IPO RESEARCH REPORT

KANOHAR ELECTRICALS LIMITED

India's Power Sector Backbone — Transformers, EPC & Railway Electrification

IPO Opens: Sep 8, 2026 | Closes: Sep 10, 2026 | Listing: Sep 16, 2026

RECOMMENDATION	PRICE BAND	GMP (as of Sep 8)
SUBSCRIBE	**₹601 – ₹632**	**₹196 (+31%)**
(Listing Gains + Long Term)	Face Value: ₹2 per share	*Indicative Listing: ~₹828*

1. IPO AT A GLANCE

Particulars	Details
Issue Type	Book-Built Issue (100% Book-Built)
Total Issue Size	₹1,055.74 Crore
Fresh Issue	₹300.00 Crore (4,746,835 equity shares)
Offer for Sale (OFS)	₹755.74 Crore (1,19,57,915 equity shares) — K. Sons Family Trust
Price Band	₹601 – ₹632 per share
Face Value	₹2 per share
Lot Size	23 shares
Minimum Investment (Retail)	₹14,536 (at upper band)
Maximum Retail Application	13 lots (299 shares = ₹1,88,968)
IPO Open Date	September 8, 2026 (Monday)
IPO Close Date	September 10, 2026 (Wednesday)
Basis of Allotment	September 11, 2026
Refund / Demat Credit	September 15, 2026
Listing Date (BSE & NSE)	September 16, 2026
DRHP Filed with SEBI	January 23, 2026
Book Running Lead Managers	Nuvama Wealth Management Ltd., IIFL Capital Services Ltd.
Registrar	MUFG Intime India Pvt. Ltd.
Post-Issue Market Cap (est.)	~₹5,005 Crore

Quota Allocation

Investor Category	Quota (%)
Qualified Institutional Buyers (QIB)	**50%**
High Networth Individuals (HNI / NII)	**15%**
Retail Individual Investors (RII)	**35%**

2. COMPANY OVERVIEW

About Kanohar Electricals: Kanohar Electricals Limited is a Meerut-based transformer manufacturer and EPC (Engineering, Procurement & Construction) company with over 54 years of operating history, founded in 1972. The company is a leading domestic manufacturer of power transformers serving critical segments including power transmission, Indian Railways, renewable energy, and power distribution across India.

The company operates two complementary business divisions — transformer manufacturing and EPC services — enabling it to offer integrated, turnkey infrastructure solutions rather than competing purely on product pricing. This dual-segment model has been a key driver of margin expansion and differentiation.

Manufacturing Facilities

- Rithani Manufacturing Facility, Meerut, Uttar Pradesh
- Gangol Manufacturing Facility, Meerut, Uttar Pradesh
- Aggregate transformer manufacturing capacity: 19,200 MVA (as of March 31, 2026)
- Capacity expansion: 15,000 MVA in FY24 → 19,200 MVA in FY25 and FY26
- Capacity utilisation: ~16.46% (FY24) → ~45.99% (FY26)

Business Segments

- Transformer Manufacturing: Power, distribution, traction (railway), and special-purpose transformers up to 500 MVA, 400 kV
- EPC Services: Turnkey solutions including substations and transmission lines across 132 kV, 220 kV, and 400 kV voltage levels
- Customers: State Electricity Boards, Power Grid Corporation, Indian Railways, renewable energy companies, and industrial clients
- Five regional offices: Delhi NCR, Mumbai, Kolkata, Bengaluru, and Chennai
- Team strength: Over 526 employees

Key Technical Certifications (Rare Entry Barriers)

One of 4	One of 5	54+ Years	19,200 MVA
RDSO-certified for 100 MVA 132 kV Scott Transformers	Short-circuit certified for 500 MVA, 400 kV Transformers	Operating History (est. 1972)	Total Manufacturing Capacity

Promoters

- Dinesh Singhal (Chairman & Managing Director)

- Adesh Singhal, Vivek Singhal, Abhishek Singhal, Virat Singhal, Aditya Singhal
- K. Sons Family Trust (Selling shareholder in OFS)

3. ORDER BOOK — A KEY GROWTH INDICATOR

Kanohar Electricals' order book is arguably its most compelling metric — standing at nearly 3x its FY26 revenue, providing multi-year revenue visibility and demonstrating strong demand from government utilities and infrastructure projects.

Year	Order Book (₹ Crore)	Revenue from Ops (₹ Cr)	Order Book / Revenue
FY24	₹595.85 Cr	₹276.69 Cr	2.15x
FY25	₹861.47 Cr	₹450.61 Cr	1.91x
FY26	₹1,818.32 Cr	₹653.84 Cr	~2.78x

Order Book CAGR (FY24–FY26): 74.69% — significantly outpacing revenue growth of 53.72% CAGR, signalling an accelerating demand pipeline backed by India's grid expansion, renewable energy rollout, and railway electrification programs.

4. FINANCIAL PERFORMANCE

3-Year Financial Summary (₹ Crore)

Metric	FY24	FY25	FY26	CAGR FY24–FY26
Revenue from Operations	₹276.69 Cr	₹450.61 Cr	₹653.84 Cr	+53.7%
Total Income	—	₹457.30 Cr	₹662.86 Cr	+44.9% YoY
EBITDA	₹31.07 Cr	₹93.39 Cr	₹180.42 Cr	+141.0%
EBITDA Margin	11.23%	20.73%	27.59%	+16.4 pp
Gross Margin	28.80%	32.51%	38.88%	+10.1 pp
Profit After Tax (PAT)	₹17.76 Cr	₹65.12 Cr	₹129.73 Cr	+170.3%
PAT Margin	6.32%	14.24%	19.57%	+13.3 pp
Return on Equity (ROE)	—	—	42.12%	—
Return on Capital Employed (ROCE)	—	—	70.13%	—
Total Borrowings (Jul 2026)	—	—	₹385.56 Cr	—
Net Worth (Mar 2026)	—	—	₹372.84 Cr	—
Operating Cash Flow (FY26)	—	—	₹25.84 Cr	—

⚠ **Cash Flow Watch:** Despite a 99% jump in PAT, operating cash flow fell ~67% YoY to ₹25.84 Cr in FY26. This divergence — common in fast-growing EPC/manufacturing businesses — is attributed to working capital build-up as order execution ramps. Investors should track conversion of profits to cash in upcoming quarters.

Borrowing Context: Total secured borrowings stood at ₹385.56 Cr as of July 2026 (post period-end). The debt-to-equity ratio in FY25 was approximately 0.13x — very low for a capital-intensive manufacturing business. ₹155 Cr of fresh issue proceeds will fund incremental working capital, which should ease liquidity pressure as the order book scales.

5. VALUATION ANALYSIS

Valuation Metric	Value
Price Band (Upper)	₹632 per share
Post-Issue Market Cap (est.)	~₹5,005 Crore
EPS (FY26)	₹16.38 per share
P/E on FY26 EPS (Upper Band)	~38.58x
Price-to-Book Value (P/BV)	~13.4x
EV/EBITDA (approx.)	~27x
Order Book as of FY26	₹1,818.32 Crore (~2.78x revenue)
Peer P/E (Transformer sector avg.)	~35–45x for high-growth peers

Valuation Context: At 38.58x FY26 earnings, Kanohar is priced at a moderate premium but justified by superior return ratios (ROCE 70%+, ROE 42%), sharp margin expansion (EBITDA margin doubled in 2 years), and a robust order book. Peers such as Transformers & Rectifiers (India) and Indo Tech Transformers trade at similar or higher multiples with weaker profitability metrics.

6. USE OF FRESH ISSUE PROCEEDS (₹300 CRORE)

Purpose	Amount (₹ Cr)	% of Fresh Issue
Incremental Working Capital Requirements	₹155.00 Cr	51.7%
Capital Expenditure (Gangol facility expansion, automation, solar)	₹64.18 Cr	21.4%
General Corporate Purposes	Balance (~₹80.82 Cr)	~26.9%

Capital Expenditure Plans: Capex includes new machinery at the Gangol facility, backward-integration automation, office development, solar plants, and electric vehicles. This signals a long-term investment in operational efficiency and capacity utilisation improvement.

OFS Note: ₹755.74 Cr of the total IPO is Offer for Sale by the K. Sons Family Trust. These proceeds flow entirely to the selling shareholder — not to the company. At ~71.6% of the total issue, this is a significant OFS concentration and investors should note this as a structural concern.

7. INDUSTRY OVERVIEW & TAILWINDS

India's Power Infrastructure — A Multi-Decade Opportunity

- National Infrastructure Pipeline (NIP): ₹111 lakh crore investment target across sectors — power & energy is a priority
- India's power transmission network requires massive transformer additions to support renewable capacity additions (500 GW target by 2030)
- Railway electrification: Indian Railways is fully electrifying its network — traction and Scott transformers are critical components
- Distribution upgrades: PM KUSUM and PM-SGSY schemes driving rural electrification and feeder separation
- Renewable integration: Every solar and wind project requires step-up transformers — a direct demand driver

Sector Demand Drivers

- Grid expansion and inter-state transmission capacity addition
- Energy transition — replacing fossil fuel generation with renewables requires new T&D infrastructure
- Data centre boom in India — large power consumers needing industrial transformers
- Defence and strategic infrastructure projects requiring specialised transformers
- Global supply chain diversification creating export opportunity for Indian transformer makers

8. KEY STRENGTHS

- 54+ Years of Operating History: Founded 1972 — one of India's oldest transformer manufacturers with deep institutional client relationships
- Rare Technical Certifications: One of only 4 RDSO-certified manufacturers for 100 MVA 132 kV Scott transformers; one of only 5 with short-circuit certification for 500 MVA, 400 kV transformers — these approvals take years to obtain
- Explosive Margin Expansion: EBITDA margin doubled from 11.2% (FY24) to 27.6% (FY26); PAT margin tripled from 6.3% to 19.6% in just two years
- Massive Order Book: ₹1,818 Cr order book as of FY26 — ~2.78x annual revenue — provides 2–3 years of revenue visibility
- Integrated Business Model (Mfg + EPC): Turnkey capability differentiates from pure-play manufacturers and supports pricing power
- Exceptional Return Ratios: ROCE of 70.13% and ROE of 42.12% — among the strongest in the Indian transformer peer group
- Revenue CAGR of 53.7% (FY24–FY26): Consistently rapid top-line growth backed by execution on the order book
- Near-Debt-Free in FY25: Debt-to-equity of ~0.13x in FY25 — financial conservatism despite rapid growth
- Strategic Geography: Meerut (UP) location benefits from proximity to North India's power infrastructure projects and cost-effective manufacturing ecosystem
- Structural Demand Tailwinds: All three customer segments — power utilities, railways, renewables — are in long-term multi-decade capex cycles

9. KEY RISKS & CONCERNS

Risk Factor	Details	Severity
Large OFS (71.6%)	**₹755.74 Cr of ₹1,055 Cr total is promoter OFS via K. Sons Family Trust. Most IPO proceeds exit to promoters — not reinvested in business.**	**High**
Customer Concentration	**Top 10 customers contributed 95.43% (FY24), 93.88% (FY25), 93.16% (FY26) of revenues. Any loss of a major customer would be material.**	**High**

Risk Factor	Details	Severity
Capacity Under-Utilisation	Despite expansion to 19,200 MVA, utilisation was only ~46% in FY26 — over half the capacity is idle. Future revenue depends on filling this.	High
Working Capital Squeeze	Operating cash flow declined ~67% in FY26 to ₹25.84 Cr despite high PAT. EPC projects tie up capital before payment receipt.	Medium
Government/Tender Dependency	Most revenue comes from government-controlled utilities via competitive tenders. Policy shifts or delays can impact pipeline.	Medium
Rising Borrowings	Borrowings rose to ₹385.56 Cr (Jul 2026 vs ₹39.04 Cr net worth — FY26). Significant leverage increase post-year-end warrants monitoring.	Medium
Raw Material Volatility	Copper, steel, and electrical-grade insulation are key inputs. Price spikes can compress margins, especially in fixed-price contracts.	Medium
Recent Profit Jump	PAT jumped 99% in one year. Sustainability of this growth rate needs to be validated over 2–3 more quarters before assigning a high multiple.	Medium
Geographic Concentration (Manufacturing)	Both plants are in Meerut, UP — a single natural disaster, labour dispute, or regulatory issue could disrupt all production.	Low

10. IPO TIMELINE & HOW TO APPLY

Event	Date
IPO Subscription Opens	September 8, 2026 (Monday)
IPO Subscription Closes	September 10, 2026 (Wednesday)
Basis of Allotment Finalisation	September 11, 2026 (Thursday)
Refund Initiation / ASBA Unblocking	September 15, 2026 (Monday)
Shares Credited to Demat Accounts	September 15, 2026 (Monday)
Listing on BSE & NSE	September 16, 2026 (Tuesday)

Application Details

- Via ASBA through your bank or UPI (retail investors, up to ₹5 lakh)
- Retail minimum: 1 lot = 23 shares = ₹14,536 (at ₹632 upper band)
- Retail maximum: 13 lots = 299 shares = ₹1,88,968
- HNI minimum: 14 lots = 322 shares = ₹2,03,504

11. GREY MARKET PREMIUM (GMP) & INVESTOR SENTIMENT

GMP Metric	Value
GMP (as of September 8, 2026)	₹196 per share

GMP Metric	Value
GMP as % of Upper Price Band (₹632)	~31%
Indicative Listing Price (Upper Band + GMP)	~₹828 per share
GMP Range (Observed Period)	₹30 to ₹205
Subscription (Live as of open)	0.40x (early day 1)
Analyst/Brokerage Rating	SUBSCRIBE (strong consensus)

GMP Disclaimer: GMP is traded in the unofficial grey market and is not regulated by SEBI or any exchange. It is an informal, indicative signal of demand and should not be used as the sole basis for investment decisions. GMP can change significantly before listing.

12. GANESH STOCKINVEST RECOMMENDATION

☑ RECOMMENDATION: SUBSCRIBE

Suitable for: Listing Gains + Long-Term Portfolio

Investment Rationale

- Kanohar Electricals is a 54-year-old, technically certified transformer manufacturer with rare RDSO approvals that serve as genuine entry barriers — not easy to replicate by newer entrants.
- The financial transformation is exceptional: EBITDA grew ~6x and PAT grew ~7x in just two years (FY24–FY26), with margin expansion across every metric.
- An order book of ₹1,818 Cr (~2.78x FY26 revenue) growing at 74.69% CAGR provides strong revenue visibility and de-risks near-term growth.
- India's power infrastructure spending — driven by renewable energy targets, railway electrification, and grid modernisation — creates a long-term structural demand tailwind spanning 10–15 years.
- GMP of ~31% and strong brokerage consensus indicate robust institutional and retail demand heading into listing.
- Fresh issue proceeds are allocated to working capital (₹155 Cr) and capex (₹64 Cr) — directly enabling growth execution.

Key Cautions

- The large OFS (71.6%) means the majority of IPO proceeds go to the promoter family trust — not the company. This is a structural concern and investors should weigh it carefully.
- Customer concentration (top 10 = 93%+ revenue) and government-tender dependency mean revenue is lumpy and vulnerable to delays or policy changes.
- Capacity utilisation at ~46% needs sustained improvement to justify the current valuation. Track this metric closely post-listing.
- Operating cash flow divergence from PAT must be monitored — the company needs to demonstrate it can convert profits to cash as scale increases.

Target Investors

- Listing Gain Investors: Apply — GMP of 31% and strong analyst consensus support listing gains.
- Long-Term Investors: Strong BUY for 2–4 year horizon, given order book visibility, sectoral tailwinds, and margin trajectory.

• Conservative Investors: Apply with caution — monitor post-listing price action before adding to portfolio.

13. DISCLAIMER

This IPO report has been prepared by Ganesh StockInvest for informational and educational purposes only. It does not constitute investment advice or a solicitation to buy or sell securities. The information contained herein is based on publicly available sources, including the company's Red Herring Prospectus (RHP) and DRHP filed with SEBI, and third-party IPO research platforms. Investors are strongly advised to read the full RHP, consult their SEBI-registered financial advisor, and conduct their own due diligence before making any investment decisions. Past performance, GMP trends, and order book data are not guarantees of future returns. Ganesh StockInvest is not responsible for any loss arising from investment decisions based on this report.

Prepared by: Research Team, Ganesh StockInvest | Date: September 9, 2026 | Listing Exchange: BSE & NSE