# IPO Note – Kanohar Electricals Ltd (04th September 2026)

## Company Overview

- Kanohar Electricals is one of the leading domestic players in Indian transformer manufacturing by Fiscal 2026 revenue and has over 40 years of experience in the transformer business.
- It operates through Transformer Manufacturing and EPC businesses. Transformer Manufacturing contributed 83.43% of operating revenue in FY26, while EPC contributed 16.44%, undertaking turnkey projects for substations and transmission lines.
- As of March 31, 2026, it was one of only five companies in India with short-circuit test certification for 500 MVA, 400 kV transformers and has a technical collaboration with CHEM Taiwan to manufacture GIS bays up to 252 kV.
- Its product portfolio includes power, traction, Scott-connected transformers, shunt reactors and high-voltage GIS, serving power transmission, railways, renewable energy and distribution sectors. Its two Meerut facilities have 19,200 MVA transformer capacity, supported by backward integration, in-house engineering and testing capabilities.
- The company has a strong track record with PSUs, state utilities and private-sector customers, including POWERGRID, GETCO, Rajasthan Transco and MAHATRANSCO. It received a ₹568.7 crore POWERGRID order in June 2025, while its POWERGRID order book stood at ₹573.3 crore as of March 31, 2026.

## Sector Outlook

- The Indian transformer market is projected to grow at a CAGR of 6.7% from CY25 to CY30, reaching USD 6,854.2 million, driven by infrastructure upgrades and grid modernisation.
- Demand is supported by strong public-sector and policy initiatives, including over ₹9.15 lakh crore of transmission investment opportunities up to FY32 under the National Electricity Plan and Indian Railways' target of 100% broad-gauge electrification by 2030.

### Kanohar Electricals Ltd

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|---|---|
| **₹ 601 – 632**<br>**Price Band** | **₹ 1,055.74 Cr**<br>Issue Size |
| **08th September – 10th September**<br>Subscription Days | **16th September 2026**<br>Listing date |

**SUBSCRIBE**

| Particulars | IPO Details |
|---|---|
| No of Shares under IPO | 1.6705 |
| **Post Issue MCap (Cr.)** | **₹ 5,004.61** |
| QIB (Cr.) | 0.8352 |
| NIB (Cr.) | 0.2506 |
| **Retail (Cr.)** | **0.5847** |

| Shareholding Pattern | Pre Issue (%) | Post Issue (%) |
|---|---|---|
| Promoter | 99.72% | 78.64% |
| Others | 0.28% | 21.36% |
| **Total** | **100%** | **100%** |

# IPO Note – Kanohar Electricals Ltd

## Company Outlook

- Between FY24 and FY26, revenue from operations grew at a 53.72% CAGR to ₹653.84 crore, while PAT surged at a 170.31% CAGR to ₹129.73 crore. This drove a sharp improvement in profitability, with EBITDA margin rising from 11.23% to 27.59% and PAT margin from 6.32% to 19.57%. Returns also strengthened significantly, with ROE increasing from 10.49% to 42.12% and ROCE from 16.69% to 70.13%, while Gross Debt/Equity declined from 0.24x to 0.10x and Net Working Capital Days improved from 124 to 107 days.

- Kanohar Electricals is launching an IPO of ₹1,055.74 crore, comprising a fresh issue of ₹300 crore and an OFS of ₹755.74 crore. The company will use the fresh issue proceeds for capital expenditure requirements (₹64.18 crore), incremental working capital requirements (₹155 crore) and general corporate purposes

- At the upper price band of ₹177, the company is valued at a post-issue P/E of 38.58x. While the valuation appears demanding for its smaller size but it is supported by strong FY26 earnings growth, 42.12% ROE, 70.13% ROCE, 27.59% EBITDA margin and a low debt-to-equity ratio of 0.10x. Given the strong transformer industry outlook and the company's growth prospects, we recommend SUBSCRIBE for the long term.

## Key Risks

- The company faces high concentration risk, with 93.16% of FY26 revenue from its top 10 customers, while 85.37% came from government-controlled entities, exposing it to tender dependence, procurement changes, and compliance/debarment risks.

| Particulars | FY24 | FY25 | FY26 |
|---|---|---|---|
| **Revenue (Rs. Cr)** | **276.7** | **450.6** | **653.8** |
| *Revenue Growth %* | | *62.9%* | *45.1%* |
| **EBITDA (Rs. Cr)** | **31.1** | **93.4** | **180.4** |
| *EBITDA Growth %* | | *200.6%* | *93.2%* |
| **EBITDA Margin %** | **11.2%** | **20.7%** | **27.6%** |
| **PAT (Rs. Cr)** | 17.6 | 65.0 | 129.7 |
| **ROCE (%)** | **16.69%** | **47.61%** | **70.13%** |

| Metric FY26 | Kanohar Electricals | Hitachi Energy India | Bharat Heavy Electricals | Schneider Electric Infrastructure | CG Power and Industrial Solutions | Transformers & Rectifiers (India) | GE Vernova T&D India |
|---|---|---|---|---|---|---|---|
| Revenue (Cr) | 654 | 8,148 | 33,782 | 2,891 | 12,418 | 2,509 | 6,206 |
| Order Book (Cr) | 1,818 | 29,555 | 2,39,057 | 1,911 | 17,107 | 5,005 | 21,500 |
| Net Fixed Asset Turnover Ratio | 21.58 | 12.34 | 11.66 | 10.38 | 11.51 | 10.85 | 17.17 |
| Gross Margin (%) | 38.88% | 43.88% | 31.97% | 36.89% | 31.02% | 32.44% | 45.27% |
| PAT Margin (%) | 19.57% | 11.78% | 4.63% | 7.31% | 9.45% | 10.59% | 21.60% |
| RoNW (%) | 34.80% | 19.08% | 6.13% | 28.98% | 15.82% | 17.64% | 45.85% |
| P/E (x) | 38.58x | 159.55x | 91.30x | 155.12x | 114.77x | 32.19x | 89.37x |

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