IPO REVIEW

Dhoot Transmission IPO

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- The company is one of the leading players in wire harnessing and related products/services
- It has 23 plants in operations and 2 more plants underway.
- The company posted improved top and bottom lines for the reported periods in line with the rising automotive segment.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term rewards.

About the Company

Dhoot Transmission Ltd. (DTL) is one of India's leading electrical and electronics ("E&E") companies (Source: CRISIL Report). It designs, engineers, manufactures and supplies critical wiring harnesses that integrate electronic sensors and controllers, switches, terminals, connectors, junction boxes, high-voltage interconnection systems and data cables, delivering application-specific architectures across platforms. The company serves both automotive and non-automotive applications, supporting stringent performance, safety and reliability requirements for OEMs. In line with the industry's shift in powertrain, it caters to the spectrum of powertrain architectures across customer segments and end markets. DTL manufactures wiring harnesses and electrical distribution systems for internal combustion engine ("ICE") vehicles and electric vehicles ("EV"). Its offerings also include battery packs, switches, sensors (such as ABS sensors and lean angle sensors), controllers (such as USB chargers and light control modules) and power supply cords. Further, it is in the process of developing certain products such as side stand sensors and temperature sensors.

DTL is amongst the top two players in the wiring harnesses for two-wheelers ("2W") and three-wheelers ("3W") in India (Source: CRISIL Report). Its market share in Fiscal 2026 was 41% (in terms of value) in the 2W and 3W market in India (Source: CRISIL Report). In India, it is also a leader in wiring harnesses for the electric 2W and 3W segments, with a market share close to 70% in Fiscal 2026 (Source: CRISIL Report). It has a diversified presence across multiple end-markets, extending beyond 2W and 3W into commercial vehicles ("CVs"), off-highway vehicles ("OHW"), and farming and industrial equipment.

Approximately 95% of its auto product portfolio is either EV-focused or powertrain-neutral, enabling applicability across ICE, hybrid and battery-electric architectures. This positions its content to align with the long-term electrification trend of the automotive industry. Its architecture-agnostic products support sustained demand through model cycles and regulatory developments. The company maintains a strategic emphasis on the premium 2W vehicle category (150 cc and above), which offers

superior kit value per vehicle. By Fiscal 2031, the ICE premium motorcycle (150 cc and above) segment is forecasted to grow at a CAGR of 6-9% as compared to the ICE motorcycle industry, which is forecasted to grow at a CAGR of 4-6%. (Source: CRISIL Report). The company derives a substantial portion of its revenue from operations from the sale of wiring harnesses.

Its extensive product portfolio has driven a sustained increase in kit value per vehicle reflecting higher content from high-voltage cables, battery interconnects, power electronics interfaces and advanced sensor/data links. This has enhanced its presence across multiple vehicle platforms and architectures, improving value realization and deepening integration with OEM customers. As electric vehicle adoption accelerates and platform complexity increases, it expects its kit value per vehicle to remain aligned with premium, feature-rich configurations, supporting durable growth in kit value and share of bills of material. As on March 31, 2026, it had 22 operational manufacturing facilities, three engineering and design support centers and seven warehouses across India and key international locations, providing access to major automotive clusters in India and globally. As on date of this Red Herring Prospectus, it had 23 operational manufacturing units across India and outside India. Further, as on date of this Red Herring Prospectus, it has 2 under construction plants in India, for which it has either applied for relevant license or will be applying for relevant licenses and approvals at the appropriate stage. As of March 2026, it had 2735 employees on its payroll, and additional 9298 contractual workers in various departments.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of fresh equity issue worth Rs. 1400 cr. (approx. 16073479 equity shares at the upper cap, and an Offer for Sale (OFS) of 19137602 equity shares (worth Rs. 1666.89 cr. at the upper cap. The overall size of the issue shall be 35211081 equity shares worth Rs. 3066.89 cr. at the upper cap. The company has announced a price band of Rs. 829 – Rs. 871 per equity shares of Rs. 2 each. The issue opens for subscription on August 10, 2026, and will close on August 12, 2026. The minimum application to be made is for 17 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 17.21% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 464.80 cr. for repayment/prepayment of certain borrowings, Rs. 301.77 cr. for investment is certain subsidiaries for clearing their certain borrowings, Rs. 150.00 cr. for capex on new wiring harness manufacturing plant, and the rest for funding inorganic growth/general corporate purposes.

The company has reserved equity shares worth Rs. 6.00 cr. (approx. 68886 equity shares at the upper cap), and offering them a discount of Rs. 80 per share. From the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs and not less than 35% for Retail investors.

The six Book Running Lead Managers (BRLMs) to this issue are Axis Capital Ltd., Jefferies India Pvt. Ltd., Kotak Mahindra Capital Co. Ltd., Nomura Financial Advisor and Securities (India) Pvt. Ltd., SBI Capital Markets Ltd., and 360 ONE WAM Ltd., while KFin Technologies Ltd. is the registrar to the

issue.

After issuing initial equity shares at par value, the company has issued further equity shares in the price range of Rs. 9.40 - Rs. 806.14 (on the basis of Re. 2 FV) between September 2010, and May 2026. It has also issued bonus shares in the ratio of 1 for 1 in September 2010, and 1 for 1 in March 2016, and 2 for 3 in March 2026. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. NIL, Rs. 4.81, and Rs. 480.34 per share.

Post-IPO, its current paid-up equity capital of Rs. 37.69 cr. will stand enhanced to Rs. 40.91 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 17815.53 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit of Rs. 2799.32 cr. / Rs. 298.75 cr. (FY24), Rs. 3472.24 cr. / Rs. 353.89 cr. (FY25), and Rs. 4563.70 cr. / Rs. 396.84 cr. (FY26). The company posted growth in its top and bottom lines for the reported periods. Its rising trade receivables and contingent liabilities worth Rs. 60.05 cr. raise concerns.

According to the management, they have created a niche place among wire harnessing manufacturers and have long term relationship with the user industry. As the company will be debt free post-IPO, it will improve its bottom lines with savings on finance cost. Ongoing expansion plan will add to its top and bottom lines in coming years.

For the last three fiscals, the company has posted an average EPS of Rs. 23.78 and an average RoNW of 27.06 %. The issue is priced at a P/BV of 5.82 based on its NAV of Rs. 149.74 as of March 31, 2026, and at a P/BV of 4.69 based on its post-IPO NAV of Rs. 185.59 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 44.90. Based on FY25 earnings, the P/E stands at 50.35. The issue appears fully priced.

For the reported periods, the company has posted PAT margins of 10.67% (FY24), 10.19% (FY25), 8.70% (FY26), and RoCE margins of 33.56%, 29.66%, 19.14% respectively for the referred periods.

Dividend Policy

The company has paid a dividend of 5% for FY24 and thereafter skipped. It has already adopted a dividend policy in April 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has no shown Minda Corp, Uno Minda, Motherson sumi Wiring, and Sona BLW, as its listed peers. They are currently trading at a P/E of 48.2, 59.5, 43.3, and 63.5 (as of August 06, 2026). However, they are not truly comparable on an apple-to-apple basis.

Merchant Banker's Track Record

The six BRLMs associated with this issue has handled 92 IPOs in the last three fiscals out of which 25 issues closed below the issue price on the listing date.

Conclusion / Investment Strategy

DTL is one of the leading players in wire harnessing and related products/services. It has 23 plants in operations and 2 more plants underway. It posted improved top and bottom lines for the reported periods in line with the rising automotive segment. Based on its recent financial data, the issue appears fully priced. Well-informed investors can park funds for medium to long term rewards.

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.

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