

Recommendation	SUBSCRIBE	
Price Band	Rs 126-134	
Bidding Date	23 rd – 25 th Sep’26	
Book Running Lead Manager	Choice Capital Advisors Pvt. Ltd.	
Registrar	Bigshare Services Ltd.	
Sector	Auto Ancillary	
Minimum Retail Application- Detail At Cut off Price		
Number of Shares	111	
Minimum Application Money	INR 14,874	
Payment Mode	ASBA	
Financials (INR Cr)	FY25	FY26
Total Income	134	140
EBITDA	31	39
Adj PAT	18	26
Valuations (FY26)	Upper Band	
Market Cap (INR Cr)	600	
Adj EPS	5.83	
PE	23.0x	
EV/ EBITDA	16.8x	
Enterprise Value	652	
Post Issue Shareholding Pattern		
Promoters	71.9%	
Public/Other	28.1%	
Offer structure for different categories		
QIB	50%	
Non-Institutional	15%	
Retail	35%	
Post Issue Equity (cr)	44.8	
Issue Size (cr)	151	
Face Value (Rs)	10	

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BACKGROUND

Adroit Industries (India) Limited is a vertically integrated manufacturer of propeller shafts and precision-machined torque-transmission components, with over four decades of experience and 5,000+ SKUs. The company has in-house capabilities across forging, machining, heat treatment, assembly, balancing and testing, with three manufacturing facilities in Dewas, Pithampur and Sanwer, Madhya Pradesh. It primarily serves the commercial vehicle segment, while also catering to passenger vehicles and non-automotive applications such as defence, heavy equipment and industrial machinery. Adroit has a strong export-oriented business, supplying products to 32+ countries, with the US contributing 53.76% of export revenue in FY26, and has subsidiaries in Canada and the US.

Details of the Issue:

The public issue consists of Offer For Sale aggregating up to Rs 18 cr and fresh issue up to Rs 133 cr. Net proceeds shall be utilized towards:

- Funding capex:- 63.9 cr.
- Repayment of Subsidiaries Borrowings:- 24.12 cr.

Investment Rationale:

- Diversified Product Portfolio with 5,000+ SKUs
- Vertically Integrated Manufacturing with End-to-End Capabilities
- Established Customer Relationships with High Repeat Business
- Entry Barriers Supported by Engineering and Validation Capabilities
- Capacity Expansion to Support Future Growth

Valuation and Recommendation:

Adroit Industries reported a strong EBITDA margin of 28%, with ROCE of 20.7% and ROE of 20.3%, higher than GNA Axles and Talbros Automotive Components. Its integrated manufacturing capabilities support operating efficiency, while lower sales growth was impacted by capacity constraints, with Dewas operating at 87.9% utilisation in FY26. Capacity expansion at Dewas and Pithampur through additional forging, CNC machining and automated equipment is expected to support future growth. At 16.8x EV/EBITDA and 23.0x P/E, the valuation appears fair considering its superior profitability and return ratios; hence, we recommend a "**SUBSCRIBE**" rating.

Financials	FY24	FY25	FY26
Net Revenues	125	134	140
Growth (%)	-	7.5%	4.5%
EBITDA	30	31	39
EBITDA Margin (%)	23.8%	23.2%	27.7%
PBT	18	23	33
Adjusted PAT	15	18	26
EPS	3.24	4.05	5.83
ROCE	15.4%	17.4%	20.7%
EV/Sales	5.2	4.9	4.7
EV/EBITDA	21.9	21.0	16.8
P/E	41.4	33.1	23.0

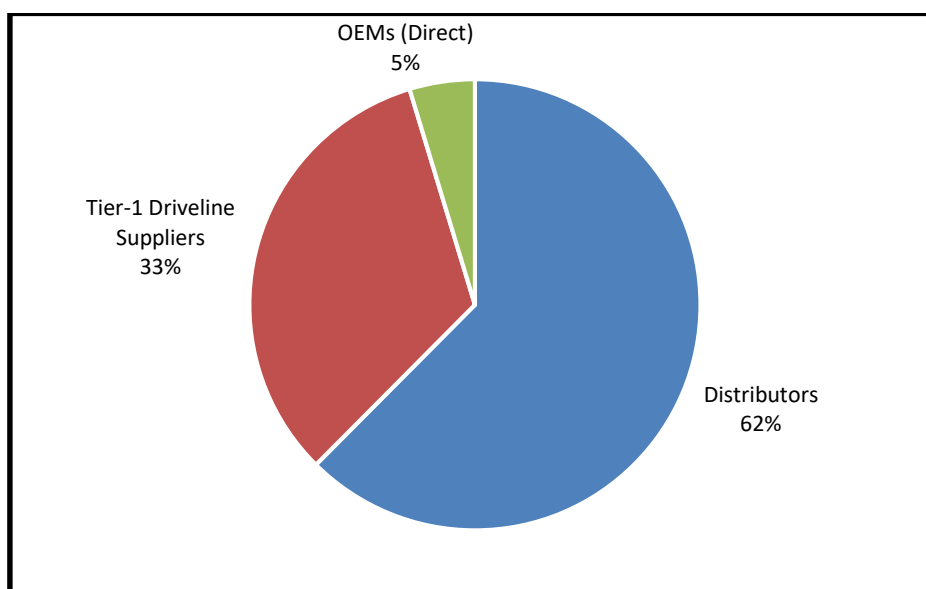
(Source: RHP, NBRR)

Company Background

Adroit Industries (India) Limited is a vertically integrated manufacturer of propeller shafts and precision-machined torque-transmission components. The company has over four decades of experience in manufacturing driveline products and offers more than 5,000 SKUs. Its product portfolio includes complete propeller shaft assemblies, torque-transmission components and forged components used in its manufacturing process. The company has in-house capabilities across forging, precision machining, heat treatment, assembly, balancing and testing. Its manufacturing operations are spread across three facilities located in Madhya Pradesh, at Dewas, Pithampur and Sanwer. The company primarily caters to the commercial vehicle segment, while also serving passenger vehicles, mainly SUVs, and non-automotive applications. Its non-automotive products are used in defence, emergency services, heavy equipment, off-highway machinery and industrial applications. Adroit supplies its products through distributors, Tier-1 driveline component suppliers and directly to OEMs. The company serves customers across domestic and international markets. It has a significant export presence and supplied products to more than 32 countries during FY26.

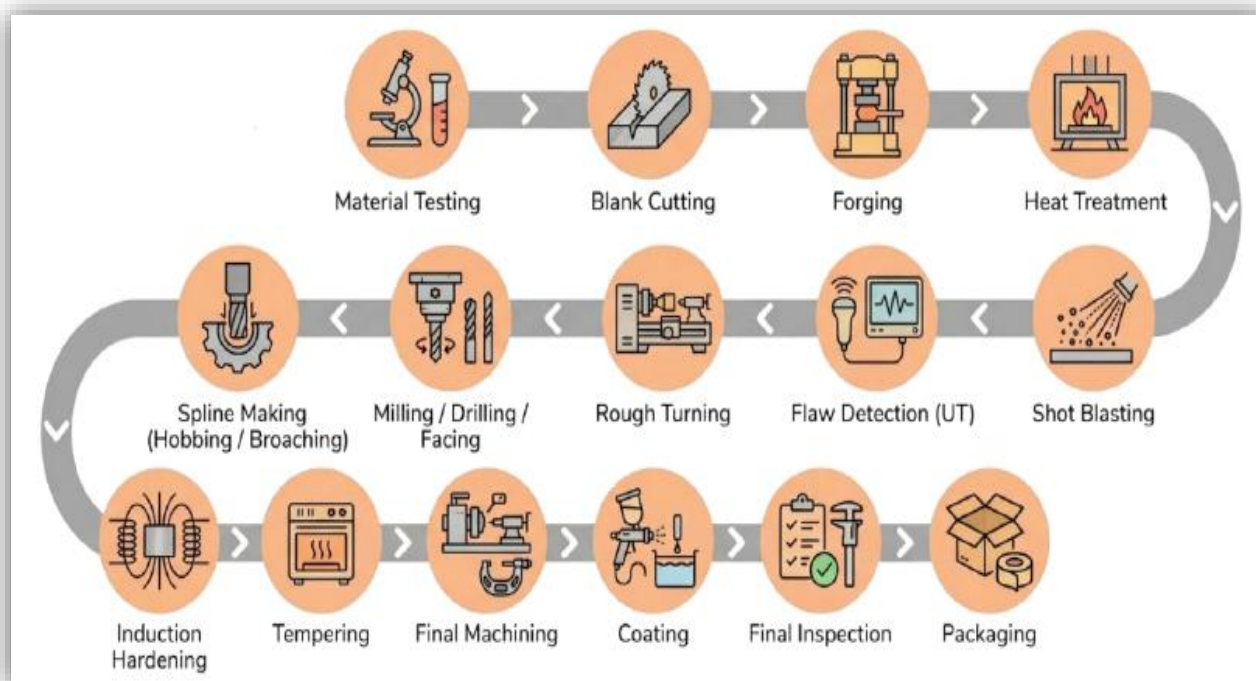
The US is its largest export market and accounted for 53.76% of export revenue in FY26. To strengthen its overseas presence, the company has subsidiaries in Canada and the US. Its integrated manufacturing model enables better control over product quality, process consistency and production timelines. Overall, Adroit Industries operates as a specialised driveline component manufacturer with a diversified product portfolio and a strong export-oriented business model.

Revenue Mix by Customer Channel – FY26



(Source: RHP, NBRR)

Key Manufacturing Processes



(Source: RHP, NBRR)

Investment Rationale

Diversified Product Portfolio with 5,000+ SKUs

Adroit Industries offers over 5,000 SKUs of torque-transmission components and assemblies forming part of driveline systems, catering to both automotive and non-automotive applications. The broad product portfolio enables the company to address diverse customer requirements across different applications and end markets. Its extensive range of products provides flexibility in meeting varying technical and product specifications. The diversified offering also allows the company to participate across multiple segments of the torque-transmission value chain. This wide product portfolio strengthens its ability to serve different customer requirements.

Vertically Integrated Manufacturing with End-to-End Capabilities

Adroit Industries operates a vertically integrated manufacturing framework covering key stages including forging, machining and assembly. Company operating three manufacturing facilities in Madhya Pradesh, namely Dewas, Pithampur and Sanwer. The Dewas facility primarily supports die-making and forging operations, while the Pithampur facility undertakes machining, assembly and related manufacturing activities. The Sanwer facility supports machining and assembly operations for driveline products. This integrated manufacturing setup enables the company to undertake key production processes in-house, providing greater control over manufacturing, quality and operational processes.

Established Customer Relationships with High Repeat Business

Adroit Industries has established relationships with a diversified customer base across domestic and international markets, supported by a high level of repeat business. In FY2026, revenue from repeat customers accounted for 90.26% of the company's revenue from operations. The company believes that its consistent adherence to customer-specific technical specifications, product quality standards and delivery schedules has supported continued customer engagements. The high proportion of repeat business reflects the company's established customer relationships and its ability to consistently meet customer requirements. This provides greater continuity to its revenue base and supports sustained business relationships across its markets.

Entry Barriers Supported by Engineering and Validation Capabilities

Adroit Industries operates within a technically demanding supplier ecosystem, where established engineering, manufacturing and validation capabilities are important for serving customers. Its integrated manufacturing operations support its ability to meet the technical and quality requirements associated with driveline and torque-transmission components. The company's capabilities across forging, machining, assembly and related processes support its participation in this specialised supplier ecosystem. These capabilities, along with established customer relationships and product-specific requirements, can create barriers for new entrants. The company believes its engineering and validation capabilities support its ability to meet customer requirements and maintain its position within the industry.

Capacity Expansion to Support Future Growth

Adroit Industries is expanding its manufacturing capacity at Dewas and Pithampur to support increasing production requirements and future business growth. The Dewas facility operated at 87.9% utilisation in FY26, leaving limited incremental headroom for further volume growth. The company plans to add forging, CNC machining, automated manufacturing and testing equipment to enhance production capabilities. These capacity additions are expected to improve scalability and enable the company to cater to higher customer demand going forward.

Risks

Export and geographic concentration

Exports contributed 95.4% of FY26 revenue from sale of products, with a notable share concentrated in the US. Adverse economic, fiscal, currency or geopolitical developments in key export markets, or foreign-currency volatility, could adversely affect receivables, working capital and cash flows.

Dependence on subsidiary for downstream operations

AIL's downstream manufacturing (machining, assembly, balancing) is undertaken through its subsidiary, Adroit Driveshafts Private Limited, at the Pithampur Facility. The company's vertically integrated operations are interdependent, and any disruption at the Pithampur Facility could affect the company's ability to service customer orders.

Dependence on Key Suppliers and Raw Materials

The top 10 suppliers accounted for 75.97% of total purchase cost in FY2026, indicating significant supplier concentration. Supply disruptions or increases in prices of key raw materials such as steel could adversely affect costs, margins and operations.

Valuation and Recommendation

Adroit Industries demonstrates strong profitability, with an EBITDA margin of 28%, significantly higher than 16% at GNA Axles and 15% at Talbros Automotive Components. It's ROCE of 20.7% and ROE of 20.3% are also higher than GNA Axles at 14.4% and 11.6%, and Talbros at 14.8% and 14.0%, respectively. The relatively lower sales growth was primarily due to capacity constraints, with the Dewas facility operating at 87.9% utilisation in FY26.

The company is undertaking capacity expansion at its Dewas and Pithampur facilities, including additional forging, CNC machining, automated manufacturing and testing equipment, which is expected to enhance production capacity and support future growth. At 16.8x EV/EBITDA and 23.0x P/E, the valuation appears fair considering its superior EBITDA margin, ROCE and ROE compared with both peers. Given its strong profitability, integrated manufacturing capabilities and capacity-led growth potential, we recommend a **"SUBSCRIBE"** rating for the IPO.

Peer Comparison

FY 26 (Consolidated)	GNA Axles Ltd	Talbros Automotive Components Ltd	Adroit Industries Ltd
Revenue	1,478	887	140
CAGR (FY24-26)	-1%	6.7%	6%
EBITDA Margin	16%	15%	28%
Asset Turns (x)	1.2	1.1	0.8
Wkg Cap Days	155	101	237
ROCE	14.4%	14.8%	20.7%
ROE	11.6%	14.0%	20.3%
Debt/Equity	0.2	0.1	0.4
EV/EBITDA	10.7	21.2	16.8
P/E	20.5	28.2	23.0
P/S	2	3	4

Financials

Consolidated Nos

P&L (Rs. Cr)	FY24	FY25	FY26
Net Revenue	125	134	140
% Growth		8%	5%
Cost of goods	26	41	37
% of Revenues	20.6%	30.6%	26.4%
Employee Cost	27	24	28
% of Revenues	21.5%	17.6%	20.2%
Other expenses	42	38	36
% of Revenues	34.1%	28.7%	25.8%
EBITDA	30	31	39
EBITDA Margin	23.8%	23.2%	27.7%
Depreciation	4	4	4
Other Income	1	3	3
Interest	8	6	5
Exceptional item	0	0	0
PBT	18	23	33
Tax	3	5	7
Tax rate	19%	21%	21%
Share of profit of associates	0.00	0.00	0.00
PAT	14.53	18.14	26.16
Non-Controlling Int	0.02	0.02	0.03
Adj. PAT (norm. Tax)	15	18	26
% Growth		25%	44%
EPS (Post Issue)	3.24	4.05	5.83

Ratios & Others	FY24	FY25	FY26
Debt / Equity	0.9	0.6	0.4
EBITDA Margin (%)	23.8%	23.2%	27.7%
PAT Margin (%)	11.7%	13.5%	18.7%
ROE (%)	16.5%	17.5%	20.3%
ROCE (%)	15.4%	17.4%	20.7%

Turnover Ratios	FY24	FY25	FY26
Debtors Days	94	109	118
Inventory Days	155	131	144
Creditor Days	48	30	55
Asset Turnover (x)	0.6	0.7	0.7

Valuation Ratios	FY24	FY25	FY26
Price/Earnings (x)	41.4	33.1	23.0
EV/EBITDA (x)	21.9	21.0	16.8
EV/Sales (x)	5.2	4.9	4.7
Price/BV (x)	6.8	5.8	4.7

Source: Company Data, NBRR

Balance Sheet (Rs. Cr)	FY24	FY25	FY26
Share Capital	17	17	35
Other Equity	70	86	94
Minority Interest	(0)	(0)	(0)
Networth	88	103	129
Total Loans	82	65	53
Other non-curr liab.	3	3	4
Trade payable	16	11	21
Other Current Liab	11	5	7
Total Equity & Liab.	199	187	213
Property, Plant and Equipment	59	55	50
CWIP	0	0	0
Goodwill/Other Intangible assets	4	4	4
Non Current Financial assets	28	24	33
Other non Curr. assets	0	0	5
Inventories	53	48	55
cash and cash equivalents	1	1	2
Bank bal	0	0	0
Investments+loans	0	0	0
Trade receivables(debtor)	32	40	45
Other Current assets	22	15	18
Total Assets	199	187	213

Cash Flow (Rs. Cr)	FY24	FY25	FY26
Profit Before Tax	18	23	33
Provisions & Others	11	8	6
Op. profit before WC	29	31	39
Change in WC	(7)	(6)	(4)
Less: Tax	(2)	(5)	(6)
CF from operations	20	20	29
Purchase/Sale of property, plant a	(0)	1	(4)
(Purchase) Sale of Current Investr	(1)	1	(9)
Interest, dividend and other inc	0	1	1
Investment in fixed deposits (net)	0	0	0
CF from Investing	(0)	3	(12)
Repayment of Borrowings	(12)	(17)	(12)
Dividend Paid to Non Controlling I	0	0	0
Payment of Lease Liabilities (Inclu	0.0	0	0
Interest Paid	(8)	(6)	(5)
CF from Financing	(20)	(24)	(17)
Net Change in cash	(0.18)	(0.03)	0.33
Cash & Bank at beginning	1	1	1
Cash & Bank at end	1	1	2

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