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KANOHAR ELECTRICALS LTD.

September 7, 2026

KANOHAR

SMC Ranking

★★☆☆☆ (1.5/5)

Issue Highlights

Industry	**Electricals**
Offer for sale (Shares)	11,957,915
Fresh Issue (Shares)	4,746,835
Net Offer to the Public	16,704,750
Issue Size (Rs. Cr.)	1003-1056
Price Band (Rs.)	601-632
Offer Date	8-Sep-26
Close Date	10-Sep-26
Face Value	2
Lot Size	23

Issue Composition

	In shares
Total Issue for Sale	16,704,750
QIB	8,352,375
NIB	2,505,713
Retail	5,846,663

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	99.72%	78.64%
QIB	0.28%	10.81%
NIB	0.00%	3.16%
Retail	0.00%	7.38%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Funding the capital expenditure requirements of Company
2. Funding the incremental working capital requirements of Company
3. General Corporate Purposes

Book Running Lead Manager

- Centrum Broking Limited
- PNB Investment Services Limited

Name of the registrar

- MUFG Intime India Private Limited

About the company

Kanohar Electricals, based in Meerut, Uttar Pradesh, is a 40-plus-year transformer maker serving power transmission, railways, renewable energy and distribution. It is one of five Indian firms with short-circuit certification for 500 MVA / 400 kV power transformers and one of two certified for 100 MVA / 220 kV Scott transformers used in rail electrification. Two plants (Rithani and Gangol) have 19,200 MVA installed capacity. The company also does turnkey EPC for substations and 132–400 kV transmission lines. FY26 revenue was Rs. 653.84 crore (83% transformers, 16% EPC), EBITDA Rs. 180.42 crore (27.6% margin) and PAT Rs. 129.73 crore. The order book on 31 March 2026 was Rs. 1,818 crore — about 2.8 times FY26 sales — including a large POWERGRID 500 MVA / 400 kV package. Government and PSU clients dominate. Promoter Dinesh Singhal (IIT Roorkee) has led the business for four decades; the third generation now runs design, quality and EPC.

Strengths

Established player in high-growth end markets: Kanohar is among the larger domestic transformer makers by FY26 revenue and has supplied units from below 132 kV up to 400 kV-plus. Extra-high-voltage machines (above 400 kV) already contributed 52% of FY26 transformer revenue, versus 10% in FY24. It is one of five Indian companies certified for 500 MVA / 400 kV short-circuit duty and one of four RDSO-approved makers of 100 MVA / 132 kV Scott transformers (one of two for the 220 kV class). Those credentials open tenders most smaller peers cannot bid. End markets — grid expansion, railway electrification and renewables — have multi-year government backing and lower counterparty risk than retail power.

Short-circuit testing that unlocks large contracts: The company has short-circuit tested more than 200 ratings at CPRI and NHPTL. That testing pipeline, paid for in part during FY24, is what qualified it for 500 MVA / 400 kV work and for specialised Scott units. Sales of 400 kV-class power transformers jumped, and in June 2025 it won a Rs. 568.67 crore POWERGRID order for 500 MVA / 400 kV transformers. POWERGRID exposure in the order book was Rs. 573.26 crore at FY26-end. Few Indian private makers sit in that bid set, so certification is a real entry barrier rather than a brochure line.

Combined manufacturing and EPC platform: Transformer manufacturing is the core (Rs. 545.51 crore, 83% of FY26 sales), but EPC for substations and lines (Rs. 107.50 crore) lets Kanohar bid hybrid packages that standalone OEMs miss. EPC entered substations in 2013 and transmission lines in 2021 and has been executed in 13 states. The mix also smooths utilisation: when factory slots are tight, site work still bills; when EPC slacks, factory orders can take the slack. FY26 EPC recovered after a weak FY25. The order book is still 89% manufacturing, so the factory — not civil works — remains the earnings engine.

Backward-integrated plants in Meerut: Rithani (from 1983, up to 25 MVA / 66 kV) and Gangol (from 1997, up to 500 MVA / 400 kV, designed for 765 kV) are owned, ISO-certified and NABL-supported. Tanks and radiators are made in-house from steel plate and CRCA coil, which shortens lead time and tightens quality versus bought-out tanks. Combined capacity is 19,200 MVA; FY26 utilisation was 46% (8,830 MVA produced), up from 16% in FY24 as testing work gave way to commercial production. A GIS technical tie-up with Taiwan's CHEM exists until 2027, though GIS has not billed in the last three years.

Marquee, mostly government client list: About 85% of FY26 revenue came from central/state utilities and PSUs on tender, the rest from private enquiry. Top-10 customers were 93% of sales. Clients include POWERGRID, state transmission companies, Blue Star (railway packages) and Bhutan Power. Payment is milestone-based on budgeted projects, which lowers default risk versus industrial buyers. Structured tariffs in transmission also make collections more predictable. Concentration is the other side of that coin (see Risks).

IIT-trained promoter family and deep bench: Chairman Dinesh Singhal (IIT Roorkee, 40+ years) and whole-time directors Adesh (IIT Roorkee, since 1981), Vivek (IIT Bombay, since 2000, EPC expansion) and Abhishek (IIT Delhi, since 2002, design and ERP) run the firm as a third-generation technical house. Headcount was 526 at FY26-end, with five regional offices. Design uses in-house CAD, electromagnetic/thermal simulation and ERP linked to the shop floor.

Rapid improvement in profitability and a light balance sheet: Revenue CAGR FY24–FY26 was 54%; EBITDA CAGR was 141% and PAT CAGR 170%. EBITDA margin rose from 11.2% to 27.6% and PAT margin from 6.3% to 19.6% as mix shifted to higher-kV transformers. ROE was 42% and ROCE 70% in FY26. Gross debt/equity was 0.10x and debt/EBITDA 0.22x. Working-capital days improved from 124 to 107. That combination — high incremental margins on a still-underused plant — is the financial story of the IPO.

Strategy

Add 18,000 MVA and automate the Gangol plant: India's transformer market is expected to grow from about USD 4.94 billion in CY25 to USD 6.85 billion in CY30 (CAGR 6.7%), with extra-high and ultra-high voltage growing faster. Kanohar will use part of the fresh issue to buy machinery at Gangol, lift annual capacity by 18,000 MVA and cut testing cycle time (including a static-frequency-converter test system). A mobile oil-filtration and field-test setup is planned so erection, testing and commissioning of large units is less dependent on subcontractors. The aim is higher utilisation, shorter delivery and the ability to take more 500 MVA and Scott orders already in the book.

Deepen backward integration: An automatic radiator line at Gangol will replace the current in-house set-up so upcoming radiator demand stays inside the fence. Control over tanks and radiators is meant to protect quality and delivery when the industry is fighting for steel and components. This is a brownfield spend, not a new campus, which keeps execution risk contained.

New products: 765 kV and high-speed rail: Gangol is already laid out for 765 kV (ultra-high voltage) units; the company is scouting bids in that class. On rail, the design team is working on V-connected and auto-transformers for high-speed corridors, on top of existing 30.24 MVA traction and 100 MVA Scott products. Scott demand is tied to dual-phase electrification and metro/high-speed programmes. Product development is treated as a qualification investment, similar to the FY24 short-circuit campaign that unlocked POWERGRID.

Tighter EPC execution: EPC jobs run six to 24 months. The plan is tighter planning buffers, fewer vendor surprises and earlier engagement with approval authorities. Kanohar has already built lines and substations across a dozen-plus states; the strategy is to keep that capability as a door-opener for hybrid bids rather than as a volume engine.

Hold cash so raw-material queues do not stall the book: CARE notes that T&D capex is tightening supply of copper, CRGO and other inputs, and vendors are favouring buyers who can pay faster. Kanohar intends to keep enough working-capital liquidity (partly from IPO proceeds) to accept shorter credit or advances and lock material. That is less glamorous than a new product, but it is how a Rs. 1,818 crore book actually gets shipped.

Key Risk Factors

- Transformer manufacturing was 83% of FY26 sales, so any slowdown in high-voltage or Scott demand hits earnings directly.
- Power transmission, railways and renewables together were about 97% of FY26 operating revenue; a policy or capex pause in those three sectors would shrink the order pipeline.
- FY26 capacity utilisation was still only 46%, and a failure to convert the order book into factory throughput would waste the planned capex.
- The top 10 customers delivered 93% of FY26 revenue; losing one large utility or railway package would be material.
- The business is working-capital heavy (receivables Rs. 210.79 crore, inventory Rs. 114.15 crore at FY26-end) and needs ongoing bank lines and guarantees; tighter credit or slower collections would pinch growth.
- Other live issues in the RHP: both plants sit in Meerut, so a local disruption stops production; four of 35 contracts are fixed-price; GIS has produced no revenue for three years; and some public-shareholder records from the old listing era are untraceable.

Peer Comparison

Company	Total Sales	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
B H E L	35992.99	2432.47	6.99	61.07	5.69	75.09	2	426.90	148649.28
Hitachi Energy	8930.31	1150.39	267.24	120.49	27.73	1161.25	2	32200	143523.02
CG Power & Ind	12820.71	1250.05	8.08	108.76	17.37	50.59	2	878.80	138450.55
GE Vernova T&D	6712.32	1305.04	52.74	80.20	40.26	105.07	2	4230	108309.15
Schneider Elect.	2920.36	183.76	8.10	144.16	41.67	28.02	2	1167.70	27919.71
T R I L	2551.80	258.56	8.61	35.08	5.98	50.47	1	302	9065.01
Kanohar Electricals Limited	653.84	129.73	16.38	38.58	7.44	84.97	2	632.00	5004.61

*Peer companies financials are TTM based

***Kanohar Electricals Limited financials are based on FY26

Valuation:

Considering the P/E valuation, on the upper end of the price band of Rs. 632, the stock is priced at pre-issue P/E of 36.26x on FY2026 EPS of Rs. 17.43. Post issue, the stock is priced at a P/E of 38.58x on its EPS of Rs. 16.38. Looking at the P/B ratio at Rs. 632 pre issue, book value of Rs. 50.09 of P/BV of 12.62x. Post issue, book value of Rs. 84.97 of P/BV of 7.44x.

Considering the P/E valuation, on the lower end of the price band of Rs. 601, the stock is priced at pre-issue P/E of 34.49x on FY2026 EPS of Rs. 17.43. Post issue, the stock is priced at a P/E of 36.68x on its EPS of Rs. 16.38. Looking at the P/B ratio at Rs. 601 pre issue, book value of Rs. 50.09 of P/BV of 12.00x. Post issue, book value of Rs. 84.97 of P/BV of 7.07x.

Industry Overview

India's transformer market grew from USD 3.69 billion in CY19 to USD 4.94 billion in CY25 (CAGR 5.0%) and is projected to reach USD 6.85 billion by CY30 (CAGR 6.7%). Power transformers (USD 2.46 billion in CY25) and extra/ultra-high voltage lines are the fastest pieces; 400 kV and 765 kV classes are guided at roughly 9% CAGR through CY30 as RE-rich states connect to the grid. Transmission additions are planned at a large scale — about 66,000 Ckm of lines by FY27 and 143,000 Ckm by FY32, with 400 kV taking the biggest share. Rail electrification and high-speed corridors support traction and Scott demand. Renewables have already crossed 200 GW and are steered toward 500 GW non-fossil by 2030 (about 594 GW RE by FY32). Challenges are familiar: CRGO and copper tightness, long factory lead times, and tender-driven pricing. High-voltage qualification remains scarce, which is why certified 400 kV and Scott makers sit in a thinner competitive set.

Outlook

The company's strong Rs.1,818 crore order book provides good revenue visibility, supported by healthy demand from transformers and government projects. Higher-voltage orders and improving product mix should support margins, while capacity expansion could drive operating leverage over the next 2–3 years. However, investors should watch execution, working-capital requirements and customer concentration. Margins may also moderate from FY26 levels if commodity costs rise or tender pricing becomes competitive. Major chunk raised through the issue in OFS.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Tue, Sep 8, 2026
IPO Close Date	Thu, Sep 10, 2026
Tentative Allotment	Fri, Sep 11, 2026
Initiation of Refunds	Tue, Sep 15, 2026
Credit of Shares to Demat	Tue, Sep 15, 2026
Tentative Listing Date	Wed, Sep 16, 2026

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Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-26 (12 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	653.84	450.61	276.69
Total expenditure	473.42	357.22	245.62
Operating Profit	**180.42**	**93.39**	**31.07**
OPM%	27.59	20.73	11.23
Other Income	9.02	6.68	4.43
Total Net Income	**189.44**	**100.08**	**35.50**
Interest	12.91	9.40	6.48
PBDT	**176.53**	**90.68**	**29.02**
Depreciation	2.96	2.88	3.15
PBT	**173.58**	**87.79**	**25.87**
Tax	43.84	22.67	8.11
Profit & Loss	**129.73**	**65.12**	**17.76**

Balance sheet is on next page

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Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-26	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property, plant and equipment	30.75	29.86	23.91
Capital work in progress	14.04	1.26	0.00
Right of use assets	0.00	0.31	0.61
Intangible assets	0.64	1.19	1.50
Other financial assets (non-current)	25.49	19.87	67.61
Income tax assets	0.10	0.04	0.05
Deferred tax assets (net)	3.32	3.21	0.07
Other non-current assets	2.50	1.15	0.04
Total non-current assets	**76.84**	**56.89**	**93.78**
Current assets			
Financial Assets			
Inventories	114.15	43.43	83.70
Trade receivables	210.79	194.78	86.99
Cash and cash equivalents	0.00	0.26	0.06
Bank balances other than cash and cash equivalents	95.53	85.42	29.62
Loans	0.09	0.04	0.12
Other financial assets (current)	95.89	38.10	14.14
Other current assets	20.65	13.15	14.46
Total current assets	**537.08**	**375.17**	**229.08**
Total Assets	**613.93**	**432.07**	**322.86**
LIABILITIES			
Non-current liabilities			
Borrowings (non-current)	14.44	6.03	0.61
Lease liabilities (non-current)	0.00	0.00	0.31
Other financial liabilities (non-current)	11.71	11.71	11.71
Provisions (non-current)	0.36	0.39	0.34
Total non-current liabilities	**26.51**	**18.14**	**12.96**
Current liabilities			
Financial liabilities			
Borrowings (current)	24.60	26.23	41.47
Lease liabilities (current)	0.00	0.35	0.36
Trade payables — MSME	12.72	13.70	7.08
Trade payables — others	87.32	58.82	52.05
Other financial liabilities (current)	25.98	12.57	12.92
Other current liabilities	51.22	47.34	15.72
Provisions (current)	1.12	0.79	0.58
Current tax liabilities (net)	11.62	11.01	1.62
Total Current liabilities	**214.58**	**170.80**	**131.78**
Total liabilities	**241.09**	**188.93**	**144.74**
Net worth represented by:			
Equity share capital	14.89	4.02	4.02
Other equity	357.95	239.12	174.11
Total Equity	**372.84**	**243.13**	**178.12**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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