Dhoot Transmission Ltd.

August 07, 2026

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IPO Note

Dhoot Transmissions
Harnessing Safety through wires

Dhoot Transmission Limited is one of India's leading automotive electrical & electronics (E&E) component manufacturers engaged in the design, engineering, manufacture and supply of wiring harnesses, high-voltage interconnection systems, electrical distribution systems, sensors, electronic controllers, battery packs and automotive switches. The company has established a dominant position in the domestic two-wheeler (2W) and three-wheeler (3W) wiring harness market, while also expanding into commercial vehicles, off-highway vehicles, farming and industrial equipment. With 22 manufacturing facilities, three engineering centres and a backward-integrated manufacturing ecosystem, the company is well positioned to capitalize on rising vehicle electrification and increasing electronic content per vehicle.

Investment Rationale:

Market leader in a niche, high-entry-barrier automotive component segment

- Top-2 player in India's 2W wiring harness market with 37.6% market share.
- Market leader with >70% share in 3W and electric 2W/3W wiring harnesses.
- Long-standing OEM relationships (average 13 years) create high switching costs and strong revenue visibility.

Well positioned to benefit from India's accelerating vehicle electrification

- Nearly 95% of the automotive product portfolio is EV-focused or powertrain agnostic.
- EV-linked revenue increased from 16.2% (FY24) to 24.2% (FY26).
- EV wiring harnesses carry significantly higher content per vehicle than conventional ICE platforms.

Large addressable market supported by structural industry tailwinds

- Indian automotive wiring harness market expected to grow at 12–14% CAGR during FY26–31.
- 2W wiring harness market projected to expand at 14–16% CAGR, driven by premiumisation, safety regulations, connectivity and increasing electronics per vehicle.
- Additional opportunities from sensors, controllers, battery packs and electrical distribution systems expand wallet share with OEMs.

Integrated manufacturing platform with scalable operating model

- Operates 22 manufacturing facilities, three engineering centres and seven warehouses across India and overseas.
- Backward integrated into terminals, connectors, cables and moulded parts, enhancing cost competitiveness and supply-chain reliability.
- New facilities at Jhajjar and Hosur to support future growth and capacity expansion.

Strong balance sheet post IPO with growth capital for future expansion

- IPO proceeds will be utilised for debt repayment, subsidiary funding, new manufacturing facilities and inorganic growth.
- The company is expected to become virtually debt-free post listing, strengthening financial flexibility while supporting future capacity expansion and strategic acquisitions.

Valuation and Outlook: Dhoot Transmission presents a compelling investment opportunity to participate in India's structural automotive electrification and premiumisation story through its market-leading wiring harness franchise. The company enjoys a dominant position in the 2W and 3W wiring harness markets, supported by deep engineering capabilities, backward integration, long-standing OEM relationships and high entry barriers, providing strong earnings visibility. The addressable Indian automotive wiring harness market is expected to grow at a 12–14% CAGR over FY26–31, driven by rising EV penetration, increasing electronic content per vehicle, tightening safety regulations and higher value-added electrical architectures, positioning the company to deliver growth ahead of the underlying automobile industry. The IPO proceeds will substantially strengthen the balance sheet through debt repayment, making the company virtually debt-free post listing, while simultaneously funding capacity expansion and inorganic growth initiatives, thereby enhancing financial flexibility and improving return ratios over the medium term. Considering its leadership in a niche, high-growth segment, favourable industry tailwinds, scalable business model and stronger post-IPO balance sheet, we believe the company is well placed to deliver sustainable earnings growth and long-term value creation. Accordingly, we recommend a subscribe rating for investors with a medium- to long-term investment horizon.

Issue Snapshot	
Issue Open	10-Aug-26
Issue Close	12-Aug-26
Price Band	INR 829 - 871
Issue Size (Shares)	3,52,11,081
Market Cap (mn)	INR 178155

Particulars	
Fresh Issue (INR mn)	INR 1440
OFS Issue (INR mn)	INR 1667
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure	
Pre Issue Equity	18,84,67,612
Post Issue Equity	20,45,41,091
Bid Lot	17 Shares
Minimum Bid amount @ 829	INR 14093
Maximum Bid amount @ 871	INR 14807

Share Holding Pattern	Pre Issue	Post Issue
Promoters	99.99%	82.78%
Public	0.01%	17.22%

Particulars	
Face Value	INR 2
Book Value	INR 126.05
EPS, Diluted	INR 19.4

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Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY23	27977.26	31.60	5150.59	18.41	2987.48	15.85	48.93	40.06
FY24	34448.63	23.13	5,941.80	17.25	3538.87	18.78	40.63	34.39
FY25	45,249.55	31.35	7,129.35	15.76	3,968.42	21.06	23.17	25.84

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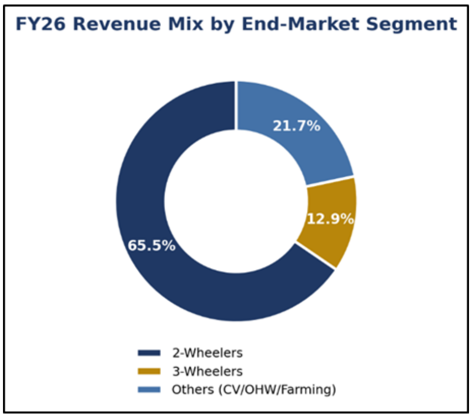
Company Overview

Dhoot Transmission Limited (DTL) is one of India's leading electrical and electronics (E&E) component manufacturers for the automotive industry, engaged in the design, engineering, manufacture and supply of wiring harnesses that integrate electronic sensors and controllers, switches, terminals, connectors, junction boxes, high-voltage interconnection systems and data cables. The Company serves both automotive and non-automotive applications and has architected its product suite to be powertrain-agnostic — supplying wiring harness and electrical distribution systems for both internal combustion engine (ICE) and electric vehicle (EV) platforms.



DTL is amongst the top two players in wiring harnesses for two-wheelers (2W) and three-wheelers (3W) in India, and is a clear leader in wiring harnesses for the electric 2W and 3W segments. Beyond the core 2W/3W franchise, the Company has diversified into commercial vehicles (CV), off-highway vehicles (OHW), and farming and industrial equipment, supported by an in-house design, engineering and R&D organisation.

Notably, EV-linked revenue has grown from 16.19% of revenue from operations in FY24 to 24.17% in FY26 — a direct read-through of India's accelerating 2W/3W electrification curve, on which DTL is structurally positioned given ~95% of its auto product portfolio is either EV-focused or powertrain-neutral.

Revenue	FY26 (₹ mn)	%	FY25 (₹ mn)	%	FY24 (₹ mn)	%
Wiring harnesses	34,877.22	77.08%	26,870.11	78.00%	22,920.43	81.93%
Others	10,372.33	22.92%	7,578.52	22.00%	5,056.83	18.07%
Total	**45,249.55**	**100.00%**	**34,448.63**	**100.00%**	**27,977.26**	**100.00%**

Geographical Breakup	FY26	%	FY25	%	FY24	%
Within India	40,789.90	90%	30,934.64	90%	24,316.77	87%
Outside India - United Kingdom	3,193.93	7%	2,701.73	8%	2,830.13	10%
Outside India - Other regions	1,090.19	2%	694.93	2%	758.88	3%
Total	**45,074.02**	100%	**34,331.30**	100%	**27,905.78**	100%

Manufacturing & Operating Footprint

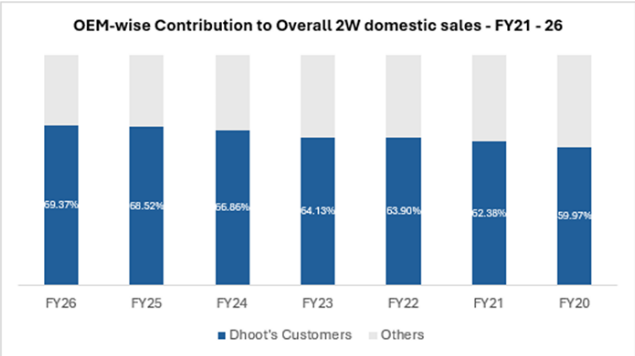
As of March 31, 2026, DTL operated 22 manufacturing facilities, three engineering and design support centres and seven warehouses across India and key international locations (Germany, Korea, UK, Vietnam, Thailand), with two further plants under construction (Jhajjar, Haryana and Hosur, Tamil Nadu, being funded partly from IPO proceeds). The Company is backward-integrated into critical components — terminals, connectors, cables and moulded parts — which it manufactures in-house, lowering procurement costs, improving supply security and supporting quality control.

Product	Installed Capacity (units)	FY26 Capacity Utilisation
Wiring harnesses	14,087,489*	81.32%
Battery packs	390,000@	74.85%
Sensors & electronic controllers	20,455,152@	83.01%
Automotive switches	5,475,000	23.98%

**Based on generalised circuit count of a standard 2W wiring harness. @Common facility for battery packs and sensors/controllers.*

Customer Concentration & Relationships

DTL's OEM customers held a combined 69.37% share of the Indian 2W market in FY26, aligning the Company's growth with core domestic two-wheeler demand. The average relationship tenure with its top five customers stood at 13 years as of March 31, 2026, underpinned by embedded engineering/supply-chain linkages, customer-owned tooling housed at DTL's facilities, and ongoing value-analysis/value-engineering (VAVE) collaboration.



(Source: CRISIL Report)

Particulars	FY26	FY25	FY24
% revenue from top 5 customers	71.56%	71.18%	66.17%
% revenue from top 10 customers	80.93%	81.81%	77.90%

2. Market Position & Market Share

Per the CRISIL Report (commissioned by DTL for the RHP), the Company holds the following positions in the Indian wiring harness market for FY26:

Category / Vehicle Segment	Market Share (India, FY26)	Market Ranking
2W wiring harness	37.58%	Top 2
3W wiring harness	>70.00%	Leader
2W + 3W wiring harness (combined)	41.03%	Top 2
Electric 2W/3W wiring harness	~70%	Leader

Offer Structure & Use of Proceeds

The Offer comprises a Fresh Issue aggregating up to ₹14,000 million and an Offer for Sale of up to 19,137,602 equity shares (face value ₹2 each) by the Selling Shareholders — BC Asia XV (up to 16,018,769 shares) and Mangalam Capital Private Limited (up to 3,118,833 shares). Pre-Offer paid-up equity stands at 188,467,612 shares.

Objects of the Issue	(Rs mn)
1. Repayment of Debt (own + subsidiary)	766.57
2. New wiring harness plant	150
3. Inorganic & General Corporate Purpose	483.43

3. Industry Overview & Sector Potential

This section draws on the CRISIL Report commissioned for the RHP, covering the macro backdrop, the 2W/3W/CV vehicle industries that drive DTL's addressable market, and the global and domestic wiring-harness and E&E-components markets in which it competes.

3.1 Macroeconomic Backdrop

Global growth is projected at 3.1% in CY2026 and 3.2% in CY2027 (IMF, April 2026), revised down from an earlier 3.3%/3.2% estimate on account of the Middle East conflict, energy-market risk and trade-policy shifts. Against this, India's growth outlook stands out: real GDP grew an estimated 7.6% in FY26 (up from 7.1% in FY24), and is projected to moderate to a still-strong 6.5% band in FY27, placing India among the fastest-growing major economies even as it settles at the world's sixth-largest economy by nominal GDP. Growth over FY23–26 compounded at 7.3%, aided by benign crude prices, soft interest rates, tax and GST cuts, and rising private capex in emerging sectors (green hydrogen, semiconductors, battery manufacturing, data centres). CRISIL projects India's GDP to grow at 6.0–7.0% CAGR over FY26–31 — the demand backdrop against which 2W/3W/CV volumes, and therefore DTL's addressable market, will play out.

3.2 Two-Wheeler Industry — DTL's Core Market

India's 2W industry sold 22.1 million units domestically in FY26 (+10% y-o-y), with total industry volumes (domestic + exports) compounding at 4.6% CAGR over FY20–26 after a sharp pandemic-era contraction and subsequent recovery. Growth in FY26 was aided by GST 2.0-led price rationalisation and continued rural income momentum; FY24 and FY25 growth (13.5% and 8.1% respectively) was driven by macro recovery, premium-motorcycle traction and resilient EV demand despite subsidy cuts.

Particulars	FY24	FY25	FY26	FY20–26 CAGR
Domestic 2W sales (mn units)	18.5	20.0	22.1	4.1%
2W exports (mn units)	3.7	4.2	5.2	6.8%
Total 2W industry (mn units)	22.2	24.2	27.3	4.6%
EV volumes (mn units)	1.0	1.21	1.47	91.3% (FY20-26)
EV penetration (domestic)	4.7%	5.4%	6.6%	—

Source: SIAM, VAHAN, CRISIL Intelligence, "Industry Overview", pages 189-192.

The market remains concentrated but is gradually opening up: Hero MotoCorp leads with 27.5% share in FY26 (down from 36.9% in FY21), followed by Honda Motorcycle & Scooter India (26.0%), TVS (19.2%, gaining share on strong 125cc+ motorcycle and e-scooter — iQube — traction), Bajaj (10.6%, down from 11.9% in FY21) and Royal Enfield (5.3%). New-age EV pure-plays Ola Electric and Ather Energy have carved out 0.7% and 1.1% of overall 2W sales respectively as of FY26. DTL's OEM customer base — Bajaj, TVS, HMSI and Royal Enfield among others — collectively held 69.37% of the domestic 2W market in FY26, tying DTL's fortunes to a broad cross-section of the market rather than any single OEM's fortunes.

India's 2W penetration stood at 150-155 vehicles per 1,000 people in FY26 versus 473 in Indonesia, 315 in Thailand and 275 in Sri Lanka — CRISIL frames this gap as meaningful headroom for continued volume growth. Structural demand drivers include rising per-capita income (projected toward USD 4,500 by FY31), expanding two-wheeler financing penetration, a shrinking replacement cycle (down from 10-12 years to 7-8 years), and the gig-economy/e-commerce boom (India's gig workforce is projected to rise from 7.7 million in FY21 to 23.5 million by FY30, per NITI Aayog).

2W Industry Outlook to FY31

Particulars	FY26	FY31P	CAGR FY26–31P
Total 2W industry (domestic + exports, mn units)	27.3	39-42	5-7%
Domestic 2W sales (mn units)	22.1	30-35	6-8%
— of which ICE	20.6	21-23	0-2%
— of which EV	1.47	6-9	35-37%
2W exports (mn units)	5.2	6.5-7.5	5-7%
EV penetration (domestic)	6.6%	25-30%	—

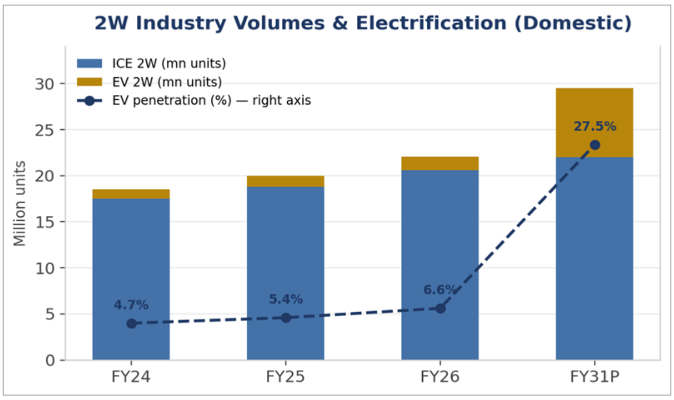
Source: SIAM, CRISIL Intelligence, "Industry Overview", pages 202-204.

3.3 Three-Wheeler Industry

The 3W industry — DTL's second-largest end market at 12.9% of FY26 revenue, and the segment where DTL holds a >70% wiring-harness share — sold 1,315 thousand units in FY26 (domestic + exports), rebounding at a 13.8% CAGR from the pandemic-era low in FY21 after a contraction over FY20-26 overall. Exports (35% of industry sales in FY26) grew 50% y-o-y after a multi-year decline, aided by improving importer-country macros and OEM geographic expansion.

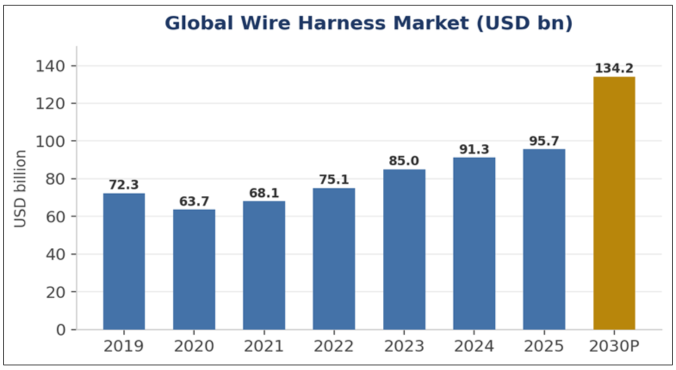
The domestic 3W market is highly concentrated: Bajaj, Piaggio, Mahindra and Atul Auto together held ~87% share in FY26, with Bajaj alone commanding 60.8% (up from 54.8% in FY20), particularly dominant in the passenger 3W and E-Auto (electric) sub-segments. Newer entrants — TVS, Omega Seiki, TI Clean Mobility — are gradually building presence, primarily in the EV sub-segment.

3W electrification is the fastest-electrifying automotive segment in India: EV penetration is forecast to rise from 31.6% in FY26 to 53-58% by FY31, driven by GST advantages, battery-swapping infrastructure, replacement-market economics, expanding charging infrastructure and continued gig-economy/e-commerce-led demand for last-mile delivery vehicles.



3.4 Commercial Vehicle Industry

India is the world's third-largest CV market, with FY26 production of 1.17 million units (+12.6% y-o-y), recovering from a flattish FY23-25 period. LCVs (+12.5% in FY26) benefited from GST 2.0-led affordability gains and new launches (Tata Ace LNT, Ashok Leyland Saathi, Euler models); IMHCVs (+16%) were driven by ICV/MCV tender demand and a structural shift toward higher-tonnage configurations; buses (+5% to 129k units) continued a post-pandemic normalisation. CRISIL projects the CV industry to grow at 4-6% CAGR through FY31 (to ~1.17 mn+ units), with EV penetration — still nascent — concentrated first in LCVs/sub-1-tonne intra-city delivery applications.



3.5 Global Wire Harness Market

The global wire harness market reached USD 95.7 billion in 2025, having recovered from a pandemic-driven contraction to USD 63.7 bn in 2020, and is projected to grow at a 7.0% CAGR to USD 134.2 billion by 2030 (Nexdigm/CRISIL). Growth is underpinned by accelerating NEV (new energy vehicle) adoption — every BEV or PHEV adds 2-3x the harness content of an equivalent ICE vehicle — alongside rising .

Structural Industry Trends (Global & Domestic)

- **HV/LV polarisation:** NEV adoption is driving a shift toward high-voltage (600V+) harnesses, which cost 2x traditional low-voltage harnesses (USD 600-700 vs USD 300-400 per PV globally); the global HV harness market is forecast to grow over 12% CAGR through 2030.
- **High-speed data harnesses:** A shift from CAN/LIN bus systems to Ethernet-based topologies (single-pair Ethernet, flexible flat cables) is underway to support ADAS, autonomous driving and infotainment bandwidth needs.
- **Zonal/modular architectures:** OEMs (Tesla, BMW, Volkswagen among the leaders) are consolidating control functions into zonal modules, which can cut harness length by 20-25% while — because content per harness rises — often improving supplier margins.
- **Rising EMC/thermal/validation requirements:** Convergence of power and data lines is raising the bar on shielding, thermal ratings and standards compliance (ISO 19642, ISO 6722), raising the technical moat around incumbent, backward-integrated suppliers like DTL.
- **Digitalisation of harness design:** AI-driven layout optimisation, digital-twin validation and embedded smart connectors (real-time voltage/temperature/continuity monitoring) are emerging differentiators.

3.6 Domestic Wiring Harness Market — DTL's Direct Addressable Market

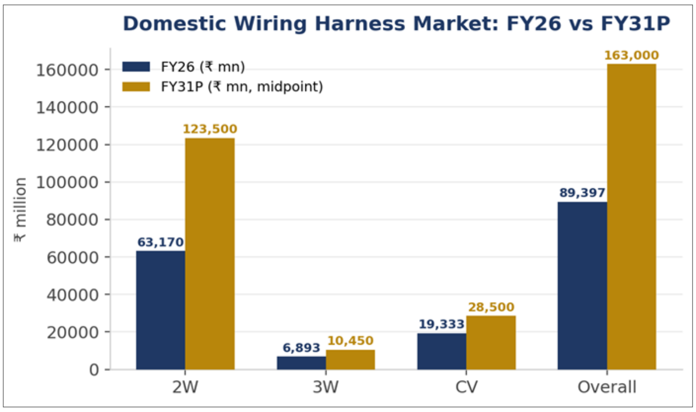
The Indian automotive wiring harness market (2W, 3W and CV) was valued at ₹89,397 million in FY26 and is projected to grow to ₹161,000-165,000 million by FY31 — a 12-14% CAGR. Growth is bifurcated sharply by powertrain: the ICE wiring harness market (₹78,711 mn in FY26) is expected to grow at a modest 7-9% CAGR to ₹115,000-118,000 mn by FY31, while the EV wiring harness market (₹10,686 mn in FY26) is projected to expand at a much faster 33-35% CAGR to ₹43,000-46,000 mn by FY31.

Segment	FY26 Market Size (₹ mn)	FY31P Market Size (₹ mn)	CAGR FY26–31P
Overall wiring harness (2W+3W+CV)	89,397	161,000–165,000	12–14%
2W wiring harness	63,170	122,000–125,000	14–16%
3W wiring harness	6,893	10,200–10,700	7–9%
CV wiring harness	19,333	28,000–29,000	7–9%

Source: CRISIL Intelligence, "Industry Overview", pages 253–256.

3.7 Domestic Sensors, Controllers & E&E Systems Market

Beyond wiring harnesses, DTL's "Others" revenue line (22.9% of FY26 revenue) sits inside the broader domestic electrical & electronics (E&E) systems market — motors, control panels, switches, sensors and related systems for 2W/3W applications. This market is being reshaped by the same electrification/premiumisation/safety/connectivity forces as the harness market, with sensors and controllers a particular growth pocket: mandatory ABS for all 2W manufactured from January 1, 2026 (extending the earlier 125cc+ mandate) is directly expanding demand for wheel-speed sensors, while lean-angle sensors, temperature sensors and gear-position sensors are becoming standard content on safety- and performance-oriented models. CRISIL names DTL alongside Uno Minda, Denso, Varroc and Spark Minda (Minda Corporation) as the key players in this sensors-and-controllers market — a different, more crowded competitive set than the wiring-harness market where DTL holds outright leadership.



Key Structural Growth Drivers for DTL

- **Electrification:** 2W EV penetration is forecast to rise from 6.6% (FY26) to 25-30% (FY31); 3W electrification from 31.6% to 53-58% over the same period — both segments where DTL already holds leadership. EV wiring harnesses carry materially higher kit value given additional high-voltage cables, battery interconnects and motor-control links.
- **Premiumisation:** Rising penetration of premium 2W (125cc+ scooters, 150cc+ motorcycles) is driving adoption of USB C-type chargers, LED lighting and richer feature sets, each requiring dedicated wiring/connector content. The ICE premium motorcycle segment (150cc+) is forecast to grow at 6-9% CAGR to FY31 versus 4-6% for the broader ICE motorcycle industry.
- **Automation & safety:** ABS mandates, cruise control and electronic fuel injection are increasing sensor/controller content (e.g., lean-angle sensors, ABS sensor suites).
- **Connected vehicles:** Growing telematics/infotainment adoption is increasing demand for data cables, secure connectors and electronic modules.
- **Regulatory tailwinds:** Progressive tightening of emission norms (BS-VI, TREM IV, CAFE III, CPCB IV+) continues to raise the electronics/wiring content per vehicle.

How DTL Differs From Its Listed Peers

The RHP itself explains why these four companies were selected as peers, despite none being a pure wiring-harness-for-2W/3W comparable: Motherson Sumi Wiring and Minda Corporation are direct peers in electrical distribution systems/wiring harnesses; Uno Minda mirrors DTL's integrated auto-electronics/sensors setup; and Sona BLW is included for its 2W/3W EV component focus. Companies such as Yazaki India, HTL and Sunchirin Autoparts (direct wiring-harness competitors) were excluded only because they are unlisted; Exide and Amara Raja were excluded as their lead-acid battery economics are not comparable.

Company	Core Business	Segment/Vehicle Focus	How it Differs from DTL
Dhoot Transmission Ltd	Wiring harnesses + auxiliary E&E components (sensors, switches, battery packs)	2W-led (65%), 3W (13%), Others (22%)	—
Minda Corporation Ltd	Mechatronics (locks, ignition), die-casting, wiring harness, instrument clusters, aftermarket	2-3W (48%), CV (28%), PV (14%), After-market (10%)	Wiring harness is one of several unrelated product lines across 42 plants; DTL is a wiring-harness specialist with far deeper category focus across fewer, more concentrated plants
Uno Minda Ltd	Switches, lighting, ADAS sensors, telematics, EV chargers/DC-DC converters, die-casting/alloy wheels — full "PACE" auto-electronics conglomerate	2W (42%), Others incl. PV/CV/off-road (55%), 3W (3%)	~4x DTL's revenue and 78 plants globally; wiring harness is a minor sub-segment inside a much broader electronics conglomerate
Motherson Sumi Wiring India Ltd	Wiring harness assemblies, cable & wires, connectors/terminals for PV/CV; EV harness portfolio emerging	PV (64%), CV (12%), 2W (10%), Off-highway (8%)	The closest true wiring-harness peer, but PV/CV-focused (2W only 10% of its revenue) with just 6.6% EV revenue — versus DTL's 2W/3W-led, 24%+ EV-linked mix; backed by Sumitomo Wiring Systems (Japan) and the Samvardhana Motherson group's global scale (30 plants)
Sona BLW Precision Forgings Ltd	Differential assemblies, precision-forged gears, starter motors, EV traction motors and motor-control units (driveline systems)	PV (49%), E2W/E3W (31%), CV (10%), Non-auto/semiconductors (10%)	Not a wiring-harness company — a driveline/e-motor specialist across 12 plants globally (incl. USA, Mexico, China); its 24.73% EBITDA margin reflects higher-value-add precision-forged/EV-motor products, not a wiring-harness benchmark

Company profiles per CRISIL Intelligence "Competitive Profiling of Key Players", RHP "Industry Overview", pages 256-263.

What This Means for the Comparison

- **DTL is the only listed-peer-set company** for which 2W/3W wiring harnesses is both the core product and the core vehicle segment simultaneously — Minda Corp and Uno Minda are wiring-harness players only incidentally, within much broader conglomerate structures; Motherson Sumi Wiring is a wiring-harness pure-play but weighted to passenger vehicles (64% of its revenue) rather than 2W/3W; Sona BLW is not a wiring-harness company at all.
- **This explains the RoNW/RoE dispersion:** Motherson Sumi Wiring's 28.92% RoNW reflects a capital-light, high-volume PV harness model backed by global Sumitomo/Motherson group scale, not necessarily superior execution to DTL; DTL's 16.55% (27-28% ex the undeployed BC Asia infusion) is closer to Uno Minda's 17.53% once adjusted.
- **On the operating-KPI lens,** DTL's 31.35% revenue growth and 15.71% EBITDA margin both outrank the three genuine auto-electricals peers (Minda Corp, Uno Minda, Motherson Sumi Wiring); only Sona BLW's structurally higher-margin driveline business scores higher on EBITDA margin.
- **On pure category leadership,** DTL's 2W/3W wiring-harness position (41% combined share, ~70% in electric 2W/3W) is the strongest concentrated market position disclosed among the peer set — none of the four peers holds a comparably dominant share within their respective core categories.

Key Risks to Monitor

- **Revenue concentration:** 65.5% of FY26 revenue from the 2W sector and 12.9% from 3W, with wiring harnesses alone contributing 77% of revenue — the Company is heavily exposed to a single product line and two vehicle segments, and to India 2W/3W production cycles.
- **Customer concentration:** Top 5 and top 10 customers accounted for 71.6% and 80.9% of FY26 revenue respectively — loss of, or reduced offtake from, a key OEM would be disproportionately impactful.
- **Capital deployment risk:** A large share of the FY26 balance sheet strength stems from an as-yet undeployed ₹10.2 bn capital infusion; execution risk exists around deploying this into new capacity and/or M&A at satisfactory returns.
- **Margin trajectory:** EBITDA margin has declined for three consecutive years (18.3% → 17.2% → 15.7%), which will need to stabilise for return ratios to re-rate back toward FY24–25 levels.
- **Input cost & FX exposure:** Reliance on copper, polymers, brass and imported electronic components exposes the Company to commodity and currency volatility; no hedging arrangements are currently in place for FX.

Investment Rationale

1. Category Leader in a High Entry Barrier Industry with Dominant Position in 2W & 3W Wiring Harnesses

Dhoot Transmission has established itself as one of India's leading automotive electrical and electronics component manufacturers with a dominant franchise in the two-wheeler and three-wheeler wiring harness market. According to the CRISIL Report, the company commands a 37.6% market share in the domestic 2W wiring harness market, over 70% share in the 3W wiring harness segment, and approximately 70% share in electric 2W/3W wiring harnesses, making it one of the strongest category leaders in India's automotive electrical systems industry. The business benefits from high entry barriers arising from stringent OEM qualification processes, product validation requirements, customer-owned tooling, embedded engineering collaboration and long product development cycles. With average customer relationships exceeding thirteen years, the company enjoys high switching costs and recurring business from leading OEMs, providing strong revenue visibility and limiting competitive disruption.

2. Structural Beneficiary of Electrification and Increasing Electronic Content per Vehicle

Dhoot is strategically positioned to benefit from one of the strongest structural trends in the global automotive industry—the increasing electrification of vehicles. Unlike conventional ICE vehicles, electric vehicles require significantly higher wiring content owing to high-voltage interconnection systems, battery management systems, charging circuits and additional electronic control modules. Nearly 95% of the company's automotive product portfolio is either EV-focused or powertrain agnostic, enabling it to participate across both ICE and EV platforms without significant product obsolescence risk. This positioning is already visible in its financials, with EV-linked revenue increasing from 16.2% in FY24 to 24.2% in FY26. Further, industry estimates suggest domestic EV penetration in the two-wheeler segment could increase from 6.6% in FY26 to 25–30% by FY31, while three-wheeler EV penetration could rise from 31.6% to 53–58% over the same period. As EV wiring harnesses typically command materially higher value than conventional harnesses, Dhoot is well placed to benefit from rising content per vehicle, independent of pure industry volume growth.

3. Multi-year Growth Runway Supported by Industry Tailwinds and Diversified Product Portfolio

The company's growth opportunity extends beyond cyclical automobile production, supported by multiple structural demand drivers including premiumisation, increasing vehicle electronics, tighter safety regulations, connected vehicle technologies and higher electrical architecture complexity. The Indian automotive wiring harness market is projected to grow from ₹89.4 billion in FY26 to ₹161–165 billion by FY31, implying a 12–14% CAGR, while the two-wheeler wiring harness market is expected to grow even faster at 14–16% CAGR. Simultaneously, Dhoot has diversified beyond its core wiring harness business into sensors, electronic controllers, battery packs, automotive switches and electrical distribution systems, thereby increasing its addressable market and wallet share with OEMs. This broader product portfolio allows the company to benefit not only from higher vehicle production but also from increasing electronic content and cross-selling opportunities across existing customer platforms.

4. Integrated Manufacturing Platform with Deep OEM Relationships and Scalable Operating Model

Dhoot has built a vertically integrated manufacturing ecosystem comprising 22 manufacturing facilities, engineering and design centres, warehouses and overseas operations across multiple geographies. The company manufactures several critical components including terminals, connectors, cables and moulded parts in-house, improving supply security, reducing procurement dependence and enhancing quality control. Its OEM customer base collectively accounts for approximately 69% of India's domestic two-wheeler market, providing broad exposure to industry growth while reducing dependence on any single OEM. Furthermore, long-standing customer relationships, embedded engineering support, value engineering collaboration and customer-owned tooling strengthen switching costs and position Dhoot as a preferred development partner rather than merely a component supplier. Combined with ongoing capacity expansion at Jhajjar and Hosur, the company possesses sufficient manufacturing scalability to support future growth across both domestic and export markets.

Valuation & Outlook: Dhoot Transmission presents a compelling investment opportunity to participate in India's structural automotive electrification and premiumisation story through its market-leading wiring harness franchise. The company enjoys a dominant position in the 2W and 3W wiring harness markets, supported by deep engineering capabilities, backward integration, long-standing OEM relationships and high entry barriers, providing strong earnings visibility. The addressable Indian automotive wiring harness market is expected to grow at a 12–14% CAGR over FY26–31, driven by rising EV penetration, increasing electronic content per vehicle, tightening safety regulations and higher value-added electrical architectures, positioning the company to deliver growth ahead of the underlying automobile industry. The IPO proceeds will substantially strengthen the balance sheet through debt repayment, making the company virtually debt-free post listing, while simultaneously funding capacity expansion and inorganic growth initiatives, thereby enhancing financial flexibility and improving return ratios over the medium term. Considering its leadership in a niche, high-growth segment, favourable industry tailwinds, scalable business model and stronger post-IPO balance sheet, we believe the company is well placed to deliver sustainable earnings growth and long-term value creation. Accordingly, we recommend a subscribe rating for investors with a medium- to long-term investment horizon.

Dhoot Transmission Ltd.

August 07, 2026

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IPO Note

Income Statement

Y/E (INR mn)	FY24	FY25	FY26
Revenue	27,977.26	34,448.63	45,249.55
Expenses:			
Employee Cost	2521.54	2952.98	3734.02
Increase/Decrease in Stock	-243.61	-233.24	-760.12
Raw Material Consumed	18289.17	22567.38	30689.82
Power & Fuel Cost	189.19	248.21	332.35
Other expenses	2070.38	2971.50	4124.13
Total Expenses	22,826.67	28,506.83	38,120.20
EBITDA	5,150.59	5,941.80	7,129.35
EBITDA Margin %	18.41	17.25	15.76
Interest	521.32	706.82	931.90
Depreciation	763.85	932.77	1225.44
Other Income	15.89	273.73	387.45
PBT	3,881.31	4,575.94	5,359.46
PAT	2,987.48	3,538.87	3,968.42
EPS	15.85	18.78	21.06

Balance Sheet

Y/E (INR mn)	FY24	FY25	FY26
Source of funds			
Equity Share Capital	172.11	175.86	376.91
Share Warrants & Outstandings	0.00	0.00	25.90
Reserves	7310.45	9759.82	23940.61
Total Share holders funds	7482.56	9935.68	24343.42
Borrowings	4859.26	6319.58	7541.98
Curent Liabilities	1,330.47	2,389.56	2,419.56
Trade Payables	3072.23	4200.24	6022.43
Total Non-Current Liabilities	194.71	311.05	563.47
Total Liabilities	**16,939.23**	**23,156.11**	**40,890.86**
Application of funds			
Fixed Assets	6811.62	8922.45	13833.86
Other Non-Current Assets	1323.68	2827.43	858.02
Cash and Bank	674.50	527.89	10958.48
Current Investments	0.26	0.10	0.09
Trade Recievables	4208.10	6003.38	7936.67
Other current assets	3921.07	4874.86	7303.74
Total Assets	**16,939.23**	**23,156.11**	**40,890.86**

Cash Flow

Y/E (INR mn)	FY24	FY25	FY26
Profit Before Tax	3881.31	4575.94	5,359.46
Adjustment	1,269.63	1,415.56	1,921.95
Changes In working Capital	-1,851.96	-1,640.27	-2,313.72
Cash Flow after changes in Working Capital	3299.93	4351.23	4,765.10
Tax Paid	-889.07	-1149.09	-1288.53
Cash From Operating Activities	2,410.86	3,202.14	3,476.57
Cash Flow from Investing Activities	-3,108.58	-4,428.40	-12,616.93
Cash from Financing Activities	634.25	1379.77	19123.33
Net Cash Inflow / Outflow	-63.47	153.51	9,982.97
Opening Cash & Cash Equivalents	366.86	304.02	464.47
Closing Cash & Cash Equivalent	304.02	464.47	10,842.82

Key Ratios

Y/E (INR mln)	FY24	FY25	FY26
Growth Ratio			
Net Sales Growth(%)	31.60	23.13	31.35
EBITDA Growth(%)	68.36	20.30	20.94
PAT Growth(%)	82.27	18.46	12.14
Margin Ratios			
Gross Profit	35.39	35.17	33.83
EBITDA	18.41	17.25	15.76
PBT	13.87	13.28	11.84
PAT	10.68	10.27	8.77
Return Ratios			
ROA	20.30	17.65	12.39
ROE	48.93	40.63	23.17
ROCE	40.06	34.39	24.14
Turnover Ratios			
Debtors Turnover(x)	8.17	6.75	6.50
Fixed Asset Turnover (x)	4.00	3.64	3.26
Solvency Ratios			
Current Ratio(x)	1.22	1.11	1.94
Quick Ratio(x)	0.76	0.70	1.46
Interest Cover(x)	8.45	7.47	6.53
Valuation Ratios			
P/E	-	-	41.37
P/B	-	-	6.91
EV/EBITDA	-	-	23.45
EV/Sales	-	-	3.69

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