Dhoot Transmission Ltd

IPO NOTE | 07th August,2026

Canara Bank Securities Ltd

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ABOUT THE COMPANY: DTL is one of India's leading electrical and electronics companies engaged in the design, engineering, manufacturing, and supply of wiring harnesses and electrical distribution systems. The company offers a diversified product portfolio comprising wiring harnesses, battery packs, sensors and electronic controllers, automotive switches, terminals, connectors, and power supply cords, catering to both ICE and EV platforms.

KEY BUSINESS INSIGHTS:

Dhoot Transmission is among the leading manufacturers of wiring harnesses for India's 2W and 3W segments.It holds approximately 41% market share in the combined 2W and 3W wiring harness market.The Company has evolved from a wiring harness supplier into a broader electrical and electronic systems provider.Its portfolio includes wiring harnesses, sensors, controllers, switches, battery packs, chargers, cables, connectors, and terminals.EV-related revenue increased from 16.19% in Fiscal 2024 to 24.18% in Fiscal 2026.Dhoot Transmission manufactures several critical inputs, including cables, connectors, terminals, controllers, and polymer components.Backward integration reduces dependence on external suppliers and helps manage raw-material price fluctuations.The Company has in-house design, engineering, simulation, prototyping, and testing capabilities.Its R&D teams work closely with OEMs on product development, value engineering, and new vehicle platforms.

ISSUE DETAILS	
Price Band (in ₹ per share)	829-871
Issue size (in ₹ Crore)	3067.00
Fresh Issue (in ₹ Crore)	1400.00
Offer for Sale (in ₹ Crore)	1667
Issue Open Date	10-08-2026
Issue Close Date	12-08-2026
Tentative Date of Allotment	13-08-2026
Tentative Date of Listing	17-08-2026
Total Number of Shares (in lakhs)	352.18
Face Value (in ₹)	2.00
Exchanges to be Listed on	BSE & NSE

OUR VIEW:

Dhoot Transmission Limited is one of India's leading 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.With a strong three-year revenue CAGR of 27.18%,DTL has outperformed its peers in terms of margins.The consolidated EBITDA margin has compressed from 18.31% in FY2024 to 17.15% in FY2025, and further to 15.71% in FY2026.This decline in margins can be attributed to increasing raw material prices and commodity inflation.The decline in EBITDA margins is not a concern because the company has maintained its guidance of sustainable margins of 15-16% and says that they will achieve it in the future.The company has high concentration risks. However,they have maintained a strong relationship with its customers since years and the customers are also sticky in nature.At the upper price band of Rs.871,the stock is available at a P/E ratio of 35.70.The average industry P/E ratio is 57.21,the P/E ratio is lower than most of its peers suggesting attractive valuation. Therefore,we give a **"Subscribe"** rating.

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	17	₹14,807
Retail (Max)	13	221	₹1,92,491
S-HNI (Min)	14	238	₹2,07,298
S-HNI (Max)	67	1,139	₹9,92,069
B-HNI (Min)	68	1,156	₹10,06,876

BRLMs: Axis Capital Limited,Jefferies India Private Limited,Kotak Mahindra Capital Company Limited,Nomura Financial Advisory & Securities (India) Private Limited,SBI Capital Markets Limited,360 ONE WAM Limited

PROMOTERS: BC Asia Investments XV Limited,Rahul Radhavallabh Dhoot

BRIEF FINANCIALS

PARTICULARS (Rs. Cr)*	FY26	FY25	FY24
Share Capital	37.69	17.59	17.21
Net Worth	2397.15	978.18	741.01
Revenue from Operations	4524.96	3444.86	2797.73
EBITDA	710.99	590.96	512.4
EBITDA Margin (%)	15.71	17.15	18.31
Profit/(Loss) After Tax	396.84	353.89	298.75
EPS (in Rs.)	24.40	24.31	20.83
Net Asset Value (in Rs.)	149.74	68.25	52.17
Total borrowings	841.39	776.06	554.9
P/E#	35.70	35.83	41.81
P/B#	5.82	12.76	16.70

** Restated consolidated financials; #Calculated at upper price band 871, ^Annualised EPS*

Source: RHP

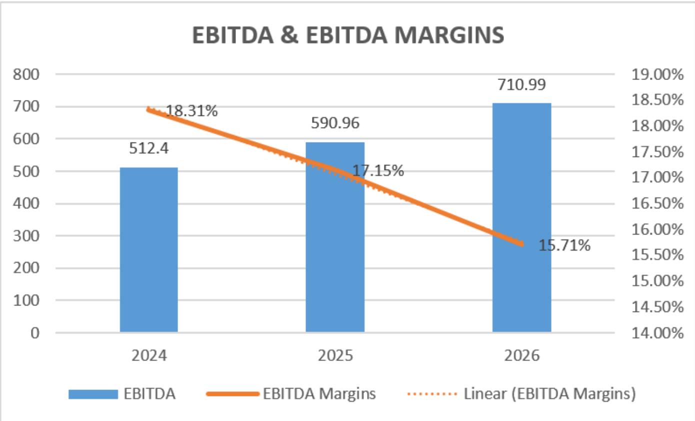
FINANCIAL STATEMENTS

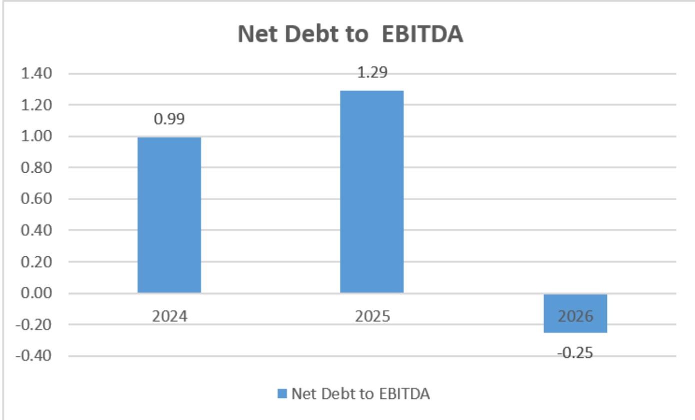
Particulars	FY2026	FY2025	FY2024
I.Income			
Revenue from Operations	4524.96	3444.86	2797.73
Other income	38.75	27.37	15.89
Total income	**4563.71**	**3472.23**	**2813.62**
II.Expenses			
Cost of materials consumed	3068.98	2256.74	1828.92
Cost of materials consumed as a % Revenue	*67.82%*	*65.51%*	*65.37%*
Changes in inventories of finished goods, work-in-progress and stock in trade	-76.01	-23.32	-24.36
Changes in Inventories of Finished Goods and Work-in-Progress as a % Revenue	*-1.68%*	*-0.68%*	*-0.87%*
Employee benefits expense	373.40	295.30	252.15
Employee Benefit Expenses as a % Revenue	*8.25%*	*8.57%*	*9.01%*
Impairment loss on financial assets	2.48	6.06	0.10
Impairment loss on financial assets as a % Revenue	*0.05%*	*0.18%*	*0.00%*
Other expenses	445.11	319.13	228.52
Other Expenses as a % Revenue	*9.84%*	*9.26%*	*8.17%*
Total expenses	**3813.96**	**2853.90**	**2285.33**
EBITDA	**749.75**	**618.33**	**528.29**
EBITDA Margins	**16.6%**	**17.9%**	**18.9%**
Less			
Depreciation and amortisation expense	122.54	93.28	76.39
EBIT	**627.20**	**525.05**	**451.90**
EBIT Margins	**14%**	**15%**	**16%**
Less			
Finance cost	91.24	67.47	49.47
Profit before share of profit of joint venture, exceptional item and income tax	535.96	457.59	402.43
Exceptional Item (Impact of Labour Codes)	-202.59	0.00	0.00
Share of profit/(loss) of joint venture, net of tax	0.00	0.00	0.95
III.Profit from continuing operations before tax(PBT)	**333.37**	**457.59**	**403.38**
IV.Tax Expense			
Current tax	130.39	112.45	95.14
Adjustments/(credits) related to previous years - (net)	-1.45	-0.57	-0.40
Deferred tax	-10.10	-8.18	-6.06
Total tax expenses	**118.85**	**103.71**	**88.68**
V.Profit for the year / Profit After Tax (PAT)	**214.52**	**353.88**	**314.70**
PAT Margins	**5%**	**10%**	**11%**
VI.EPS			
Basic	24.40	24.31	20.83
Diluted	24.40	24.31	20.83

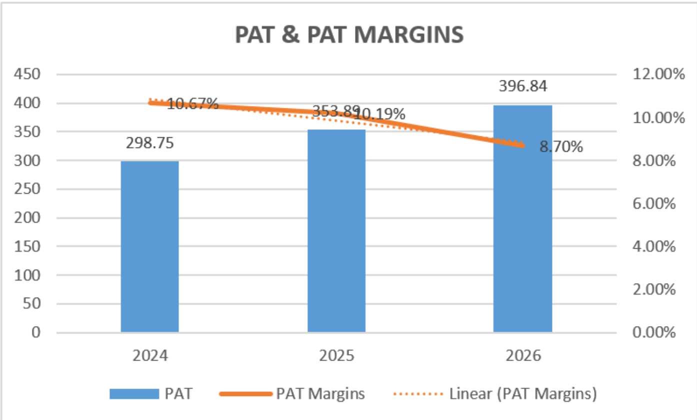
Particulars	FY2026	FY2025	FY2024
Cash generated from operating activities	476.51	435.12	329.99
Income tax paid (net of refunds)	-128.85	-114.91	-88.91
Net cash generated from operating activities	347.66	320.21	241.09
Net cash used in investing activities	-1261.69	-442.84	-310.86
Net cash (used in) / generated from financing activities	1912.33	137.98	63.43
Net increase / (decrease) in cash and cash equivalents	**998.30**	**15.35**	**-6.35**
Balance as at beginning	46.65	30.40	36.69
Cash and cash equivalent as at year end	***1084.28***	***46.45***	***30.40***

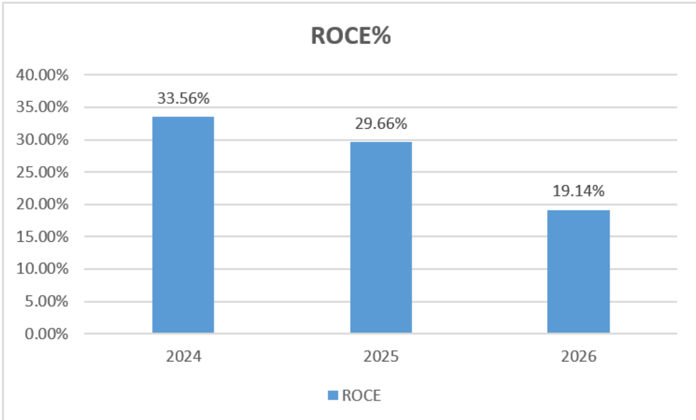
Particulars	FY2026	FY2025	FY2024
I. ASSETS			
1.Non-Current Assets			
Property, Plant and Equipment	1234.83	797.12	618.5
Capital Work in progress	18.04	188.16	39.95
Other Intangible Assets	5.05	3.24	3.65
Right-of-use assets	128.4	78.57	46.36
Goodwill	15.11	13.32	12.66
Investments accounted for using equity method	0	0	6.31
Financial Assets - Investments	0	4.01	0.1
Financial Assets - Other Financial Assets	20.8	8.32	5.95
Deferred Tax Assets (Net)	25.74	20.62	17.78
Other Non-Current Assets	42.36	77.38	76.11
Current Tax Assets(net)	4.6	4.87	3.95
Total Non-Current Assets	**1494.93**	**1195.61**	**831.32**
2.Current Assets			
Inventories	639.21	425.24	333.94
Investments	0.01	0.01	0.03
Trade Receivables	793.67	600.34	420.81
Cash and Cash Equivalents	1084.28	46.45	30.4
Other balances with banks	11.57	6.34	37.05
Other Financial Assets	14.23	4.72	2.69
Other Current Assets	72.43	56.88	55.48
Current Tax Assets	4.5	0.65	0
Total Current Assets	**2619.9**	**1140.63**	**880.4**
TOTAL ASSETS	**4114.83**	**2336.24**	**1711.72**
II. EQUITY AND LIABILITIES			
A.Equity			
Equity Share capital	37.69	17.59	17.21
Other Equity	2396.65	975.98	731.05
Equity Attributable to owners	2434.34	993.57	748.26
Non-Controlling Interests	0.61	0.41	0.91
Total Equity	**2434.95**	**993.98**	**749.17**
B.LIABILITIES			
1.Non-current Liabilities			
Borrowings	246.29	266.49	204.75
Lease Liabilities	58.62	27.5	10.73
Provisions-Employee Benefit Obligations	13.93	10.47	6.08
Deferred Tax Liabilities (Net)	8.93	13.34	19.53
Total Non-Current Liabilities	**327.77**	**317.8**	**241.09**
2.Current Liabilities			
Borrowings	595.11	509.57	350.15
Lease Liabilities	18.28	11.38	10.52
Trade Payables (MSME)	85.62	53.92	46.1
Trade Payables (Other than MSME)	516.63	366.11	261.12
Other Financial Liabilities	85.88	51.73	22.75
Other Current Liabilities	29.97	15.35	16.1
Provisions	7.09	6.52	3.38
Current tax Liabilities (net)	13.54	9.87	11.33
Total Current Liabilities	**1352.12**	**1024.45**	**721.45**
TOTAL EQUITY AND LIABILITIES	**4114.84**	**2336.23**	**1711.71**

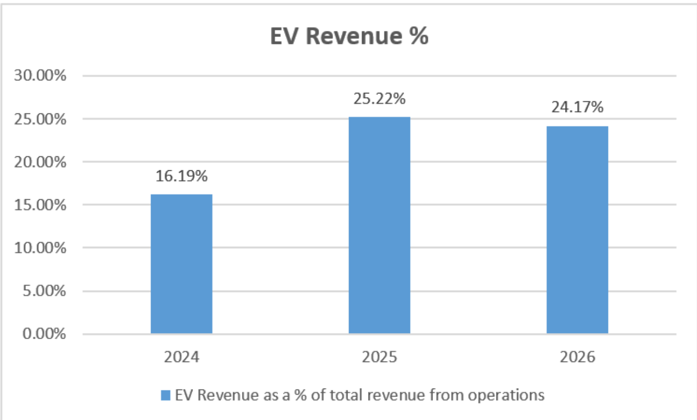
STORY IN CHARTS

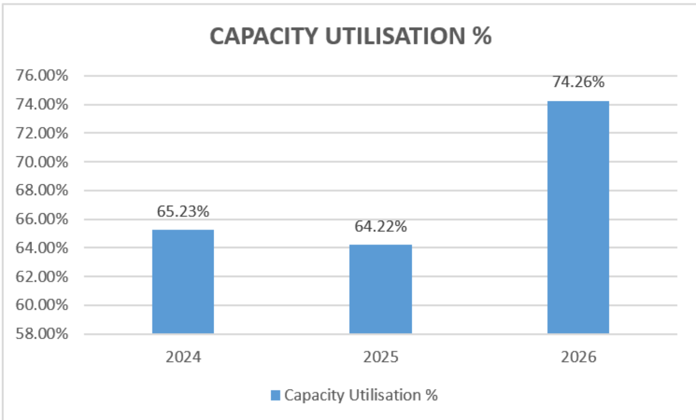


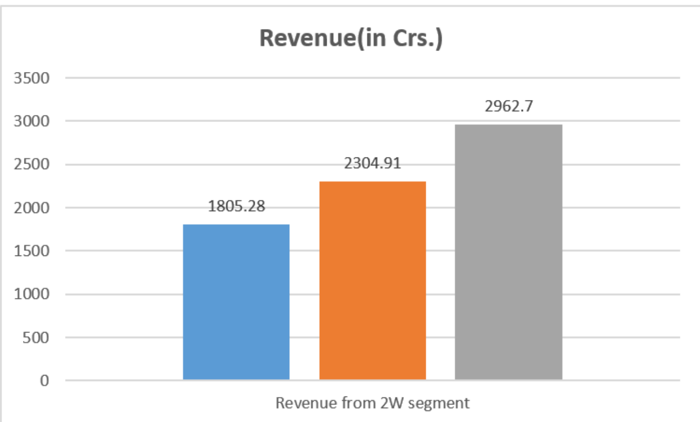


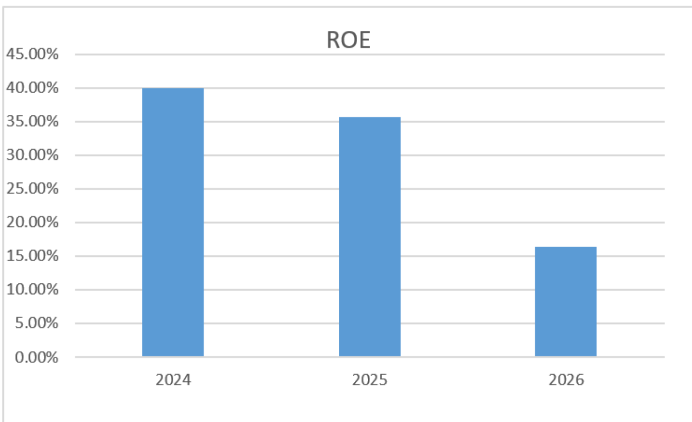












OBJECTS OF THE OFFER

- Repayment/prepayment, in full or in part, of all or certain outstanding borrowings availed by our Company-Allocation of INR 464.80 Crores;
- Investment in certain of our Subsidiaries, namely, Dhoot Autocomponents Private Limited, Dhoot Automotive Systems Private Limited and Dhoot Transmission UK Limited, for repayment/prepayment, in full or part, of all or certain of the outstanding borrowings availed by Dhoot Autocomponents Private Limited, Dhoot Automotive Systems Private Limited and Dhoot Transmission UK Limited-Investment of INR 301.77 Crores.
- Setting up of a new wiring harness manufacturing plant by our Company at (i) Sector 11, Jhajjar, Haryana, India (“Jhajjar Wiring Harness Plant”), and (ii) Shoolagiri, Hosur, Tamil Nadu, India (“Hosur Wiring Harness Plant”) -Deployment of INR 150 Crores

INDUSTRY OVERVIEW

Industry Size & Market Share

- Total Size: The global wire harness market declined from USD 72.3 billion in 2019 to USD 63.7 billion in 2020 due to pandemic-related disruptions and semiconductor shortages. It recovered strongly thereafter, reaching USD 85.0 billion in 2023 and USD 95.7 billion in 2025, driven by rising vehicle production, electrification, and increasing adoption of hybrid and electric vehicles.
- Market Share: The Company is among India’s top two wiring harness manufacturers for two-wheelers and three-wheelers, holding a 41% market share in Fiscal 2026. It also leads the electric 2W and 3W segments with nearly 70% market share, while serving commercial vehicles(“CVs”),off-highway vehicles(“OHW”),farming, and industrial equipment markets.

Scope & Tailwinds (Growth Drivers)

- The automotive industry is rapidly shifting toward electrification, connectivity, automation, and premium features. EVs replace conventional ICE components with batteries, motors, inverters, and high- and low-voltage wiring harnesses, increasing demand for E&E components.
- While ICE platforms offer limited growth, EVs create significant opportunities for harnesses, battery packs, onboard chargers, and DC-DC converters. Sensors, electronic control units, switches, and power supply systems also benefit from rising ADAS, safety, infotainment, and connectivity adoption across both EVs and ICE vehicles.

Headwinds (Challenges)

- The rural economy, which accounts for over 50% of three-wheeler demand, is expected to drive growth in industry. Agri GVA growth remained positive from fiscal 2020-2026 but showed volatility. After strong growth in fiscal 2020 and a peak in fiscal 2023, it slowed sharply in fiscal 2024, recovered in fiscal 2025, and moderated to 3.1% in fiscal 2026.
- The fiscal 2026 decline was likely a combination of a high base effect, sharp drop in food inflation as crop production remained positive, higher input costs, and weak crop mandi prices, indicating continued resilience but near-term sectoral headwinds.

Competitive Placement

- Honda leads the global two-wheeler market, followed by Hero MotoCorp, Yamaha, TVS, Yadea, and Bajaj Auto. However, their combined market share declined from 77.5% in CY2019 to 63.9% in CY2025 due to rising competition from EV players.
- The global two-wheeler market is expected to grow at an 8.5–10.5% CAGR to reach 110–120 million units by CY2030, driven by demand in India, China, and Southeast Asia. EVs are projected to grow faster at 16–18% CAGR, increasing global penetration from 29.1% in CY2025 to 41–43% by CY2030, with India expected to remain the largest market.

Source: RHP

COMPETITIVE STRENGTHS OF THE COMPANY

Established leadership position in India and scaled operations in 2W and 3W wiring harnesses, supported by an extensive and critical product portfolio

- The Company is among India's largest 2W and 3W wiring harness manufacturers, supported by a broad product portfolio, strong OEM integration, and capabilities in high-voltage interconnections, sensors, controllers, and data cables. It is well positioned to benefit from rising EV adoption, premiumization, automation, safety, connectivity, and stricter emission standards.

Positioned to capitalize on key industry trends, leveraging our differentiated capabilities to deliver sustained growth and value

- EV-related revenue increased from 16.2% in Fiscal 2024 to 24.2% in Fiscal 2026. EV penetration in India's 2W and 3W segments is expected to rise significantly through Fiscal 2031, creating further growth opportunities for the Company.

Strong business foundation anchored by a marquee customer base and diversified business mix, enabling sustained growth

- The Company serves leading OEMs, with its top five customer relationships averaging 13 years as of March 31, 2026. Customer retention is supported by embedded engineering capabilities, localized sourcing, proximity to OEM plants, and value-engineering initiatives.

Financial Performance

- Revenue grew from ₹2,797.7 crores in Fiscal 2024 to ₹4,525 crores in Fiscal 2026, while PAT increased from ₹298.7 crores to ₹396.8 crores, representing a 32.8% CAGR. The Company invested ₹328.2 crores in capital expenditure during Fiscal 2026 to expand capacity and upgrade manufacturing capabilities.

Management and R&D

- The Company is led by an experienced management team and has strengthened its in-house design, engineering, and R&D capabilities. Its R&D and engineering workforce increased from 155 employees in Fiscal 2024 to 237 employees in Fiscal 2026, supporting product innovation and faster customer development cycles.The Company also benefits from BC Asia's capital support, strategic expertise, and focus on strengthening corporate governance. Highly Experienced Management Team

RISK FACTORS

Concentration Risks

- Segment & Product Concentration: The company is highly reliant on the Two-Wheeler (2W) and Three-Wheeler (3W) automotive sectors in India, which represented 65.47% and 12.86% of FY2026 revenues respectively. Wiring harnesses alone made up 77.08% of FY2026 operations.
- High Customer Concentration: The top 5 customers accounted for 71.56% of FY2026 revenue, while the top 10 contributed 80.93%. Bajaj Auto Limited is the single largest customer, bringing in 31.84% of consolidated revenues in FY2026.

Contractual & Sourcing Risks

- No Long-Term commitments: DTL has no long-term volume or exclusivity agreements with its OEM partners. Orders are fulfilled via purchase orders based on rolling short-term customer forecasts, making the order pipeline susceptible to cancellations or delays.
- Commodity Price Volatility with Lag: Cost of materials is DTL's largest expense, accounting for 67.82% of FY2026 revenue (₹30,68.99 crores). Price indexation agreements with major customers operate with a one-quarter lag, requiring DTL to absorb cost spikes in the interim.

Financial & Operational Constraints

- Significant Debt & Covenants: Outstanding borrowings stood at ₹8,41.39 crores as of March 31, 2026. Historically (as of March 31, 2025), the Holding Company breached its current ratio covenant on a ₹16.4 crores working capital loan, dropping to a current ratio of 0.97 against the lender's threshold of 1.10.
- Surging Warranty Costs: Warranty and product liability expenses climbed sharply from ₹0.3 crore (0.11% of revenue) in FY2024 to ₹1.56 crore (0.34% of revenue) in FY2026.
- Cybersecurity Vulnerability: In FY2025, a cybersecurity breach on DTL's active directory servers led to the exfiltration of confidential product designs and pricing lists.

PEER COMPARISON

Name of the company	Revenue from Operations(in cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Dhoot Transmission Limited	4524.96	2	24.40	149.74	16.55%	35.70	5.82
Minda Corporation Limited	6185.34	2	15.31	110.58	13.63%	46.83	6.48
Uno Minda Limited	19657.59	2	20.78	118.38	17.53%	61.5	10.8
Motherson Sumi Wiring India Limited	11477.58	1	0.94	3.26	28.92%	43.63	12.58
Sona BLW Precision Forgings Limited	4475.15	10	10.3	96.23	10.70%	76.89	8.23

*P/E & P/B ratio based on closing market price as of August 06th 2026,at the upper price band of IPO, financial details consolidated audited results as of FY25.

Canara Bank Securities Ltd.
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