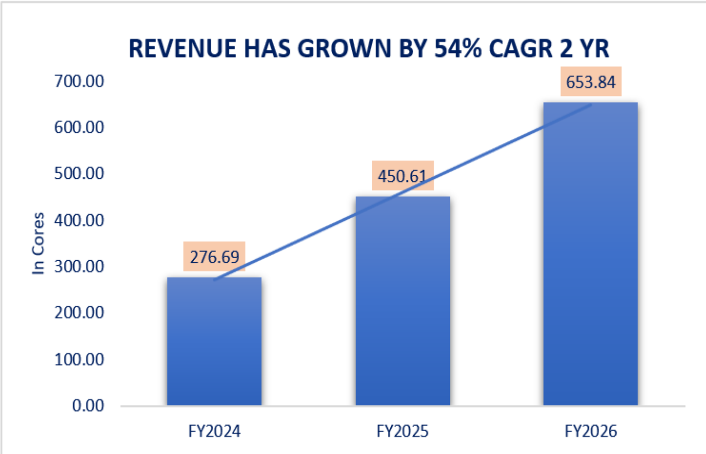
FINANCIAL STATEMENTS

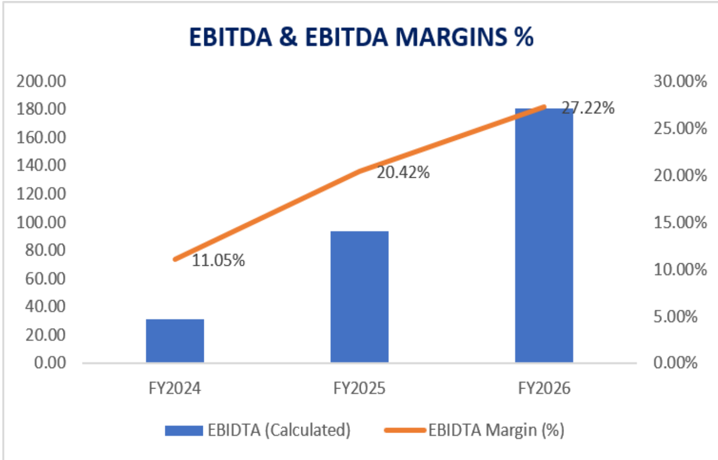
Profit & Loss Statement			
Particulars (In Crores)	**FY2024**	**FY2025**	**FY2026**
INCOME			
Revenue from operations	276.69	450.61	653.84
Other Income	4.43	6.68	9.02
Total Income	**281.12**	**457.30**	**662.86**
YoY Growth (%)	-	62.86%	45.10%
Cost of Materials Consumed	150.63	220.00	371.38
Cost of Materials Consumed -% of Revenu	54.44%	48.82%	56.80%
Purchase of Stock in Trade	81.45	36.68	75.10
Changes in inventories of finished goods	-35.06	47.45	-46.86
Employee benefit expenses	23.19	23.89	40.61
Employee Expenses-% of Revenue	8.38%	5.30%	6.21%
Other expenses	25.42	29.20	33.19
EBIDTA (Calculated)	**31.07**	**93.39**	**180.42**
EBIDTA Margin (%)	11.05%	20.42%	27.22%
Depreciation and amortisation expense	3.15	2.88	2.96
EBIT	27.92	90.51	177.46
EBIT Margin (%)	10.09%	20.09%	27.14%
Finance cost	6.48	9.40	12.91
Profit before TAX	**21.44**	**81.11**	**164.55**
Tax expenses			
Current tax	8.11	25.80	47.27
Tax pertaining to earlier years	0.10	-0.02	-3.32
Deferred tax	-0.10	-3.11	-0.10
Total tax expenses	**8.11**	**22.67**	**43.84**
Profit for the year	**13.32**	**58.43**	**120.71**
PAT Margin (%)	4.82%	12.97%	18.46%
Earnings per share			
Basic earnings per share (₹)	2.39	8.75	17.43

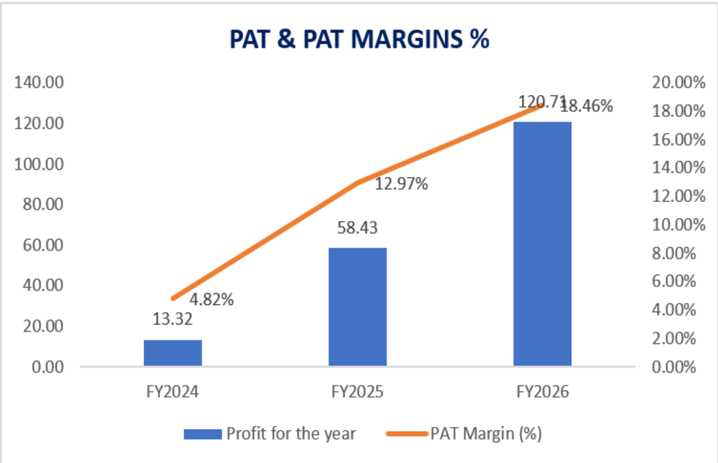
Particulars (In Crores)	FY2024	FY2025	FY2026
Net cash generated from/(used in) operating activities	-16.32	79.38	25.84
Net cash generated from/(used in) investing activities	-12.99	-61.50	-21.95
Net cash generated from/(used in) financing activities	12.14	-17.69	-4.15
Net increase/(decrease) in cash and cash equivalents	**-17.17**	**0.20**	**-0.25**
Cash and cash equivalents at the beginning of the year	17.23	0.06	0.26
Cash and cash equivalents at the end of the year	**0.05**	**0.26**	**0.00**

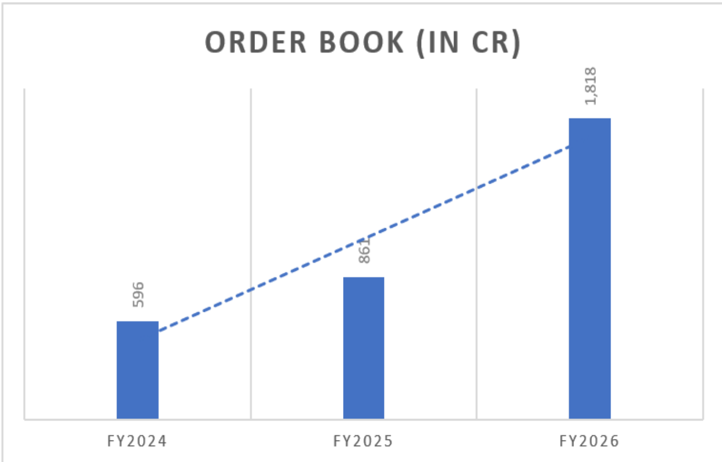
Balance Sheet			
Particulars (In Crores)	**FY2024**	**FY2025**	**FY2026**
ASSETS			
Non-current assets			
Property, Plant and Equipment	23.91	29.86	30.75
Capital work-in-progress	0.00	1.26	14.04
Right of Use Asset	0.61	0.31	0.00
Intangible Assets	1.50	1.19	0.64
Financial assets	0.00	0.00	0.00
Other financial assets	67.61	19.87	25.49
Income Tax Assets	0.05	0.04	0.10
Deferred Tax assets (net)	0.07	3.21	3.32
Other non-current assets	0.04	1.15	2.50
Total non-current assets	**93.78**	**56.89**	**76.84**
Current assets			
Inventories	83.70	43.43	114.15
Financial assets	0.00	0.00	0.00
Trade receivables	86.99	194.78	210.79
Cash and cash equivalents	0.06	0.26	0.00
Bank balances other than (iii) above	29.62	85.42	95.53
Loans	0.12	0.04	0.09
Other financial assets	14.14	38.10	95.89
Other current assets	14.46	13.15	20.65
Total current assets	**229.08**	**375.17**	**537.08**
TOTAL ASSETS	**322.86**	**432.07**	**613.93**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4.02	4.02	14.89
Other equity	174.11	239.12	357.95
Total equity	**178.12**	**243.13**	**372.84**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	0.61	6.03	14.44
Lease Liabilities	0.31	0.00	0.00
Other Financial Liabilities	11.71	11.71	11.71
Provisions	0.34	0.39	0.36
Total non-current liabilities	**12.96**	**18.14**	**26.51**
Current liabilities			
Financial liabilities			
Borrowings	41.47	26.23	24.60
Lease Liabilities	0.36	0.35	0.00
Trade payables	0.00	0.00	0.00
Outstanding dues to MSME	7.08	13.70	12.72
Outstanding dues other than MSME	52.05	58.82	87.32
Other financial liabilities	12.92	12.57	25.98
Other current liabilities	15.72	47.34	51.22
Provisions	0.58	0.79	1.12
Current tax liabilities (net)	1.62	11.01	11.62
Total current liabilities	**131.78**	**170.80**	**214.58**
TOTAL EQUITY AND LIABILITIES	**322.86**	**432.07**	**613.93**

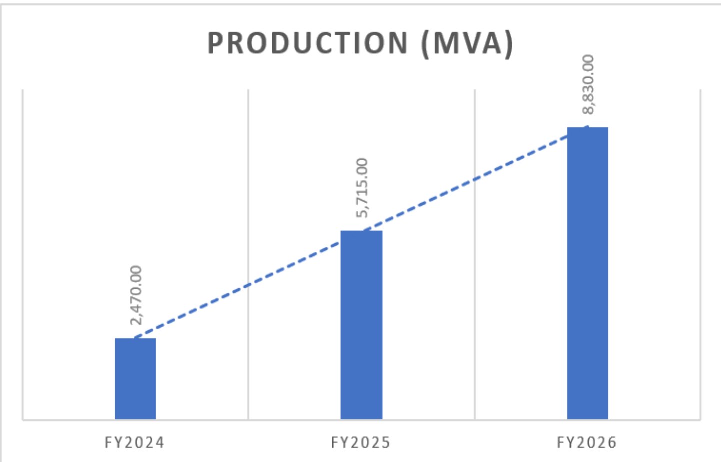
PERFORMANCE THROUGH CHARTS

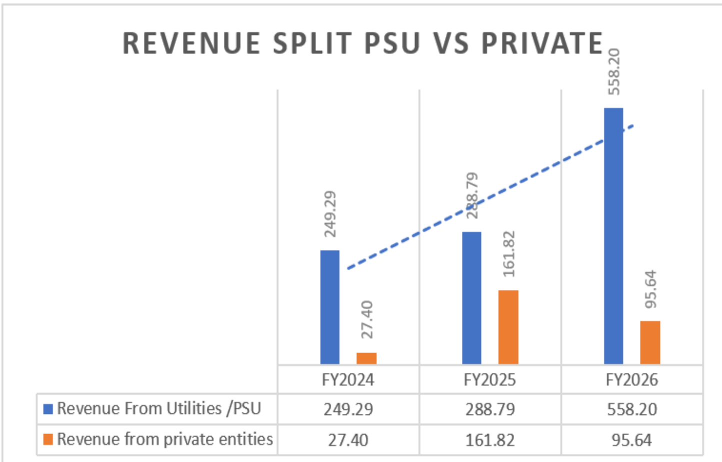












INDUSTRY OVERVIEW

Power transformer

- Power transformers play a critical role in modern electrical infrastructure by enabling the efficient transmission and distribution of electricity.
- They operate on the principle of electromagnetic induction to transfer electrical energy between circuits without direct electrical contact. These transformers are primarily responsible for modifying voltage levels to suit different stages of the power supply chain.

Market size and outlook of Power transformer

- The Power transformer market size grew from CY19 to CY25, rising from approximately USD 1,691.3 mn to USD 2,455.9 mn, reporting a CAGR of 6.4%.
- This growth reflects a recovery from the temporary decline in CY20, which was largely attributed to the COVID-19 pandemic and its impact on infrastructure investments and industrial activity. The recovery was supported by the revival of delayed projects and a consistent rise in power demand across urban and semi-urban areas.

End user industries of Power transformer

- Power transformers are essential components across various sectors in India, with the power generation and transmission segment being one of the leading users. Central entities such as the Power Grid Corporation of India, along with multiple state level transmission companies, rely heavily on these transformers for efficient power transfer.
- The renewable energy sector also plays a significant role in transformer demand, particularly for solar and wind projects, where transformers enable smooth integration of energy from remote generation sites into the national grid.

Key Players in Power transformer Segment

- **Bharat Heavy Electricals Limited** (BHEL), a government-owned company, is a key player that makes high-voltage transformers used in power grids. Its products meet ISO (International Organization for Standardization) and BIS standards.
- **Siemens Energy India** is known for making eco-friendly and smart grid-ready transformers that follow international standards like IEC (International Electrotechnical Commission) and ISO (International Electrotechnical Commission).
- **CG Power and Industrial Solutions** (formerly Crompton Greaves) is also a key player, offering powerful transformers for large-scale power systems. Their products meet BIS and ISO standards.
- **Kanohar Electricals Limited** manufactures of power transformers, Traction transformers, Scott connected transformer, shunt reactors and high voltage gas insulated switchgear.

Other special purpose transformers

- Special-purpose transformers are a category of transformers designed for specific industrial or electrical functions beyond the regular voltage conversion performed by general power transformers.
- While standard transformers are mainly used to step up or step-down voltage levels in power transmission and distribution systems, special-purpose transformers cater to unique requirements such as electrical isolation, system grounding, high-frequency operations, or current and voltage measurement. These transformers are critical in maintaining the safety, efficiency, and stability of various electrical and industrial systems.

Entry Barriers in India's Transformer and Switchgear Market.

- India's power transmission and distribution sector operates under a structured framework designed to maintain grid stability and reduce operational risks. To participate in projects, manufacturers must meet several entry conditions, including vendor registration with utilities, obtaining technical certifications such as short-circuit testing, and complying with qualifying requirements specified in tenders.
- These measures act as filters to ensure that participating companies meet minimum technical and financial standards. While this process helps utilities manage risk and ensure reliable supply, it also limits the number of eligible participants and creates higher thresholds for new entrants.

COMPETITIVE STRENGTHS OF THE COMPANY

Established player in the transformer manufacturing sector catering to high growth industries.

- They have over 40 years of experience in the Transformer Manufacturing Business. They are one of the leading domestic players in transformer manufacturing in terms of revenue in Fiscal 2026. They cater to high growth industries such as power transmission, railways, renewable energy, and power distribution
- They manufacture transformers across various capacities ranging from < 132 kV to > 400 kV. In particular, As on March 31, 2026, they are one of five companies in India to have the short circuit test certification for 500 MVA 400 kV transformers that are used in the power transmission industry, which enables them to compete for large and high-value contracts.
- They are one of four manufacturers in India who are certified by Research Designs and Standards Organization (RDSO), the research and development wing of Indian Railways, to manufacturing 100 MVA 132 kV Scott transformers.

Successful short circuit testing of transformers up to 500 MVA 400 kV which enables them to compete for large, high-value contracts across sectors.

- They have conducted short circuit tests for various ratings of transformers which verify the transformers' ability to withstand thermal and mechanical stresses during fault conditions.
- Such short circuit tests are conducted at reputed government laboratories such as Central Power Research Institute and National High Power Test Laboratory, ensuring adherence to the highest standards of safety, reliability, and independent verification.

Comprehensive presence across their Transformer Manufacturing Business and EPC Business enables them to serve a large total addressable market.

- In an endeavor to increase their total addressable market in the power transmission and power distribution sectors, they entered the EPC Business for substations in 2013 and forayed into EPC projects for transmission lines up to 400 kV class in 2021.
- Such integration of their EPC Business enables them to provide single window solutions by undertaking EPC projects in addition to their Transformer Manufacturing Business.
- Their EPC Business complements their Transformer Manufacturing Business by enabling them to capitalize on hybrid contracts with integrated EPC and equipment supply requirements.

Integrated manufacturing facilities equipped to deliver high-quality products.

- They operate two manufacturing facilities i.e. their Rithani Manufacturing Facility and Gangol Manufacturing Facility in Meerut, Uttar Pradesh with an aggregate transformer manufacturing capacity of 19,200 MVA as on March 31, 2026.
- They have a backward integrated setup that supports in-house production of critical components such as transformer tanks and radiators.
- This backward integration ensures stringent quality control, operational efficiency, and cost optimization of their transformer tanks and radiators.
- They also manufacture radiators indigenously which helps them to reduce their third-party dependency, ensures operational efficiency and reduces their cost.
- The backward integration at their Manufacturing Facilities also reduces their dependency on external vendors and enables them to have faster lead time for supply of their products in the market as compared to their competitors.

RISK FACTORS

They derive a significant portion of their revenue from the Transformer Manufacturing Business. A reduction in demand for purchase of transformers could adversely affect their business, results of operations and financial condition.

- They derive a significant portion of their revenue from the Transformer Manufacturing Business. Any failure to successfully manufacture and market their products which are part of the Transformer Manufacturing Business, whether on account of regulatory changes or changes in technologies, including creation of alternate technologies, or otherwise could adversely affect their business, financial condition, cash flows and results of operations.

(in ₹ million, except percentages)

S. No.	Business segment	Fiscal 2026		Fiscal 2025		Fiscal 2024	
		Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations
1.	Transformer Manufacturing Business	5,455.05	83.43	3,837.94	85.17	1,431.97	51.75
2.	EPC Business	1,075.00	16.44	660.47	14.66	1,329.72	48.06
	- EPC solutions for substations	441.17	6.75	296.09	6.57	1,152.45	41.65
	- EPC solutions for transmission lines	633.83	9.69	364.38	8.09	177.27	6.41
3.	Other operating revenue*	8.34	0.13	7.71	0.17	5.21	0.19
Revenue from operations		**6,538.39**	**100.00**	**4,506.12**	**100.00**	**2,766.90**	**100.00**

** Other operating revenue includes scrap sales.*

A significant portion of their revenue from operations is from their Transformer Manufacturing Business which is attributable to high growth sectors including the power transmission, railways and renewable energy sectors.

- Any downturn or negative trends in the power transmission, railways, or renewable energy sector due to reasons such as consumer demand, consumer confidence, changes in national and international trade policies, imposition of tariffs, sanctions by countries on input materials, changes in governmental policies, environmental regulations, and commodity prices, could result in loss of business or reduction in the volume of business from customers operating in these industries.

Under-utilization of their manufacturing capacities and an inability to effectively utilize their manufacturing capacities could have an adverse effect on their business, future prospects and future financial performance.

- Their historical capacity utilization for the Transformer Manufacturing Business reflects under-utilisation primarily due to their focused efforts on new product development and technology advancements, and efforts on completing over 200 short circuit testing.
- In the event there is a decline in the demand for their offerings, or if they face prolonged disruptions at their facility including due to interruptions in the supply of water, electricity or as a result of labour unrest, or are unable to procure sufficient raw materials, they would not be able to achieve full capacity utilization of their current manufacturing facility, resulting in operational inefficiencies which could have a material adverse effect on their business, ROE, ROCE and overall financial condition.
- Under-utilization of their manufacturing capacities over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of their recently implemented capacity expansion, could materially and adversely impact their business, growth prospects and future financial performance.

PEER COMPARISON

Name of the company	TOTAL INCOME (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoNE (%)	P/E*	P/B*
Kanohar Electricals Limited	653.83	2.00	17.43	50.09	34.80	36.26	12.62
Hitachi Energy India Limited	8147.71	2.00	221.63	1161.56	19.08	142.81	27.25
Bharat Heavy Electricals Limited	33782.18	2.00	4.60	74.99	6.13	93.04	5.71
Schneider Electric Infrastructure Limited	2890.63	2.00	8.89	30.67	28.98	136.58	39.59
CG Power and Industrial Solutions Limited	12417.95	2.00	7.72	48.11	15.82	115.80	18.58
Transformers & Rectifiers (India) Limited	2508.80	1.00	9.07	51.39	17.64	33.15	5.85
GE Vernova T&D India Limited	6206.31	2.00	48.16	42.87	45.85	89.80	100.89

**P/E & P/B ratio based on upper price and of IPO, financial details consolidated audited results as of FY25. We have taken closing price of 04th September 2026.*

Canara Bank Securities Ltd.
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Analyst Certification

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