IPO NOTE

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Kanohar Electricals is a leading domestic transformer manufacturer serving power transmission, railways, renewable energy and power distribution. It operates across **Transformer Manufacturing and EPC**, with 19,200 MVA capacity as of FY26. The company has strong technical credentials, including **500 MVA/400 kV short-circuit testing capability** and RDSO certifications for high-voltage Scott transformers used in railway electrification. Its backward-integrated facilities and turnkey EPC capabilities strengthen its position in India's growing power infrastructure market.

KANOHAR

KANOHAR ELECTRICALS LIMITED

Mahesh M. Ojha || Vice President Research & Business Development ||

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ONE Page Summary

KANOHAR ELECTRICALS LIMITED

IPO Details

Issue Opens	Tuesday, 8th Sep 2026
Issue Close	Thursday 10th Sep 2026
Total Size	₹ 1,056Cr
Price Band	₹ 601-632
Face Value	₹ 2/- Per Eq. Shares
Implied Market cap at Lower Band	₹ 4,774 Crs
Implied Market cap at Upper Band	₹ 5,005 Crs

Recommendation:

“Subscribe,,

Company Background

KANOHAR ELECTRICALS LIMITED 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 (Source: CARE Report). 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 (Source: CARE Report). They conduct short circuit testing of their transformers at a scale and as on March 31, 2026, have tested over 200 ratings.
They are one of **four manufacturers in India** who are certified by Research Designs and Standards Organisation **(RDSO),** the research and development wing of Indian Railways, to manufacturing 100 MVA 132 kV Scott transformers. They are also one of two Indian manufacturers certified to manufacture 100 MVA 220 kV Scott transformers, both of which cater to the demand for rail network electrification from the Indian Railways (Source: CARE Report). Through their backward integrated facilities, they offer a wide range of products and solutions for India’s energy infrastructure, particularly in the manufacture of transformers with their in-house technology.

They **operate their business in two segments, i.e., (i) Transformer Manufacturing Business**; and **(ii) EPC Business.** EPC Business, they undertake engineering, procurement and construction projects in the power transmission and distribution sector, in addition to its transformer manufacturing operations, which enables Company to execute turnkey projects for substations and transmission lines.

Investment Rationale & Recommendation

Kanohar Electricals offers a credible long-term play on India’s expanding power transmission and distribution capex cycle. Its strong FY24–FY26 financial performance Revenue from operations delivered a robust **53.7% CAGR during FY24–FY26**, while EBITDA grew at an impressive **141.0% CAGR**, reflecting strong operating leverage and improving profitability, sizeable order book of ₹18,183 million and presence across transmission, railways and renewable energy applications provide healthy growth visibility. While the IPO commands a premium valuation versus Transformers & Rectifiers (India), the premium is supported by Kanohar’s significantly stronger recent revenue and EBITDA growth. Company having In-house manufacturing and integrated capabilities can support better quality control, execution efficiency and scalability as demand for transformers increases Rising investments in power transmission & distribution, renewable energy integration, railway electrification and grid modernization are expected to drive sustained demand for transformers.

Hence We recommend Investor to Subscribe issue with Long Term Horizon

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KANOHAR

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DETAILED NOTE

Anchor Bid on : Monday,7Th Sep , 2026
Issue Opens on : Tuesday,8Th Sep , 2026
Issue closes on : Thursday, 10th Sep'2026

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	11-09-2026
Refunds/Unblocking ASBA Fund	15-09-2026
Credit of equity shares to DP A/c	15-09-2026
Trading commences	16-09-2026

Issue - Break up

Issue Break Up category wise	No. Of Eq. Shares	Issue Size In Crs.	
		@Lower	@Upper
QIB - (50%)	8,352,374	502	527.87
NIB - (15%)	2,505,713	151	158.36
NIB 2	1,670,476	100	105.57
NIB 1	835,237	50	52.79
RET - (35%)	5,846,663	351	369.51
Total	16,704,750	1,004	1,056

NIB -2 = NII Bid Above ₹ 10 Lakhs ||\ NIB – 1 + NII Bid Between ₹ 2 tio 10 Lakhs

Issue highlights

IPO Funds Utilization : Funding the capital expenditure requirements of Company ₹ 64.18 Crs.

Funding the incremental working capital requirements of Company ₹ 155 Crs.

Issue Details

Issue Size - ₹ 1,055.74 Cr

Face Value - ₹ 2 /-

Price Band - ₹ 601-632

Bid Lot - 23 and in multiples

Post Issue Implied Mkt. Cap - ₹ 4,774 Crs -5,005Crs

Shareholding (No. of Shares)

7,44,40,000	7,91,86,835

*@Lower price Band ^@ Upper Price Band

BRLM's - Nuvama Wealth Management, IIFL Capital Services.

Registrar – MUFG Intime India Pvt Ltd

Category	Retail Category	Small HNI 2 -10 Lakhs	Big HNI > ₹ 10 Lakhs
Min. Bid Lot	23 Shares	322 Shares	1,587 Shares
Min. Bid	₹14,536^	₹ 2,03,504^	₹10,02,984^
Appl for 1x	2,54,203 Applications	2,594 Applications	5,188 Applications

Shareholding (%)

Shareholder	Pre Issue	Post Issue
Promoters	99.72%	78.64%
Public	0.28%	21.36%
Total	100.00%	100.00%

Offer Details

Offer for Sale by	No. Of Shares
K.Sons Family Trust (Promoter)	1,19,57,915

Brief biographies of our Directors

Dinesh Singhal is the Chairman and Managing Director of our Company. He is one of our Promoters and has been associated with our Company since 1976. He holds a bachelor's degree in industrial engineering from the Indian Institute of Technology Roorkee (formerly known as University of Roorkee). He 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 as president and the Indian Industries Association as president. He is currently associated with Kanohar Lal Trust Society, a non-profit organisation supporting education for girls, as president, is an independent director on the board of Shivalik Small Finance Bank Limited and a director on the board of Forum of Aided Colleges for Higher Education.

Adesh Singhal is the Whole-time Director of our Company. He is one of our Promoters and has been associated with our Company since 1981. He holds a bachelor's degree in electrical engineering from the Indian Institute of Technology Roorkee (formerly known as University of Roorkee). He has over 40 years of experience in the transformer manufacturing industry. He leads our Company's engineering and quality assurance functions. He is currently associated with non-profit organisations such as Kanohar Lal Trust Society as a member of the trust and Meerut Children Welfare Trust as a board member of the trust.

Vivek Singhal is the Whole-time Director of our Company. He is one of our Promoters and has been associated with our Company since 2000. He holds a bachelor's degree of technology in electrical engineering from the Indian Institute of Technology, Bombay. He has over 25 years of experience in marketing, business development, and strategy, driving our Company's pan-India expansion and diversification into EPC substations and transmission lines.

Abhishek Singhal is the Whole-time Director of our Company. He is one of our Promoters and has been associated with our Company since 2002. He holds a bachelor's degree of technology in electrical engineering from the Indian Institute of Technology Delhi. He has over 23 years of experience in design, technology development, and systems integration. He leads our Company's design and development activities, along with overseeing our Company's enterprise resource planning, computer aided engineering deployment, and IT infrastructure.

Sangeeta Khorana is an Independent Director of our Company. She holds a provisional bachelor's degree in economics from Ranchi University and a master's degree of arts in economics from University of Allahabad, a master's degree in international law and economics from the World Trade Institute and a doctorate in economics from University of St. Gallen. She has over 10 years of professional experience including experience in commerce and international trade. She is currently associated with Satin Creditcare Network Limited and World Commerce and Contracting (WorldCC) Foundation as a director and Aston University as a professor of international trade policy, and was previously associated with Chartered Institute of Export & International Trade as a trustee director.

Anil Bhardwaj is an Independent Director of our Company. He holds a bachelor's degree in science from Kurukshetra University, Haryana and a master's degree in business administration (international business) from Sam Higginbottom University of Agriculture, Technology & Sciences. He has over 29 years of experience in MSME policy and industrial and 291 trade promotion. He is currently associated with Federation of Indian Micro and Small & Medium Enterprises as secretary general.

Ashok Kumar Goel is an Independent Director of our Company. He holds a bachelor's degree in engineering from the Indian Institute of Technology Roorkee (formerly known as University of Roorkee). He has over 27 years of experience in the business of manufacturing and sale of scientific and electrical instrumentation. He is currently self-employed providing consultancy services through ANG Consultants. He was previously associated with M/s Digitech as partner.

Ram Kumar Chugh is an Independent Director of our Company. He holds a bachelor's degree in science (electrical engineering) from University of Delhi and has also completed a management education programme from Indian Institute of Management, Ahmedabad, and an advanced management course conducted by Siemens Limited. He has over 43 years of professional experience including experience in the field of power transmission and distribution, and automation. He is currently associated with Omax Autos Limited as an independent director and is self-employed providing freelancing services as a business consultant and advisor, and was previously associated with Indian Electrical and Electronics Manufacturers Association as a president and Siemens Limited as vice president.

Source: RHP

Business Overview

Company is one of the leading domestic players in transformer manufacturing in terms of revenue in Fiscal 2026. We cater to high growth industries such as power transmission, railways, renewable energy, and power distribution (Source: CARE Report). As on March 31, 2026, we 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 (Source: CARE Report). We conduct short circuit testing of our transformers at a scale and as on March 31, 2026, have tested over 200 ratings. We 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. We are also one of two Indian manufacturers certified to manufacture 100 MVA 220 kV Scott transformers, both of which cater to the demand for rail network electrification from the Indian Railways (Source: CARE Report). Through our backward integrated facilities, we offer a wide range of products and solutions for India's energy infrastructure, particularly in the manufacture of transformers with our in-house technology. Company led by Promoter, Chairman and Managing Director, Dinesh Singhal, who is graduate of Indian Institute of Technology Roorkee (formerly known as University of Roorkee), with over 40 years of experience in the transformer manufacturing industry.

Company operate business in two segments, i.e., (i) Transformer Manufacturing Business; and (ii) EPC Business. EPC Business, we undertake engineering, procurement and construction projects in the power transmission and distribution sector, in addition to its transformer manufacturing operations, which enables our Company to execute turnkey projects for substations and transmission lines.

Company EPC Business undertake turnkey installation of air and gas insulated substations, bay augmentation in existing substations up to 400 kV class, and installation of transmission lines across 132 kV, 220 kV and 400 kV. EPC projects typically involve design, engineering, procurement, supply, erection, testing and commissioning of electrical infrastructure.

Company revenue from operations Fiscal 2026, Fiscal 2025 and Fiscal 2024 from our Transformer Manufacturing Business and our EPC Business is set out below

(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.*

Source: RHP Pg No. 245

The tables below set out details of our Order Book by business segments and types of clients, as of the Fiscals indicated:

(In ₹ million, except percentages)

S. No.	Business segment	Order Book					
		Fiscal 2026		Fiscal 2025		Fiscal 2024	
		Amount of Order Book	% of total Order Book	Amount of Order Book	% of total Order Book	Amount of Order Book	% of total Order Book
(i)	Transformer Manufacturing Business	16,216.93	89.19	6,245.29	72.50	3,454.75	57.98
	- Power transformers	12,365.44	68.00	5,280.64	61.30	2,569.04	43.12
	- Traction transformers	360.00	1.98	45.83	0.53	116.63	1.96
	- Scott transformers	1,003.67	5.52	326.80	3.79	753.00	12.64
	- Shunt reactors	2,481.59	13.65	590.00	6.85	Nil	N.A.
	- Distribution transformers	6.23	0.04	2.02	0.02	16.08	0.27
(ii)	EPC Business	1,966.30	10.81	2,369.43	27.50	2,503.73	42.02
	(a) EPC solutions for substations	1,212.83	6.67	1,475.27	17.12	1,841.70	30.91
	(b) EPC solutions for transmission lines	753.47	4.14	894.16	10.38	662.03	11.11
Total (i)+(ii)		**18,183.23**	**100.00**	**8,614.72**	**100.00**	**5,958.48**	**100.00**

Note: As certified by Pawan Shubham & Co., Chartered Accountants, with firm registration number 011573C, pursuant to their certificate dated September 2, 2026.

(In ₹ million, except percentages)

S. No.	Type of clients	Order Book					
		Fiscal 2026		Fiscal 2025		Fiscal 2024	
		Amount of Order Book	% of total Order Book	Amount of Order Book	% of total Order Book	Amount of Order Book	% of total Order Book
(i)	Government sector	17,023.23	93.62	8,353.31	96.97	4,873.29	81.79
(a)	Transformer Manufacturing Business	15,056.93	82.81	5,983.86	69.47	2,369.55	39.77
(b)	EPC Business	1,966.30	10.81	2,369.45	27.50	2,503.74	42.02
(ii)	Private sector	1,160.00	6.38	261.41	3.03	1,085.19	18.21
(a)	Transformer Manufacturing Business	1,160.00	6.38	261.41	3.03	1,085.19	18.21
(b)	EPC Business	Nil	Nil	Nil	Nil	Nil	Nil
Total		**18,183.23**	**100.00**	**8,614.72**	**100.00**	**5,958.48**	**100.00**

Note: As certified by Pawan Shubham & Co., Chartered Accountants, with firm registration number 011573C, pursuant to their certificate dated September 2, 2026

Source: RHP Pg No. 245

Transformer Manufacturing Business

The company has over 40 years of experience in its Transformer Manufacturing Business. As a part of its Transformer Manufacturing Business, the company manufactures five different types of transformers with customized technical specifications to address the energy needs of industries to which it caters, which include power transmission, railways, renewable energy and power distribution.

The company manufactures five different types of transformers with customized technical specifications for power transmission, railways, renewable energy, and power distribution: 1. Power transmission – Power transformers: Step up/step down voltage; efficient long-distance transmission minimizing losses; up to 500 MVA and 400 kV. Key customer includes BNC Power Projects Ltd. 2. Railways – Traction transformers: Traction supplies power to electric trains by converting high voltage AC to required voltage for electrification. Specifications include 30.24 MVA/132kV and 30.24 MVA/220kV. 3. Railways – Scott transformers: Scott converts 3-phase to 2-phase for high-speed railways. Specifications include 100 MVA 220/2x55 kV and 100 MVA 132/2x55 kV. Key customer includes Blue Star Limited. 4. Renewable energy – Shunt reactors: Compensate reactive power, stabilize voltage, and improve grid efficiency in wind/solar transmission; up to 125 MVAR and 400 kV. Customers include EPC players and renewable OEM solution providers. 5. Power distribution – Distribution transformers: Step down high-voltage electricity to lower voltages for safe/efficient delivery to homes, businesses, and industries; up to 5.5 MVA and 33 kV. Key customer includes Bhutan Power Corporation Limited.

Set out below is the split of revenue from operations for Fiscal 2026, Fiscal 2025 and Fiscal 2024, from the various products in our Transformer Manufacturing Business:

(in ₹ million, except percentages)

S. No.	Product	Fiscal 2026		Fiscal 2025		Fiscal 2024	
		Revenue from operations	% of total revenue from operations	Revenue from operations	% of total revenue from operations	Revenue from operations	% of total revenue from operations
1.	Power transformers	3,732.77	57.09	2,422.40	53.76	656.60	23.73
2.	Traction transformers	60.29	0.92	71.83	1.59	383.17	13.85
3.	Scott transformers*	1,653.77	25.29	1,333.89	29.60	Nil	N.A.
4.	Shunt reactors#	Nil	N.A.	Nil	N.A.	327.32	11.83
5.	Distribution transformers	8.22	0.13	9.82	0.22	64.88	2.34
Total		**5,455.05**	**83.43**	**3,837.94**	**85.17**	**1,431.97**	**51.75**

* *We introduced Scott transformers as part of our product portfolio in Fiscal 2025.*

The revenue from operations for Fiscal 2026 and Fiscal 2025 is 'Nil' due to operational reasons as our Company has focused on prioritising orders from other sectors. Our Order Book as of March 31, 2026, includes orders for shunt reactors, the revenue from which is expected to be recognised during reflected in Fiscal 2027, subject to the project execution timelines.

Source: RHP Pg No. 246

Business Strengths :

The company has over 40 years of experience in the Transformer Manufacturing Business. The company is one of the leading domestic players in transformer manufacturing in terms of revenue in Fiscal 2026. The company caters to high growth industries such as power transmission, railways, renewable energy, and power distribution.

The company manufactures transformers across various capacities ranging from < 132 kV to > 400 kV. As on March 31, 2026, the company is 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 the company to compete for large and high-value contracts. The company is one of four manufacturers in India who are certified by Research Designs and Standards Organisation (RDSO), the research and development wing of Indian Railways, to manufacturing 100 MVA 132 kV Scott transformers. The company is also one of two Indian manufacturers certified to manufacture 100 MVA 220 kV Scott transformers, both of which cater to the demand for rail network electrification from the Indian Railways.

(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**

As an established player in the transformer manufacturing industry, the company benefits from economies of scale, long-standing customer relationships, and approved vendor status with utilities and railways, enabling the company to secure large contracts.

Successful short circuit testing of transformers up to 500 MVA 400 kV which enables us to compete for large, high-value contracts across sectors. We 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 251 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. We conduct short circuit testing at scale and as on March 31, 2026, have tested over 200 ratings. As on March 31, 2026, we 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 (Source: CARE Report), which enables us to compete for large and high-value contracts. We are one of four manufacturers in India who are certified by Research Designs and Standards Organisation (RDSO), the research and development wing of Indian Railways, to manufacturing 100 MVA 132 kV Scott transformers. We are also one of two Indian manufacturers certified to manufacture 100 MVA 220 kV Scott transformers, both of which cater to the demand for rail network electrification from the Indian Railways (Source: CARE Report). Such successful lab testing has positioned us to be among a select group of transformer manufacturers equipped to be eligible and qualify to bid for certain key orders. This is observed from an increase in our sales of 500 MVA 400 kV power transformers in Fiscal 2026 and the recent ₹ 5,686.69 million order for 500 MVA 400 kV power transformers from India's largest electricity transmission company, Power Grid Corporation of India Limited (POWERGRID) in June 2025 (Source: CARE Report).

Comprehensive presence across our Transformer Manufacturing Business and EPC Business enables us to serve a large total addressable market.
In an endeavour to increase the total addressable market in the power transmission and power distribution sectors, the company 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 the EPC Business enables the company to provide single window solutions by undertaking EPC projects in addition to the Transformer Manufacturing Business. The EPC Business complements the Transformer Manufacturing Business by enabling the company to capitalise on hybrid contracts with integrated EPC and equipment supply requirements. Such capabilities enable the company to have a comprehensive presence and offer a wide range of products and solutions for India's energy infrastructure. This also enables the company to cater to a large customer base in India and overseas because the company is a one stop shop for their requirements. Unlike standalone transformer OEMs, the company is eligible to participate in a wider set of opportunities including turnkey EPC packages from transmission utilities and railways, high-value substation augmentation projects requiring both equipment and integration services. This integrated positioning allows the company to serve as a single-window provider, capturing a higher share of project value while deepening its engagement with customers which are seeking comprehensive solutions.

Integrated manufacturing facilities equipped to deliver high-quality products.
The company operates two manufacturing facilities, i.e. 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. The Rithani Manufacturing Facility commenced operations in 1983 and is equipped to manufacture transformers up to 25 MVA, 66 kV. The Gangol Manufacturing Facility commenced operations in 1997 and is Equipped to manufacture transformers of up to 500 MVA, 400 kV (suitable up to 765 kV). The company has a backward integrated setup that supports inhouse production of critical components such as transformer tanks and radiators. This backward integration ensures stringent quality control, operational efficiency, and cost optimization of transformer tanks and radiators. The company sources steel plates which are then cut, welded and transformed into transformer tanks, as opposed to procuring the transformer tanks from third-party providers. The company also manufactures radiators indigenously which helps the company to reduce third-party dependency, ensures operational efficiency and reduces cost. The backward integration at the Manufacturing Facilities also reduces dependency on external vendors and enables faster lead time for supply of products in the market as compared to competitors.

High quality transformers and capabilities for GIS : The company manufactures five different types of transformers with customized technical specifications to address the energy needs of its end-user industries. The company has developed technology for manufacturing transformers up to 500 MVA, 400 kV in-house, which ensures reliability and performance. The company also has capabilities to manufacture GIS. The company has entered into a technical collaboration with CHEM in 2017, for offering advanced, and environmentally friendly solutions in GIS. The company conducts product development through an integrated engineering team embedded within its transformer design operations. The Development Team uses proprietary design tools, computer-aided design software, and an inhouse enterprise resource planning ("ERP") system to drive parameter management, design optimization, and iterative improvements based on shop floor and field feedback. The in-house test facility supports routine and type tests including, amongst others, impulse and temperature rise, enabling prototype validation, and standard product verification

Key Strategies :

Capitalize on industry tailwinds by strengthening the company's manufacturing capabilities and enhancing operational efficiencies at the Manufacturing Facilities.

The transformer market in India has been growing steadily. Between CY19 and CY25, the market increased from USD 3,691.4 million to USD 4,944.9 million, with a CAGR of 5.0%. From CY25 to CY30, the market is expected to grow faster, reaching USD 6,854.2 million, with CAGR of 6.7% during this period. The company operates two Manufacturing Facilities i.e. its Rithani Manufacturing Facility and its Gangol Manufacturing Facility with an aggregate transformer manufacturing capacity of 19,200 MVA as on March 31, 2026. The Rithani Manufacturing Facility commenced operations in 1983 and is equipped to manufacture transformers up to 25 MVA, 66 kV. The Gangol Manufacturing Facility commenced operations in 1997 and is equipped to manufacture transformers of up to 500 MVA, 400 kV (suitable up to 765 kV). In India, many players operate in the transformer industry, but limited number are manufacturing transformers above 400 kV. As a result, competition in the high-voltage transformer space remains limited. The company aims to capitalize on this advantage and intends to utilise a portion of the Net Proceeds to scale up the production of its key offerings, such as 500 MVA 400 kV power transformers, traction transformers and 100 MVA 132 kV and 100 MVA 220 kV Scott transformers. Such investment is expected to increase the company's transformer manufacturing capacity by an additional annual installed capacity of 18,000 MVA. As a part of this strategy, the company intends to utilize a portion of the Net Proceeds towards purchase and setting up of new machinery and equipment at its Gangol Manufacturing Facility for increasing its transformer manufacturing capacity, expanding and automating its backward integration facilities and enhancing operational efficiency. Such investments are expected to improve plant utilization, reduce lead times, and enhance the company's ability to execute larger and more complex orders. The company is also committed to enhancing its operational efficiency through automation, process excellence, and reduction of production bottlenecks. As part of this initiative, the company plans to invest a part of the Net Proceeds in testing equipment aimed at reducing testing cycle time, improving throughput assets, and optimizing manpower deployment.

Strengthening the company's backward integration capabilities The company's Manufacturing Facilities have a backward integrated setup that supports in-house production of critical components, such as transformer tanks and radiators. This backward integration reduces dependency on third party vendors, enhances quality control and optimizes cost and delivery timelines. Backward integration continues to be a cornerstone of the company's strategy enabling it to maintain control over key components and ensure consistent quality across its product range. As a part of this strategy, the company intends to utilise a portion of the Net Proceeds to expand its backward integration facilities by replacing its current in-house set up for radiator manufacturing and assembling an automatic radiator manufacturing plant at its Gangol Manufacturing Facility. This investment will enable the company to meet its forthcoming radiator requirement in-house, and provide it better control over supply chain management, improve the operational efficiency and allow for stricter quality control.

Ensure supply chain security through adequate working capital liquidity In light of the increasing capital expenditure targets and execution activity in the power transmission and distribution sector, the industry is experiencing heightened competition for critical raw materials, which has implications for procurement timelines, supplier payment terms and overall supply chain reliability. The rising demand from the T&D sector is increasing pressure on the supply chain for certain critical raw materials. Additionally, increased competition for key inputs is gradually influencing payment terms offered by raw material suppliers to equipment manufacturers. As a result, manufacturers with relatively stronger liquidity positions, who are able to accommodate advance payments or shorter credit cycles, may be better positioned compared to those seeking extended payment terms. This dynamic is expected to persist over the medium term, until the raw material supply chain expands sufficiently to support the higher T&D capacity addition target. The company believes that the ability to ensure uninterrupted access toraw materials is becoming an increasingly important factor in timely execution of transformer manufacturing contracts. As part of its strategy, the company seeks to maintain adequate working capital liquidity to support evolving vendor payment terms and procurement requirements. This includes the ability to meet advance payment obligations or shorter credit periods, where commercially required, in order to secure timely and consistent supply of key raw materials. The company believes that prudent working capital management and liquidity planning support supply chain continuity, reduce execution risks and enable it to meet delivery schedules in a timely manner, particularly in periods of elevated industry demand.

KANOHAR

Kantilal Chhaganlal Since 1954

Key Risks :

Dependence on Transformer Manufacturing Business: The company derives a significant portion of its revenue from the Transformer Manufacturing Business. A reduction in demand for purchase of transformers could adversely affect the company's business, results of operations and financial condition.

Exposure to High Growth Sectors: A significant portion of the company's revenue from operations is from the Transformer Manufacturing Business which is attributable to high growth sectors including the power transmission, railways and renewable energy sectors. Any economic cyclicality coupled with reduced demand or negative trend in these or other sectors that the company operates in, could have material adverse effect on the company's business, financial condition and results of operations.

Under-utilization of Manufacturing Capacities: Under-utilization of the company's manufacturing capacities and an inability to effectively utilize its manufacturing capacities could have an adverse effect on the company's business, future prospects and future financial performance.

Customer Concentration: The company depends on certain customers for a significant portion of its revenue from operations. In the Fiscals 2026, 2025 and 2024, the company's top 10 customers' contribution towards its revenue from operations was 93.16%, 93.88%, and 95.43%, respectively. Any decrease in demand from such customers, the loss of such customers or the company's inability to diversify its customer base could have an adverse effect on its business, financial condition and results of operations.

Dependence on Government Policies and Transmission Utilities: In the Transformer Manufacturing Business, the company derives a significant portion of its revenue from the supply of power transformers to transmission utilities including state transmission companies in the power transmission sector. Additionally, the Transformer Manufacturing Business is largely dependent upon the demand for power generation, transmission and distribution which is closely linked to Government policies. Any economic downturn or change in government policy may have an adverse impact on the company's business, financial condition, cash flows and results of operations.

Dependence on Government Tenders: A significant portion of the company's revenue is dependent on tenders being awarded by the government-controlled entities, which follow tendering process for determination of their suppliers. Government bids are procured through competitive bidding process. The company's bids may not always be accepted. The company may not be able to qualify for, compete and win projects, which could adversely affect its business and results of operations. Further, the company may not always be able to possess and maintain its pre-qualification capability for its Transformer Manufacturing Business and EPC Business. The company may be adversely affected if it does not succeed in all or a majority of the contracts that it tender for.

Risk of Disqualification or Blacklisting: The company is exposed to the risk of disqualification, suspension, or blacklisting by government authorities, which could prevent it from bidding for or executing government projects. Any such action could restrict its access to a substantial part of its revenue base and have a disproportionate adverse impact on its business, results of operations, cash flows, and reputation.

Manufacturing Facility Concentration: A significant portion of the company's revenue is generated from its Manufacturing Facilities, notably its Gangol Manufacturing Facility, situated in Meerut, Uttar Pradesh. Any disruptions in the region could have a material adverse effect on the company's business, financial condition and results of operations.

Untraceable Public Shareholders: As on date of this Red Herring Prospectus, 34 public Shareholders of the company who collectively hold 208,000 Equity Shares are currently untraceable. Further, 156,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 19, 2025, along with the Equity Shares previously held by them in the company, have not been credited to their demat accounts as the company has been unable to establish contact with them, and have been credited to a demat suspense account.

Supplier Dependence: The company's business is dependent on suppliers to procure its raw materials. Further, the company has not entered into long-term agreements with these suppliers, variations in supply and any loss of suppliers or interruptions in the timely delivery of raw materials or volatility in their prices could have an adverse impact on the company's business, financial condition and results of operations.

EPC Project Execution Risks: The company is subject to time and cost overruns and is exposed to claims, penalties and damages resulting from delays in execution of EPC projects for transmission lines and substations. These contracts have long execution periods as a result of which, project related estimated costs and revenue estimates may vary from the actual costs incurred and actual revenues generated which could have material adverse effect on the company's business, financial condition and results of operations.

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Kantilal Chhaganlal Since 1954

Restated Consolidated Statement of Profit and Loss

(₹ in Crs)

Particulars	FY24	FY25	FY26
Income			
Revenue from Operations	276.69	450.61	653.84
Other Income	4.43	6.68	9.02
Total Income	281.12	457.3	662.86
Expenses			
Cost of Materials Consumed	150.63	220.02	371.38
Purchases of Stock-in-Trade	81.48	36.68	75.1
Changes in Inventories	-35.06	47.45	-46.86
Employee Benefits Expense	23.19	23.89	40.61
Finance Costs	6.48	9.4	12.91
Depreciation & Amortisation	3.15	2.88	2.96
Other Expenses	25.42	29.2	33.2
Total Expenses	255.29	369.5	489.29
Profit Before Tax (PBT)	25.83	87.8	173.58
Current Tax	8.11	25.8	47.27
Income Tax Relating to Earlier Years	0.1	-0.02	-3.32
Deferred Tax	-0.1	-3.11	-0.1
Total Tax Expense	8.11	22.67	43.84
Profit After Tax (PAT)	17.76	65.12	129.73
Other Comprehensive Income	-0.15	-0.11	-0.02
Total Comprehensive Income	17.61	65.01	129.71
EPS – Basic (₹)	2.39	8.75	17.43
EPS – Diluted (₹)	2.39	8.75	17.43

Particulars	FY24	FY25	FY26
Revenue from Operations (₹ Cr)	276.69	450.61	653.84
Revenue Growth	—	62.90%	45.10%
PBT (₹ Cr)	25.83	87.8	173.58
PBT Margin	9.20%	19.50%	26.50%
PAT (₹ Cr)	17.76	65.12	129.73
PAT Growth	—	266.50%	99.20%
PAT Margin	6.40%	14.50%	19.80%
EPS (₹)	2.39	8.75	17.43

Restated Consolidated Statement of Assets and Liabilities

(₹ in Crs)

Particulars	FY26	FY25	FY24
Non-current Assets			
Property, Plant & Equipment	30.75	29.86	23.91
Capital Work-in-Progress	14.04	1.26	—
Right of Use Assets	—	0.31	0.61
Intangible Assets	0.64	1.19	1.5
Financial Assets – Other Financial Assets	25.49	19.87	67.61
Income Tax Assets	0.1	0.04	0.05
Deferred Tax Assets (Net)	3.32	3.21	0.07
Other Non-current Assets	2.5	1.15	0.04
Total Non-current Assets	76.84	56.89	93.78
Current Assets			
Inventories	114.15	43.43	83.7
Financial Assets – Trade Receivables	210.79	194.78	86.99
Cash & Cash Equivalents	0	0.26	0.06
Bank Balances other than Cash & Cash Equivalents	95.53	85.42	29.62
Loans	0.09	0.04	0.12
Other Financial Assets	95.89	90.1	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
Equity & Liabilities			
Particulars	FY26	FY25	FY24
Equity			
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
Non-current Liabilities			
Financial Liabilities – Borrowings	14.44	6.03	0.61
Lease Liabilities	—	0.31	0.31
Other Financial Liabilities	11.71	11.71	11.71
Provisions	0.36	0.39	0.34
Total Non-current Liabilities	26.51	18.14	12.96
Current Liabilities			
Financial Liabilities – Borrowings	24.6	26.23	41.47
Lease Liabilities	—	0.35	0.36
Trade Payables – MSME	12.72	13.7	7.08
Trade Payables – Others	87.32	58.82	52.05
Other Financial Liabilities	25.98	12.57	12.92
Other Current Liabilities	51.23	47.34	15.72
Provisions	1.12	0.79	0.58
Current Tax Liabilities (Net)	11.62	11.01	1.62
Total Current Liabilities	214.58	170.8	131.78
Total Liabilities	241.09	188.93	144.74
Total Equity & Liabilities	613.93	432.07	322.86

Source: RHP

Peer Comparison

Company	Revenue from Operations FY26 (₹ Crs.)	Face Value (₹)	P/E (x)	EPS Basic (₹)	EPS Diluted (₹)	RoNW (%)	EV/EBITDA (x)	NAV (₹/share)
Kanohar Electricals Ltd	654	2	38.6	17.4	17.4	34.80%	28	50.1
Hitachi Energy India Ltd	8,148	2	159.6	221.6	221.6	19.10%	106.3	1,161.60
Bharat Heavy Electricals Ltd	33782.2	2	91.3	4.6	4.6	6.10%	47.6	75
Schneider Electric Infrastructure Ltd	2,891	2	155.1	8.9	8.9	29.00%	88.3	30.7
CG Power and Industrial Solutions Ltd	12418	2	114.8	7.7	7.7	15.80%	75.9	48.1
Transformers & Rectifiers (India) Ltd	2,509	1	32.2	9.1	9.1	17.60%	20.8	51.4
GE Vernova T&D India Ltd	6,206	2	89.4	48.2	48.2	45.90%	157	42.9

KC Securities (Kantilal Chhaganlal Securities) Outlook

- **Rating - Subscribe**

- **Valuation:** At the upper price band, the issue is valued at **38.6x FY26 P/E**, which appears fair compare to peers

- **Growth** : Revenue from operations delivered a robust **53.7% CAGR during FY24–FY26**, while EBITDA grew at an impressive **141.0% CAGR**, reflecting strong operating leverage and improving profitability.

- **Healthy Order Book:** The order book stood at **₹18,183 million as of FY26**, providing healthy revenue visibility and supporting medium- to long-term growth prospects.

- **Structural Industry Tailwinds**: Rising investments in **power transmission & distribution, renewable energy integration, railway electrification and grid modernization** are expected to drive sustained demand for transformers. Group),

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