IPO REVIEW

Adroit Industries (India) IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 21 September 2026

- The company is an integrated manufacturer and supplier of propeller shafts and related torque-transmission components.
- The company posted steady growth in its top and bottom lines.
- It is operating in a highly competitive and fragmented segment.
- Based on its recent average financial data, the issue appears exorbitantly priced.
- There is no harm in skipping this pricey bet.

About the Company

Adroit Industries (India) Ltd. (AIIL) having over four decades of operational experience, is a vertically integrated manufacturer and supplier of propeller shafts (also known as a drive shaft or cardan shaft) and related torque-transmission components, with in-house capabilities across forging, precision machining, heat treatment, assembly, balancing and testing. As on July 31, 2026, the company offers over 5,000 SKUs of torque-transmission components and assemblies forming part of driveline systems. Its product portfolio primarily comprises precision-machined torque-transmission components and complete propeller shaft assemblies.

As part of its integrated manufacturing operations, AIIL also manufactures forged components which are primarily used as intermediate inputs for further machining and assembly within its manufacturing operations. These forgings form part of its vertically integrated production process and support the manufacture of precision-machined torque-transmission components and finished propeller shaft assemblies.

AIIL supplies its products primarily through a network of distributors, Tier-1 driveline component suppliers and also undertake direct sales to original equipment manufacturers (“OEMs”), in accordance with customer-specific technical specifications and requirements. As per the CareEdge Report, the propeller shaft and driveline component industry are typically characterized by a multi-tiered supply chain involving distributors and Tier-1 suppliers, which facilitates broader market access, inventory management and customer servicing across geographies. Tier-1 driveline component suppliers procure components, assemblies, and sub-assemblies from specialized manufacturers and integrate shafts and related torque-transmission components into complete driveline systems. These integrated systems are then supplied to OEMs or used in customer-specific drivetrain assemblies. Given the critical and safety-sensitive nature of propeller shafts, Tier-1 suppliers and OEMs follow highly selective vendor qualification processes.

Its product portfolio supports end-use applications across the automotive and non-automotive sectors. Within the automotive sector, its products are largely aligned with commercial vehicle applications, while also catering, to a limited extent, to the passenger vehicle segment, primarily SUVs. Its non-automotive applications include sectors such as defence and emergency services, heavy equipment and off-highway machinery, industrial equipment and other torque-transmission related applications.

As per the CareEdge Report, Propeller Shafts are mechanical power-transmission components used to transfer rotational torque from the engine or transmission system to the differential, axle, or other driven assemblies (parts that transfer the power to the wheels or machine so that it can move) in vehicles and industrial applications. Propeller shafts plays a critical role in transmitting power efficiently while accommodating angular misalignment, axial displacement, and variations in operating conditions arising from vehicle movement, suspension travel, or structural deflections. A typical propeller shaft assembly comprises a tubular shaft, universal joints or constant-velocity joints, slip or splined assemblies, and end fittings such as yokes or flanges. These components are designed to operate under high torque, rotational speeds, and cyclic loading conditions, while maintaining balance, durability, and reliability. Its capacity utilization for the last three fiscals stood at average 88% per year. As of July 31, 2026, it had 367 employees on its payroll, and additional 213 contractual workers.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 11247000 equity shares worth Rs. 150.71 cr. at the upper cap. The IPO consists of 9897000 fresh equity shares (worth Rs. 132.62 cr. at the upper cap) and an Offer for Sale (OFS) of 1350000 equity shares (worth Rs. 18.09 cr. at the upper cap). The company has announced a price band of Rs. 126 – Rs. 134 per equity shares of Rs. 10 each. The issue opens for subscription on September 23, 2026, and will close on September 25, 2026. The minimum application to be made is for 111 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.10% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 19.91 cr. for capex towards purchase of equipments and machineries, transportation vehicles for captive use, needed for expansion, Rs. 43.96 cr. for investment in its subsidiary Adroit Driveshafts Pvt. Ltd. for purchase of machinery/equipments etc., Rs. 24.12 cr. for investment in subsidiary Adroit Driveshafts for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Choice Capital Advisors Pvt. Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue. Choice Equity Broking Pvt. Ltd. is a syndicate member.

After issuing/converting initial equity shares at par value, the company has issued/converted further equity shares in the price range of Rs. 12.00 - Rs. 100.00 per share, between February 1995, and

March 2013. It has also issued bonus shares in the ratio of 3 for 2 in February 2004, 5 for 6 in November 2010, 3 for 5 in May 2017, and 1 for 1 in February 2026. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. NIL, Rs. 3.65, Rs. 8.68, Rs. 10.46, Rs. 16.37, and Rs. 20.61 per share.

Post-IPO, its current paid-up equity capital of Rs. 34.91 cr. (34911340 equity shares) will stand enhanced to Rs. 44.81 cr. (44808340 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 600.43 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 125.10 cr. / Rs. 14.53 cr. (FY24), Rs. 136.61 cr. / Rs. 18.14 cr. (FY25), and Rs. 143.04 cr. / Rs. 26.16 cr. (FY26). Thus, it marked steady growth in its top and bottom lines for the reported periods. Its contingent liabilities stood at Rs. 4.39 cr. as of March 31, 2026.

For the last three fiscals, the company has posted an average EPS of Rs. 6.16, and RoNW of 20.73%. The issue is priced at a P/BV of 3.64 based on its NAV of Rs. 36.84 as of March 31, 2026, and at a P/BV of 2.30 based on its post-IPO NAV of Rs. 58.30 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 22.95. Based on FY25 earnings, the P/E stands at 33.09. The issue appears exorbitantly priced, based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 11.67% (FY24), 13.55% (FY25), 18.69% (FY26), and RoCE margins of 15.07%, 15.76%, 19.01%, respectively, for the referred periods.

Dividend Policy

The company has not declared any dividends for the reported periods of this offer document. It has already adopted a dividend policy in March 2026., based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Hindustan Hardy, Talbros Engg., GNA Axles, as its listed peers. They are currently trading at a P/E of 17.2, 10.5, and 18.1 (as of September 18, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The BRLM associated with this issue has handled 10 IPOs in the last three fiscals and out of which 1 IPOs closed below the issue price on listing date.

Conclusion / Investment Strategy

AIIL is an integrated manufacturer and supplier of propeller shafts and related torque-transmission components. The company posted steady growth in its top and bottom lines. It is operating in a highly competitive and fragmented segment. Based on its recent average financial data, the issue appears exorbitantly priced. There is no harm in skipping this pricey bet.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

Disclaimer: The information provided herein is solely for educational and informational purposes and does not constitute an offer, solicitation, or recommendation to buy or sell any securities. Readers are advised to consult a qualified financial advisor before making any investment decisions. Investments in the securities market are subject to market risks. The author does not intend to invest in the securities discussed.