Kanohar Electricals Ltd.

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Nifty: 23,779 | Sensex:76,133

IPO Note | 08th September 2026

Sector: Capital Goods

Price Range: ₹601 - ₹632

An Established Transformer Manufacturer with Growth Visibility…

Kanohar Electricals Ltd (KEL), originally incorporated in 1972, is one of India's established transformer manufacturers catering to the power transmission, railways, renewable energy and power distribution sectors. The company manufactures power transformers, Scott transformers, traction transformers, shunt reactors and distribution transformers, while also executing EPC projects involving substations and transmission lines. Transformer Manufacturing remains the key revenue driver, contributing ~83.4% of FY26 revenue, while EPC Business contributed ~16.4%.

- **India's transformer market is expected to grow from US$4.9 billion in CY25 to US$6.9 billion by CY30 at a CAGR of ~6.7%, driven by grid expansion, electrification and infrastructure investments.**
- **During FY24-FY26, KEL delivered strong financial growth, with revenue increasing from ₹276.7cr to ₹653.8cr and PAT rising from ₹17.8cr to ₹129.8cr. Growth was driven by robust transformer demand, healthy order inflows, operating leverage and improved execution efficiency.**
- **The company delivered a sharp improvement in profitability over FY24-FY26, with EBITDA margin expanding from 11.2% to 27.6% and PAT margin rising from 6.4% to 19.9%. Strong earnings growth, operating leverage and enhanced execution efficiency drove robust returns, with FY26 ROE and ROCE standing at 42.1% and 51.6%, respectively.**
- **As of March 2026, KEL's order book stood at ₹1,818.3cr (2.8x FY26 revenue), offering strong revenue visibility. Transformer Manufacturing contributed ~89% of the order book, while EPC projects accounted for ~11%.**
- **KEL operates a 19,200 MVA transformer manufacturing capacity and plans to utilize IPO proceeds for capacity expansion and operational enhancement. The company is also expanding its advanced transformer portfolio to benefit from growing power infrastructure demand.**
- **At the upper price band of ₹632, KEL is valued at ~38.5x FY26 EPS, available at a discount compared to its listed peers. The company offers attractive investment merit backed by strong order-book visibility, leadership in the transformer segment, healthy profitability, strong return ratios, low leverage and favorable industry tailwinds. We recommend a 'Subscribe' rating for investors with a medium- to long-term investment horizon.**

Purpose of IPO

The IPO comprises a fresh issue of ₹300cr and an offer for sale (OFS) of ₹756cr. Net proceeds from the fresh issue will be utilized towards funding capital expenditure (₹64.2cr), meeting incremental working capital requirements (₹155cr) and for general corporate purposes.

Key Risks

- High dependence on Transformer Manufacturing Business (~83.4% of FY26 revenue).
- Reliance on government & government-controlled entities (~85.4% of FY26 revenue).
- Customer concentration remains elevated, with the top 10 customers contributing ~93.2% of FY26 revenue.

Issue Details	
Date of opening	September 08, 2026
Date of closing	September 10, 2026
Total No. of shares offered (cr.)	1.67
Post Issue No. of shares (cr)	7.92
Face Value	₹2
Bid Lot	23 Shares
Minimum application for retail (upper price band for 1 lot)	₹14,536
Maximum application for retail (upper price band for 13 lot)	₹1,88,968
Listing	BSE,NSE
Lead Managers	Nuvama Wealth Management Ltd.,IIFL Capital Services Ltd.
Registrar	MUFG Intime India Pvt.Ltd..

Issue size (upper price)	Rs.cr
Fresh Issue	300.0
OFS	756.0
Total Issue	**1,056.0**

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	99.7	78.6
Public & others	0.3	21.4
Total	**100.0**	**100.0**

Issue structure	Allocation (%)	Size Rs.cr
QIB	50	527.9
Non-Institutional	15	158.4
Retail	35	369.5
Total	**100**	**1,056.0**

Y.E March (Rs cr) Consol.	FY24	FY25	FY26
Sales	276.7	450.6	653.8
Growth YoY(%)	-	63	45
EBITDA	31.1	93.4	180.5
Margin(%)	11.2	20.7	27.6
PAT Adj.	17.8	65.1	129.8
Growth (%)	-	267	99
EPS	2.2	8.2	16.4
P/E (x)	281.9	76.9	38.5
EV/EBITDA (x)	161.5	53.0	27.4
P/Bv(x)	28.1	20.6	13.4

Peer Valuation

Company	CMP(Rs.)	MCap(Rs.cr)	Sales (Rs.cr)	EBITDA(%)	PAT (%)	EPS(Rs.)	RoE (%)	P/E(x)	P/BV	Mcap/sales	D/E (x)	EV/EBITDA
Kanohar Electricals Ltd	**632**	**5,005**	**653.8**	**27.6**	**19.9**	**16.4**	**42.2**	**38.5**	**13.4**	**7.7**	**0.1**	**27.4**
HITACHI ENERGY INDIA LTD	31,997	1,42,632	8,147.7	15.4	12.1	221.8	21.0	144.3	27.6	17.5	0.0	82.5
CG POWER AND INDUSTRIAL SOLU	880	1,41,003	12,418	13.1	9.7	7.9	20.4	112	17.4	11.4	0.0	61.5
GE VERNOVA T&D INDIA LTD	4,476	1,11,687	6,200.9	27.2	19.9	48.2	55.3	92.8	42.6	18.0	0.0	54.4
TRANSFORMERS & RECTIFIERS IN	317	9,023	2,508.8	15.3	10.5	8.8	19.1	36	6.3	3.6	0.3	20.4

Source: Geojit Research Bloomberg; Valuations of KIL are based on upper end of the price band (post issue), Financials as per FY26 consolidated.

Business Description:

Kanohar Electricals Limited (KEL), incorporated in 1972, is a power infrastructure company engaged in transformer manufacturing and EPC solutions for substations and transmission lines. The company operates through two business segments: Transformer Manufacturing and EPC Business. Transformer Manufacturing contributed ~83.4% of FY26 revenue, while EPC operations contributed ~16.4%. Its product portfolio includes power transformers, Scott transformers, traction transformers, shunt reactors and distribution transformers, catering to power transmission, railways, renewable energy and power distribution sectors. KEL operates two manufacturing facilities in Meerut, Uttar Pradesh, with an installed transformer manufacturing capacity of 19,200 MVA and is among the few Indian companies certified to manufacture transformers up to 500 MVA/400kV. As of March 2026, the company had an order book of ₹1,818cr, equivalent to ~2.8x FY26 revenue, providing strong revenue visibility and positioning it to benefit from India's expanding transmission and electrification infrastructure investments.

Key Products & Services

- **Transformer Manufacturing:** Power Transformers, Scott Transformers, Traction Transformers, Shunt Reactors and Distribution Transformers catering to power transmission, railway electrification, renewable energy and power distribution sectors. The company is one of only five players in India certified for 500 MVA/400 kV transformers and one of the few manufacturers certified for 100 MVA Scott Transformers used in railway electrification.
- **Engineering, Procurement & Construction (EPC) Services**: Turnkey execution of power transmission and distribution projects including air-insulated and gas-insulated substations, bay augmentation projects and transmission lines across 132 kV, 220 kV and 400 kV voltage levels. Services include design, engineering, procurement, supply, erection, testing and commissioning of electrical infrastructure.

(in ₹ million, except percentages)

S. No.	Transformer capacity	Fiscal 2026		Fiscal 2025		Fiscal 2024	
		Revenue from Operations	% of revenue from operation	Revenue from Operations	% of revenue from operations	Revenue from Operations	% of revenue from operations
1.	> 400 kV	3,411.28	52.17	1,410.78	31.31	284.90	10.30
2.	> 220 and < 400 kV	718.32	10.99	1,128.80	25.05	522.09	18.87
3.	> 132 and < 220 kV	1,161.27	17.76	1,164.77	25.85	333.21	12.04
4.	< 132 kV	164.18	2.51	133.59	2.96	291.77	10.54
Total		**5,455.05**	**83.43**	**3,837.94**	**85.17**	**1,431.97**	**51.75**

Source: Geojit research, RHP

Key strengths

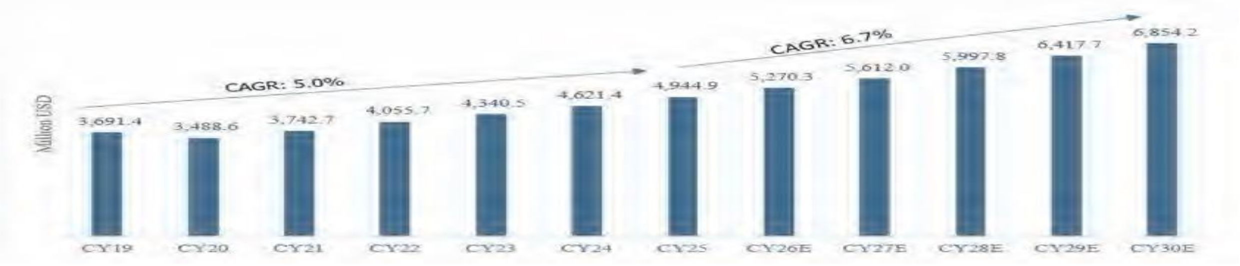
- Established player in the transformer manufacturing sector catering to high growth industries.
- Successful short circuit testing of transformers up to 500 MVA 400 kV which enables them to compete for large, high-value contracts across sectors.
- Comprehensive presence across the Transformer Manufacturing Business and EPC Business enables them to serve a large total addressable market.
- Integrated manufacturing facilities equipped to deliver high-quality products.
- Track record of executing orders for large and marquee clients.
- Experienced promoters and management team with significant industry experience.

Key strategies

- Capitalize on industry tailwinds by strengthening the manufacturing capabilities and enhancing operational efficiencies at the Manufacturing Facilities.
- Strengthening the backward integration capabilities
- Strategic focus on new product development and technology advancements.
- Commitment to robust execution standards for operational excellence.
- Ensure supply chain security through adequate working capital liquidity.

Industry Outlook:

The transformer market in India has been growing steadily. Between CY19 and CY25, the market increased from USD 3,691.4 mn to USD 4,944.9 mn, with a CAGR of 5.0%. This growth is mainly due to more areas getting electricity and new infrastructure projects. From CY25 to CY30, the market is expected to grow faster, reaching USD 6,854.2 mn, with CAGR of 6.7% during this period.



Source: Geojit research, RHP

Strong transformer demand is being driven by supportive government policies and rising investments in power infrastructure. Initiatives focused on universal electrification, transmission expansion, railway modernization, renewable energy integration, and grid upgrades are accelerating deployment. Replacement of ageing equipment, smart grid adoption, and localization programs such as Make in India and Atmanirbhar Bharat are further supporting transformer demand, domestic manufacturing, and export growth.

Promoter and promoter group

Dinesh Singhal, Adesh Singhal, Vivek Singhal, Abhishek Singhal, Virat Singhal, Aditya Singhal and K Sons Family Trust are the promoters of the company and collectively hold 74,231,991 Equity Shares, aggregating to 99.72% of the pre-IPO share capital of the company.

Brief Biographies of directors

- **Dinesh Singhal** is the Chairman & Managing Director and Promoter of the company and has been associated with it since 1976. He holds a bachelor's degree in Industrial Engineering from IIT Roorkee and has over 40 years of experience in the transformer manufacturing industry. He was previously associated with the Federation of Indian Micro and Small & Medium Enterprises and the Indian Industries Association as President and currently serves as President of Kanohar Lal Trust Society.
- **Adesh Singhal** is the Whole-time Director and Promoter of the company and has been associated with it since 1981. He leads the company's engineering and quality assurance functions and is associated with Kanohar Lal Trust Society and Meerut Children Welfare Trust.
- **Vivek Singhal** is the Whole-time Director and Promoter of the company and has been associated with it since 2000. He has played a key role in the company's pan-India expansion and diversification into EPC substations and transmission line projects.
- **Abhishek Singhal** is the Whole-time Director and Promoter of the company and has been associated with it since 2002. He leads the company's design and development activities and oversees ERP systems, computer-aided engineering deployment and IT infrastructure.
- **Sangeeta Khorana** is an Independent Director of the company.
- **Anil Bhardwaj** is an Independent Director of the company.
- **Ashok Kumar Goel** is an Independent Director of the company.
- **Ram Kumar Chugh** is an Independent Director of the company.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY24	FY25	FY26
Sales	**276.7**	**450.6**	**653.8**
% change	*0.0*	*62.9*	*45.1*
EBITDA	**31.1**	**93.4**	**180.5**
% change	-	*200.6*	*93.3*
Depreciation	3.2	2.9	3.0
EBIT	**27.9**	**90.5**	**177.6**
Interest	6.5	9.4	12.9
Other Income	4.4	6.7	9.0
Exceptional items	0.0	0.0	0.0
PBT	25.9	87.8	173.7
% change	-	239.4	97.8
Tax	8.1	22.7	43.8
Tax Rate (%)	31	26	25
Reported PAT	17.8	65.1	129.8
Adj	0.0	0.0	0.0
Adj. PAT	**17.8**	**65.1**	**129.8**
% change	-	266.8	99.4
Post issue No. of shares (cr)	**7.9**	**7.9**	**7.9**
Adj EPS (Rs)	2.2	8.2	16.4
% change	*0.0*	*266.8*	*99.4*

BALANCE SHEET

Y.E March (Rs cr)	FY24	FY25	FY26
Cash	29.7	85.7	95.5
Accounts Receivable	87.0	194.8	210.8
Inventories	83.7	43.4	114.2
Other Cur. Assets	28.7	51.3	116.6
Investments	-	-	-
Deff. Tax Assets	0.1	3.2	3.3
Net Fixed Assets	24.5	30.2	30.8
CWIP	-	1.3	14.0
Intangible Assets	1.5	1.2	0.6
Other Assets	67.7	21.1	28.1
Total Assets	**322.9**	**432.1**	**613.9**
Current Liabilities	76.5	130.9	162.9
Provisions	12.6	12.9	13.2
Debt Funds	42.7	32.6	39.0
Other Fin. Labilities	12.9	12.6	26.0
Deferred Tax liability	-	-	-
Equity Capital	4.0	4.0	14.9
Reserves & Surplus	174.1	239.1	358.0
Shareholder's Fund	178.1	243.1	372.8
Total Liabilities	**322.9**	**432.1**	**613.9**
BVPS (Rs)	22.5	30.7	47.1

Cash Flow

Y.E March (Rs cr)	FY24	FY25	FY26
PBT Adj.	25.9	87.8	173.6
Non-operating & non cash adj.	6.1	5.6	3.9
Changes in W.C	5.6	-14.1	-151.7
C.F.Operating	**-16.3**	**79.4**	**25.8**
Capital expenditure	-1.7	-8.2	-3.3
Change in investment	-0.3	-2.0	-11.6
Sale of investment	0.1	0.1	-
Other invest.CF	-11.1	-51.3	-7.1
C.F - investing	**-13.0**	**-61.5**	**-21.9**
Issue of equity	-	-	-
Issue/repay debt	18.1	-10.2	6.4
Dividends paid	-	-	-
Other finance.CF	-6.0	-7.5	-10.6
C.F - Financing	**12.1**	**-17.7**	**-4.1**
Change. in cash	-17.2	0.2	-0.3
Opening Cash	17.2	0.1	0.3
Closing cash	0.1	0.3	0.0

RATIOS

Y.E March	FY24	FY25	FY26
Profitab. & Return			
EBITDA margin (%)	*11.2*	*20.7*	*27.6*
EBIT margin (%)	10.1	20.1	27.2
Net profit mgn.(%)	*6.4*	*14.5*	*19.9*
ROE (%)	10.0	30.9	42.2
ROCE (%)	*12.6*	*36.5*	*51.6*
W.C & Liquidity			
Receivables (days)	*114.8*	*114.1*	*113.2*
Inventory (days)	155.1	76.3	72.0
Payables (days)	*109.5*	*95.9*	*89.5*
Current ratio (x)	2.6	2.6	3.1
Quick ratio (x)	*1.5*	*2.1*	*1.9*
Turnover & Levg.			
Net asset T.O (x)	*11.3*	*16.5*	*21.5*
Total asset T.O (x)	0.9	1.2	1.3
Int. covge. ratio (x)	*4.3*	*9.6*	*13.8*
Adj. debt/equity (x)	0.2	0.1	0.1
Valuation ratios			
EV/Sales (x)	18.1	11.0	7.6
EV/EBITDA (x)	*161.5*	*53.0*	*27.4*
P/E (x)	281.9	76.9	38.5
P/BV (x)	*28.1*	*20.6*	*13.4*

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