

Dhoot Transmission Ltd. – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
10 August 2026	12 August 2026	₹829-871	Subscribe

Investment Summary

Dhoot Transmission Limited is an automotive electrical and electronics components manufacturer focused on wiring harnesses, electronic sensors and controllers, switches, connectors, terminals and other electrical components, with a strong presence in the two-wheeler and three-wheeler segments. The company is among the **top two wiring-harness manufacturers for 2W and 3W vehicles in India**, with a 41% market share in value terms in FY26, while its market share in electric 2W and 3W wiring harnesses was close to 70%. It operates 22 manufacturing plants globally, supported by its presence across India and international markets. In FY26, the company reported revenue from operations of ₹4,524.96 Cr, and PAT of ₹396.84 Cr, with a PAT margin of 8.70%. Its business is positioned to benefit from the increasing adoption of EVs, as wiring harnesses, sensors and electronic controllers become increasingly important in electrified and connected vehicles; the domestic automotive wiring-harness market is projected to grow at a 12–14% CAGR during FY26–FY31, with the EV wiring-harness segment projected to grow at 33–35%. The IPO comprises a **Fresh Issue** aggregating up to **₹1,400 Cr** and an **Offer for Sale** of up to **19,137,602 equity shares**, with the company receiving the proceeds from the Fresh Issue while the OFS proceeds accrue to the selling shareholders. The Fresh Issue proceeds are proposed to be utilised towards repayment/prepayment of borrowings, investment in subsidiaries for debt repayment, setting up new wiring-harness manufacturing plants at Jhajjar and Hosur, acquisitions and general corporate purposes. The company's growth strategy is centred on expanding its wiring-harness capacity, increasing its exposure to EVs, strengthening its international operations and broadening its product portfolio across automotive electrical and electronic components. The proposed ₹150 Cr investment in new wiring-harness facilities is expected to increase capacity from 14.09 million units to 17.15 million units. However, high exposure to the 2W/3W segment, raw-material price volatility, customer concentration, execution risks associated with capacity expansion and the cyclical nature of the automotive industry remain key monitorable.

Company Overview

Dhoot Transmission Limited was originally incorporated as “Dhoot Transmission Private Limited” in 1998 and was subsequently converted into a public limited company in December 2025, following which its name was changed to Dhoot Transmission Limited. The company is engaged in the design, engineering, manufacturing and supply of automotive electrical and electronic components, with its core product being wiring harnesses, along with electronic sensors and controllers, switches, terminals, connectors, junction boxes, high-voltage interconnection systems, data cables and other related components. Dhoot Transmission has a strong presence in the two-wheeler and three-wheeler wiring-harness market, where it ranked among the top two players in India in FY26 with a 41% market share by value. It was also a leading player in electric 2W and 3W wiring harnesses, with a market share close to 70%. The company operates 22 manufacturing facilities globally, including 17 facilities in India and operations across the UK, Slovakia, Thailand, Japan and South Korea. Its customer base includes leading automotive OEMs such as Bajaj Auto, TVS Motor, Honda Motorcycle & Scooter India and Royal Enfield, supporting its presence across domestic and international markets. The company's product portfolio is increasingly aligned with the transition towards electrification, connectivity and advanced vehicle electronics. EV wiring harnesses, sensors and electronic controllers are expected to benefit from increasing electronic content in vehicles, while the company's international manufacturing footprint provides exposure beyond the Indian automotive market. With its established OEM relationships, integrated manufacturing capabilities and growing exposure to EV components, Dhoot Transmission is positioned to participate in the evolving automotive electrical and electronics value chain.

Business Model

Dhoot Transmission operates an integrated automotive electrical and electronics components business, designing, engineering, manufacturing and supplying wiring harnesses and related electrical systems for both internal combustion engine (ICE) and electric vehicles (EVs). Its portfolio includes wiring harnesses, battery packs, sensors and electronic controllers, automotive switches, connectors, junction boxes, high-voltage interconnection systems and data cables, serving applications across two-wheelers, three-wheelers, commercial vehicles, off-highway vehicles, farming and industrial equipment. The company follows an end-to-end manufacturing model, covering product design and development, prototyping, tooling, manufacturing and final assembly. Its backward integration into critical components such as terminals, connectors, cables and moulded parts supports cost control, supply reliability and quality management. As of March 31, 2026, Dhoot Transmission operated 22 manufacturing facilities, three engineering and design support centres and seven warehouses, with wiring harnesses remaining the primary revenue contributor at 77.08% of FY26 revenue from operations. Revenue is generated primarily through the sale of products to automotive OEMs, with 2W and 3W applications contributing 65.47% and 12.86% of FY26 revenue, respectively, while the remaining revenue comes from other segments including commercial vehicles, farming and off-highway applications. The company is increasingly focusing on EVs, premiumization, vehicle safety and connectivity, while its product portfolio is designed to remain applicable across ICE, hybrid and battery-electric architectures. Going forward, the company intends to broaden its product portfolio across segments and technologies, increase content per vehicle, expand capacity ahead of demand and pursue selective acquisitions, joint ventures and technology partnerships to access new technologies, customers and international markets.

Investment Rationale

Established Position in 2W and 3W Wiring Harnesses: Dhoot Transmission is among the top two players in India's 2W and 3W wiring harness market, with a 41.03% market share by value in FY26. Its position is supported by an extensive product portfolio, integration with OEM product-development cycles and established relationships across major vehicle platforms.

Exposure to Electrification and Increasing Vehicle Content: The company is positioned to benefit from the increasing complexity of electrical systems as vehicle platforms move towards electrification, premiumization, safety and connectivity. Approximately 95% of its auto product portfolio is EV-focused or powertrain-neutral, while EV wiring harnesses can carry approximately 1.5x – 2.5x higher content per 2W vehicle compared with ICE platforms.

Diversified Product Portfolio and Integrated Manufacturing: Beyond wiring harnesses, Dhoot Transmission manufactures battery packs, sensors and electronic controllers, automotive switches and other electrical components. Its backward integration into terminals, connectors, cables and moulded parts, together with 22 manufacturing facilities and three engineering and design support centres as of March 31, 2026, supports its ability to provide integrated solutions to OEM customers.

Strong Revenue Growth with Improving Balance Sheet Position: Revenue from operations increased from ₹2,797.73 Cr in FY24 to ₹4,525 Cr in FY26, while PAT increased from ₹298.75 Cr to ₹396.84 Cr during the same period. The company also reported net debt to EBITDA of -0.25x in FY26, compared with 1.29x in FY25, indicating a substantially stronger net debt position at the end of FY26.

Capacity Expansion and Selective Inorganic Growth: The company intends to invest ahead of demand through capacity expansion while pursuing selective acquisitions, joint ventures and technology partnerships to gain access to new technologies, customers and international markets. Its strategy also focuses on increasing product content per vehicle and expanding its presence across automotive electrical and electronics applications.

Key Risk Factors

Customer Concentration and Dependence on OEMs: A significant portion of the company's revenue is derived from automotive OEM customers, particularly in the two-wheeler and three-wheeler segments. Any loss of key customers, reduction in orders or slowdown in vehicle production could adversely impact revenue and profitability.

Raw Material Price Volatility: The company is exposed to fluctuations in the prices of metals, plastics and other raw materials used in manufacturing. Sharp increases in input costs may pressure margins if they cannot be fully passed on to customers.

Dependence on Wiring Harness Business: Wiring harnesses accounted for **77.08% of revenue from operations in FY26**, making the company significantly dependent on this product category. Changes in demand, pricing or technology could therefore materially affect overall performance.

Manufacturing and Operational Risks: Operations across multiple manufacturing facilities are exposed to equipment breakdowns, production interruptions, quality issues and supply-chain disruptions. Prolonged disruptions could affect deliveries, customer relationships and financial performance.

Execution Risk from Capacity Expansion: The company plans to expand capacity and increase its presence across automotive electrical and electronic components. Delays in commissioning, cost overruns or lower-than-expected utilization could affect the expected benefits from these investments.

Technology and EV Transition Risk: Rapid changes in automotive technology, particularly the shift towards EVs, connectivity and advanced electronics, require continuous product development. Failure to keep pace with evolving OEM requirements could affect the company's competitive position.

Financial Snapshot

Metric	In Cr		
	FY24	FY25	FY26
Revenue from Operations	2797.7	3444.9	4525.0
EBITDA	512.4	591.0	711.0
EBITDA Margin	18.31%	17.15%	15.71%
Profit After Tax (PAT)	298.75	353.89	396.65
PAT Margin	10.67%	10.27%	8.76%
Basic EPS (₹)	15.85	18.78	21.05

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Dhoot Transmission Limited
IPO Issue Size	3,52,18,047 shares (agg. up to ₹3067 Cr) Fresh Issue 1,60,80,445 shares (agg. up to ₹1400 Cr) Offer for sale 1,91,37,602 shares of ₹2 (agg. up to ₹1667 Cr)
Price Band	₹829 – ₹871 per share
Face Value	₹2 per share
IPO Opening Date	10 August 2026
IPO Closing Date	12 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~100% → Post-IPO: ~82.77%
Book Running Lead Managers	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
Use of Proceeds	• ₹464.80 Cr towards repayment/prepayment of borrowings. • ₹301.77 Cr towards repayment/prepayment of borrowings of certain subsidiaries. • ₹150 Cr towards setting up new wiring harness plants at Jhajjar, Haryana and Hosur, Tamil Nadu; balance towards inorganic growth through acquisitions • General corporate purposes.

Valuation and Outlook

At the upper price band of **₹871**, Dhoot Transmission is valued at a **P/E of 41.38x** based on its **FY26 EPS of ₹21.05**, implying a **post-issue market capitalization of approximately ₹17,812 Cr**. The valuation is at a discount to listed peers such as Minda Corporation (46.49x), Uno Minda (56.87x), Motherson Sumi Wiring India (43.24x), and Sona BLW Precision Forgings (74.64x), with the industry average P/E at 53.75x. Considering Dhoot Transmission's established presence in automotive electrical and electronic components, expanding manufacturing capabilities and exposure to the evolving automotive and EV ecosystem, **we recommend a Subscribe stance** on the IPO for investors with a medium- to long-term investment horizon, while monitoring customer concentration, raw material price volatility, execution risks and the relatively elevated absolute valuation.

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