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Dhoot Transmission Ltd

10th AUG 2026

IPO NOTE

Recommendation	SUBSCRIBE	
Price Band	Rs 829 – 871	
Bidding Date	10th – 12th Aug	
Book Running Lead Manager	Axis Cap Ltd, Jefferies India Ltd, Kotak, Nomura, SBI, 360 ONE WAM Ltd	
Registrar	Kfin Technologies	
Sector	Auto Ancillary	
Minimum Retail Application- Detail At Cut off Price		
Number of Shares	17	
Minimum Application Money	Rs. 14807	
Payment Mode	ASBA	
Financials (Rs Cr)	**FY25**	**FY26**
Total Income	3,445	4,525
EBITDA	591	711
PAT for the year	354	397
Valuations (FY26)	**Upper Band**	
Market Cap (Rs Cr)	17,816	
Adj EPS	19.40	
PE	45	
EV/ EBITDA	25	
Enterprise Value(Rs Cr)	17639	
Post Issue Shareholding Pattern		
Promoters	82.8%	
Public/Other	17.2%	
Offer structure for different categories		
QIB	50%	
Non-Institutional	15%	
Retail	35%	
Post Issue Equity (cr)	40.91	
Issue Size (Rs in cr)	3067	
Face Value (Rs)	2	

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BACKGROUND

Dhoot Transmission Ltd is a leading auto ancillary company engaged in manufacturing wiring harnesses, electrical distribution systems and automotive components for both ICE and EV vehicles. The company is among the top two players in the Indian 2W and 3W wiring harness market with a 41% market share, while EV-related products contribute around 24% of revenue. Wiring harnesses account for nearly 77% of FY2026 revenue and are supported by strong backward integration and an extensive manufacturing network of 23 facilities. With growing exposure to EVs, increasing electronic content per vehicle and ongoing capacity expansion, the company is well positioned for long-term growth.

Details of the Issue:

The public issue consists of Offer For Sale aggregating up to Rs 1,667cr and fresh issue up to Rs 1,400cr. Net proceeds shall be utilized towards:

- Repayment of certain borrowings: - 464.80 cr.
- Repayment of Subsidiaries Borrowings:- 301.77 cr.
- Setting up of a new wiring harness manufacturing plant:- 150 cr.

Investment Rationale:

- Leadership Position in the 2W and 3W Wiring Harness Market
- Well Positioned to Benefit from Electrification and Industry Megatrends
- Strong Customer Relationships Supported by a Diversified Business Mix
- Integrated Manufacturing Platform with Strong Engineering Capabilities
- Backward-Integrated Manufacturing Model Enhances Margins

Valuation and Recommendation:-

Over FY24–26, Dhoot delivered a robust 27% revenue CAGR, significantly outperforming the peer average of 18%. The company maintains EBITDA margin of 16%, higher than the peer average of 14%, while generating a ROCE of 19%, in line with industry leaders. At the upper price band, the IPO is valued at 24.8x EV/EBITDA and 44.9x P/E, which is at a discount to the peer average of 31x EV/EBITDA and 55x P/E, respectively. Considering its strong market position, robust growth outlook and reasonable valuation relative to peers, we recommend a "**SUBSCRIBE**" rating for the IPO.

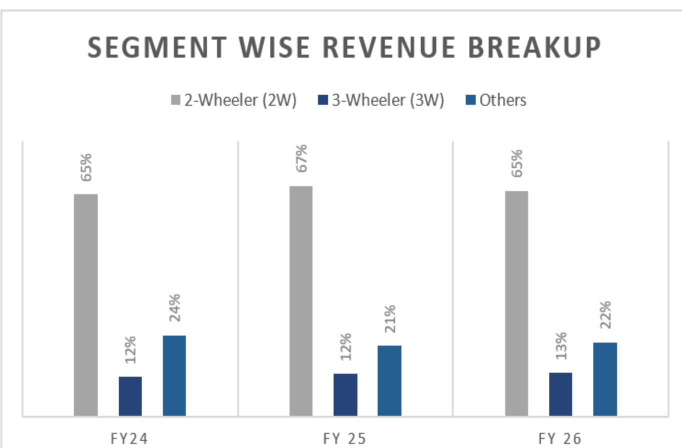
Financials	FY2024	FY2025	FY2026
Net Revenues	2,798	3,445	4,525
Growth (%)	-	23.1%	31.4%
EBITDA	512	591	711
EBITDA Margin (%)	18.3%	17.2%	15.7%
PBT	388	458	536
Adjusted PAT	299	354	397
EPS	0.00	14.60	17.30
ROCE	33.0%	29.0%	18.7%
EV/Sales	6.3	5.1	3.9
EV/EBITDA	34.4	29.8	24.8
P/E	59.7	50.3	44.9

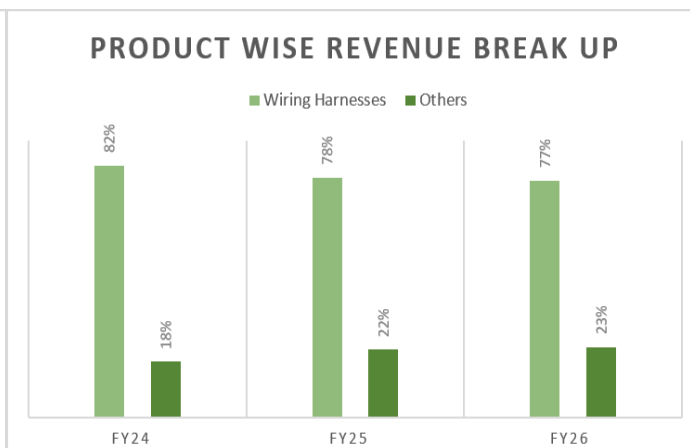
Source: Company data, NBRR

Company Background

Dhoot Transmission Limited is one of India's leading auto ancillary companies, specializing in the design, engineering, manufacturing, and supply of wiring harnesses, electrical distribution systems, and automotive components. The company offers a comprehensive portfolio comprising wiring harnesses, battery packs, sensors, electronic controllers, automotive switches, and power supply solutions catering to both internal combustion engine (ICE) and electric vehicle (EV) platforms. It is among the top two players in the Indian two-wheeler and three-wheeler wiring harness market, holding a 41% market share, and is also a leader in wiring harnesses for the electric 2W and 3W segments with a market share of close to 70% in FY2026. The company has established a diversified presence across multiple end markets, including two-wheelers, three-wheelers, commercial vehicles, off-highway vehicles, farming equipment, and industrial applications, with nearly 20% of revenue now coming from the CV and off-highway segments. EV-related products already contribute around 24% of revenue. Wiring harnesses remain the core product category, contributing nearly 77% of FY2026 revenue.

Dhoot operates an extensive manufacturing network comprising 23 facilities across India and overseas and maintains strong backward integration through the in-house manufacturing of terminals, connectors, moulds, components, and automotive wires, which supports cost efficiency, quality control, and industry-leading EBITDA margins of around 15–16%. Around 90% of raw material requirements are sourced domestically, reducing supply chain dependence and enhancing operational resilience. The company is also expanding its battery pack, automotive wire, and component manufacturing capacities, with current expansion projects expected to increase overall capacity by approximately 23%. Supported by strong customer relationships, growing EV adoption, increasing electronic content per vehicle, new product additions, and a diversified manufacturing platform, Dhoot Transmission has evolved into a leading automotive solutions provider with a strong competitive position and significant long-term growth opportunities.





Source: Company data, NBRR

Investment Rationale

Backward-Integrated Manufacturing Model Enhances Cost Efficiency and Margins

Dhoot Transmission has developed a strong backward-integrated manufacturing platform with in-house production of critical components such as terminals, connectors, cables and moulded parts. This integration reduces dependence on external suppliers, improves supply chain reliability and enables better control over product quality. The company benefits from lower procurement costs and faster response times, which enhance operational efficiency. Its integrated manufacturing capabilities also support quicker product development and program launches for OEM customers. As a result, the company is well positioned to improve profitability and sustain healthy margins over the long term.

Leadership Position in the High-Growth 2W and 3W Wiring Harness Market

Dhoot Transmission is one of the largest wiring harness manufacturers for the two-wheeler and three-wheeler segments in India, supported by a strong product portfolio and deep OEM relationships. The company holds a 41% market share in the 2W and 3W wiring harness market and is the market leader in the 3W segment. Its products are integrated into multiple vehicle platforms, creating strong customer stickiness. The company actively participates in customers' product development cycles, enabling faster product launches and long-term business visibility.

Well Positioned to Benefit from Electrification and Industry Megatrends

Dhoot Transmission is strategically positioned to capitalize on key automotive trends including electrification, premiumization, vehicle connectivity, automation and safety. Its products play a critical role in EV architectures through high-voltage interconnections, sensors, controllers and data cables. The company has witnessed a significant increase in EV-related revenue contribution over the last few years. Increasing adoption of advanced safety features and connected vehicle technologies is driving higher electronic content per vehicle, supporting growth in product value. These structural industry trends are expected to create long-term demand opportunities for the company.

Strong Customer Relationships Supported by a Diversified Business Mix

The company has built long-standing relationships with leading OEMs across multiple vehicle categories, with its top customers associated for an average of 13 years. Dhoot supplies to major industry players whose combined market share represents a significant portion of the domestic 2W market. Its customer retention is supported by embedded engineering capabilities, localization initiatives, dedicated tooling and proximity to customer manufacturing facilities. The company also works closely with OEMs on value engineering and cost optimization projects, strengthening strategic partnerships.

Integrated Manufacturing Platform with Strong Engineering Capabilities

The company operates a large manufacturing network supported by engineering and design centers across India and international markets. Its backward-integrated business model includes in-house production of key components such as terminals, connectors, cables and moulded parts, enhancing cost efficiency and supply chain reliability. Dhoot offers end-to-end solutions covering product design, development, prototyping, tooling and final manufacturing. Its focus on quality, innovation and new product development has enabled successful commercialization of multiple products across automotive applications.

Risk/Concerns

High Dependence on the Two-Wheeler Segment

The company derives a significant portion of its revenue from the two-wheeler segment, which contributed 65.5% of FY2026 revenue. Any slowdown in two-wheeler demand, regulatory changes or market share loss by key OEM customers could materially impact the company's revenue growth and profitability.

Exposure to Automotive Industry Cyclicality

The company generates the majority of its revenue from automotive applications, making its performance directly linked to industry demand trends. Any downturn in vehicle production, weaker consumer demand or adverse economic conditions could impact order inflows and capacity utilization levels.

Raw Material Price Volatility Risk

Raw materials such as copper, aluminium, polymers and electronic components account for a major portion of manufacturing costs. Significant fluctuations in commodity prices may impact margins, particularly when cost increases cannot be immediately passed on to customers through pricing revisions.

Rising Labour Cost Risk

The wiring harness business is highly labour-intensive. Any significant increase in labour costs or changes in labour regulations could put pressure on the company's operating margins and profitability.

Valuation and Recommendation

Over FY24–26, Dhoot delivered a robust 27% revenue CAGR, significantly outperforming the peer average of 18%. The company maintains healthy profitability with an EBITDA margin of 16%, higher than the peer average of 14%, while generating a ROCE of 19%, in line with industry leaders. Its strong backward integration across terminals, connectors, moulds, automotive wires, and components enhances cost efficiency, supply chain reliability, and margin sustainability. Additionally, EV-related products already contribute around 24% of revenue, providing strong exposure to one of the fastest-growing segments within the automotive industry.

At the upper price band, the IPO is valued at 24.8x EV/EBITDA and 44.9x P/E, which is at a discount to the peer average of 31x EV/EBITDA and 55x P/E, respectively. Considering its strong market position, robust growth outlook and reasonable valuation relative to peers, we recommend a "**SUBSCRIBE**" rating for the IPO.

Listed Peers

FY 2026 (Con)	Endurance Tech	Minda Corp	Motherson Sumi	Uno Minda	Sona BLW	Average	Dhoot Transmission
Revenue	14,596	6,185	11,478	19,658	4,449	11,273	4,525
CAGR (FY24-26)	19%	15%	17%	18%	18%	18%	27%
EBITDA Margin	13%	12%	9%	11%	25%	14%	16%
Asset Turns (x)	1.8	1.5	4.8	2.1	0.7	2	1.3
Working Cap Days	36	34	48	40	177	67	63
ROCE	16.6%	12.3%	35.4%	16.5%	13.9%	19%	19%
ROE	13.9%	13.6%	28.9%	18.8%	10.3%	17%	16%
Debt/Equity	0.19	0.56	0.11	0.40	0.07	0.3	0.4
EV/EBITDA	21.0	25.6	25.9	34.1	46.2	31	24.8
P/E	42.7	47.5	43.8	61.9	79.4	55	44.9
P/S	3	3	2	4	11	5	4

Source: Company Data, NBRR

Financials

Consolidated Nos

P&L (Rs. Cr)	FY2024	FY2025	FY2026
Net Revenue	**2,798**	**3,445**	**4,525**
% Growth		*23%*	*31%*
Cost of goods	1,805	2,233	2,993
% of Revenues	*64.5%*	*64.8%*	*66.1%*
Employee Cost	252	295	373
% of Revenues	*9.0%*	*8.6%*	*8.3%*
Other expenses	229	325	448
% of Revenues	*8.2%*	*9.4%*	*9.9%*
EBITDA	**512**	**591**	**711**
EBITDA Margin	***18.3%***	***17.2%***	***15.7%***
Depreciation	76	93	123
Other Income	2	27	39
Interest	49	67	91
Exceptional item	0	0	0
PBT	**388**	**458**	**536**
Tax	89	104	119
Tax rate	*23%*	*23%*	*22%*
Share of profit of associates	0.0	0.0	-20.3
Adj. PAT	**298.7**	**353.9**	**396.8**
% Growth		***18%***	***12%***
EPS (Post Issue)	**14.6**	**17.3**	**19.4**

Balance Sheet (Rs. Cr)	FY2024	FY2025	FY2026
Share Capital	17.21	17.59	37.69
Other Equity	731	976	2,397
Minority Interest	1	0	1
Networth	**749**	**994**	**2,435**
Total Loans	**576**	**815**	**918**
Other non-curr liab.	26	24	23
Trade payable	307	420	602
Other Current Liab	54	83	136
Total Equity & Liab.	**1,712**	**2,336**	**4,115**
Property, Plant and Equipment	618	797	1,235
CWIP	40	188	18
Goodwill/Other Intangible asset	63	95	149
Non Currrent Financial assets	6	8	21
Other non Curr. assets	98	103	73
Inventories	334	425	639
cash and cash equivalents	30	46	1,084
Bank bal	37	6	12
Investments+loans	6	4	0
Trade receivables(debtor)	421	600	794
Other Current assets	58	62	91
Total Assets	**1,712**	**2,336**	**4,115**

Ratios & Others	FY2024	FY2025	FY2026
Debt / Equity	0.8	0.8	0.4
EBITDA Margin (%)	18.3%	17.2%	15.7%
PAT Margin (%)	10.7%	10.3%	8.8%
ROE (%)	39.9%	35.6%	16.3%
ROCE (%)	33.0%	29.0%	18.7%

Turnover Ratios	FY2024	FY2025	FY2026
Debtors Days	55	64	64
Inventory Days	44	45	52
Creditor Days	40	45	49
Asset Turnover (x)	1.6	1.5	1.1

Valuation Ratios	FY2024	FY2025	FY2026
Price/Earnings (x)	59.7	50.3	44.9
EV/EBITDA (x)	34.4	29.8	24.8
EV/Sales (x)	6.3	5.1	3.9
Price/BV (x)	23.8	17.9	7.3

Source: Company Data, NBRR

Cash Flow (Rs. Cr)	FY2024	FY2025	FY2026
Profit Before Tax	388	458	516
Depreciation & Others	127	142	192
Op. profit before WC	**515**	**599**	**708**
Change in WC	(185)	(164)	(231)
Less: Tax	(89)	(115)	(129)
Exceptional items	0	0	0
CF from operations	**241**	**320**	**348**
Purchase of property, plant and	(272)	(385)	(328)
Upfront lease payments / Procee	(14)	26	(12)
Payments on account of busines	-23.3	-117.9	-919.4
Proceeds from bank deposits/ Pa	-1.5	31.8	-3.0
Interest income from financial as	0.4	1.8	1.0
CF from Investing	**(311)**	**(443)**	**(1,262)**
Proceeds/ Repayments of long te	35	137	(83)
Proceeds/ Repayments of short t	97	84.29	139
Proceeds from issue of equity sh	0.0	0	1,960
Principal payment of lease liabili	-11.2	(13)	(16)
Interest/ Dividend paid	(53)	(70)	(88)
Acquisition of non-controlling in	(5)	(0)	0
CF from Financing	**63**	**138**	**1,912**
Net Change in cash	**(6.35)**	**15.35**	**998.30**
Effects of exchange rate changes	0.06	0.69	3.70
Collection from customers unde	0	0	36
Cash & Bank at beginning	33	30	46
Cash acquired as part of commo	4	0	0
Cash & Bank at end	30	46	1,084

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