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CM RATING **48 /100**

Dhoot Transmission

Leading 2W and 3W wiring harness player

Rising EV adoption and vehicle complexity to support higher kit value

Dhoot Transmission is an electrical and electronics (E&E) companies engaged in the design, engineering, manufacturing, and supply of wiring harnesses and electrical distribution systems for automotive and non-automotive applications.

Its diversified product portfolio comprises wiring harnesses, battery packs, sensors and electronic controllers, automotive switches, terminals, connectors, and power supply cords, catering to both internal combustion engines (ICE) and electric vehicle (EV) platforms across various customer segments. Products such as side stand sensors and temperature sensors are currently under development.

In FY26, wiring harness contributed 77.08% to revenue, and others 22.92%.

The company is among the top two players in the two-wheeler (2W) and three-wheeler (3W) wiring harness market in India, with a 41% market share by value in FY26. It is also a market leader in electric 2W and 3W wiring harnesses, holding a nearly 70% market share in FY26. Beyond 2Ws and 3Ws, the company also serves commercial vehicles, off-highway vehicles, and farming and industrial equipment.

It also focuses on the premium two-wheeler segment (150cc and above), which offers higher value per vehicle and is expected to grow faster than the overall ICE motorcycle market through FY31.

In FY26, 2Ws contributed 65.47% to revenue, 3Ws 12.86%, and others 21.67%.

In FY26, India and exports contributed 90.5% and 9.5% to revenue, respectively.

Rising EV adoption is driving demand for more complex wiring harnesses, battery interconnects and related electrical systems. At the same time, premiumization, automation, safety features and connected vehicle technologies are increasing the need for advanced wiring harnesses, sensors, controllers, connectors and electronic modules, supporting higher content and value per vehicle.

In FY26, EV-related products contributed 24.17% of total revenue.

As EV adoption and vehicle complexity increases, the company expects kit value per vehicle to remain strong, supporting long-term growth.

Over the past five years, it has launched new products such as rollover sensors, wheel speed sensors, battery packs and switches, while offering end-to-end solutions from product design to final assembly.

Operates 23 manufacturing facilities, along with three engineering and design centres and seven warehouses across India and international markets. Supported by global quality certifications, in-house testing capabilities and end-to-end product development, it offers solutions from design and prototyping to manufacturing and final assembly. It is also setting up two new manufacturing plants in India to support future growth.

As of FY26, the company had an installed annual production capacity of 1.40 crore wiring harnesses, 390,000 battery packs, 2.05 crore sensors and electronic controllers, and 55 lakh automotive switches.

Plans to expand its manufacturing capacity by setting up new wiring harness and battery manufacturing plants in Hosur and Pune.

The company has backward integration of key components such as terminals, connectors, cables and moulded parts, helping reduce costs, improve supply reliability and maintain quality. This also enhances its competitiveness by enabling faster product development and timely execution of customer programs.

Plan to enhance presence in the OHW segment including tractors, backhoe loaders, compact excavators and other construction/mining equipment and commercial vehicles.

Plans to expand its high-voltage power electronics portfolio by introducing products such as DC-DC converters, on-board chargers and battery junction box (BJB) sub-systems. The strategy focuses on EV and powertrain-neutral products, helping increase kit value per vehicle.

Intends to pursue selective acquisitions, joint ventures and technology partnerships to strengthen its product portfolio, expand its customer base and increase its presence in global markets.

Offer and its objects

The IPO comprises fresh issue of equity shares worth up to Rs 1,400 crore and an offer for sale of 1,91,37,602 equity shares aggregating up to Rs 1,666.89 crore by existing shareholders BC Asia Investments XV and Mangalam Capital.

The price band for the IPO is Rs 829 to Rs 871 per equity share of face value Rs 2 each.

The objectives of the fresh issue include Rs 464.8 crore for repayment of certain outstanding borrowings, Rs 301.77 crore for investment in certain subsidiaries, namely Dhoot Autocomponents, Dhoot Automotive Systems, and Dhoot Transmission UK, Rs 150 crore for setting up a new wiring harness manufacturing plant at Shoolagiri, Hosur, Tamil Nadu, India, and the remaining amount for acquisitions and general corporate purposes.

The promoters are Rahul Radhavallabh Dhoot and BC Asia XV. The promoters and promoter group hold an aggregate of 18,84,56,112 equity shares, aggregating to 100% of the pre-offer issued and paid-up equity share capital. Their post IPO shareholding is expected to be around 82.78%.

The issue, through the book-building process, will open on 10 Aug 2026 and will close on 12 Aug 2026.

Strengths

Established leadership in India‘s 2W and 3W wiring harness market with a comprehensive product portfolio.

Around 95% of its product portfolio is EV-focused or powertrain-neutral, making it suitable for ICE, hybrid and electric vehicles.

Well positioned to benefit from electrification, premiumization, connected vehicles, and automation trends that are increasing the value of components per vehicle.

Established long-term relationships with leading automotive OEMs. The average relationship with its top five customers was 13 years, as of March 31, 2026.

Backward integration for key components reduces costs, improve supply reliability and enhances its competitiveness.

Strong R&D pipeline with continuous product innovation.

Positioned to benefit from strong Presence in Premium 2W and EV Segments, which is expected to outpace the overall ICE motorcycle market through FY31.

Extensive experience of promoters and senior management personnel.

Weaknesses

High Dependence on the 2W and 3W Wiring Harness Business. In FY26, 78.4% of revenue came from the 2W and 3W segments, while wiring harnesses contributed 77.1% of total revenue.

Certain facilities, including Hosur and Pithampur, operate at high capacity utilization levels, which may limit the ability to cater to incremental demand until additional capacity is added.

Exposed to fluctuations in prices and availability of key inputs such as copper, brass and polymers.

Expansion of manufacturing facilities and product portfolio requires substantial capital investment and working capital.

Rapid changes in vehicle architectures, EV technologies and electronic systems require continuous investment in R&D and capabilities.

Dependence on Government Incentives. The company benefits from incentives available to its subsidiary, DASPL, under the Maharashtra Government's Incentive Package Scheme. Any changes, withdrawal or discontinuation of these benefits could adversely impact business.

There are outstanding litigation proceedings (including criminal) involving Company, Promoters, Directors. Any adverse outcome in such proceedings may have an adverse impact on its reputation and business.

Changes or delays in implementation of emission norms may impact product development timelines, technology investments and demand for advanced components.

Valuation

Net sales increased 31% to Rs 4,524.96 crore in FY26 as compared with FY25. The OPM fell 144 bps to 15.71%, leading to 20% increase in OP to Rs 710.99 crore. OI increased 42% to Rs 38.75 crore. Interest costs rose 35% to Rs 91.24 crore. Depreciation cost went up 31% to Rs 122.54 crore. PBT surged 17% to Rs 535.94 crore. Exceptional items resulted in an expense of Rs 20.26 crore, compared to nil. Tax expenses were Rs 118.85 crore as compared with Rs 103.71 crore. Net profit soared 12% to Rs 396.65 crore.

The FY26 EPS (excluding extraordinary items and relevant tax) on post-issue equity works out to Rs 20.2. At the upper price band of Rs 871, P/E is 43.

Total outstanding borrowings amounted to Rs 914.77 crore as on July 20, 2026. As much as 84% of the debt will be repaid from the issue proceeds, bringing down interest costs substantially and boosting profit. The FY 26 EPS works out to Rs 23 if 84% of its interest cost is removed, keeping all other items, including tax rate, same. The re-worked P/E at the upper price band moderates to 38.

Listed peers such as Minda Corporation India traded at FY26 P/E of 48, Uno Minda trades at FY26 P/E of 59, and Motherson Sumi Wiring India at FY26 P/E of 44 as on 5 August 2026. OPM and ROE stood at 15.71% and 16.3%, respectively, in FY26. These were 11.66% and 13.65% for Minda Corporation, 11.45% and 17.5% for Uno Minda, and 9.24% and 28.92% for Motherson Sumi Wiring India, respectively.

Dhoot Transmission: Issue Highlights	
For Fresh Issue Offer size (in no of shares)	
- On lower price band	1,68,87,816
- On upper price band	1,60,73,479
Offer size (in Rs crore)	1,400
For Offer for Sale Offer size (in Rs crore)	

- On lower price band	1,586.51
- On upper price band	1,666.89
Offer size (in no of shares)	1,91,37,602
Price band (Rs)	829-871
Minimum Bid Lot (in no. of shares)	17
Post issue capital (Rs crore)	
- On lower price band	41.07
- On upper price band	40.91
Post-issue promoter & Group shareholding (%)	82.78
Issue open date	10-08-2026
Issue closed date	12-08-2026
Listing	BSE, NSE
Rating	**48/100**

Dhoot Transmission: Restated Consolidated Financials			
	2403 (12)	2503 (12)	2603 (12)
Sales	2,797.73	3,444.86	4,524.96
OPM (%)	18.31%	17.15%	15.71%
OP	512.40	590.96	710.99
Other inc.	1.59	27.37	38.75
PBIDT	513.99	618.34	749.73
Interest	49.47	67.47	91.24
PBDT	464.51	550.87	658.49
Dep.	76.39	93.28	122.54
PBT	388.13	457.59	535.94
Share of Profit/(Loss) from Associates/JV	0.10	-	-
PBT before EO	388.22	457.59	535.94
Exceptional items	-	-	(20.26)
PBT after EO	388.22	457.59	515.68
Taxation	89.48	103.71	118.85
PAT	298.75	353.89	396.84
Minority Interest	0.01	(0.02)	0.19
Net Profit	298.74	353.90	396.65
EPS (Rs)*	14.6	17.3	20.2
* EPS is annualized on post issue equity capital of Rs 40.91 crore of face value of Rs 2 each			
# EPS is not annualised due to seasonality of business			
EO: Extraordinary items. EPS is calculated after excluding EO and relevant tax			
Figures in Rs crore			
Source: Capitaline Corporate Database			