



Company Overview

Incorporated in 1998, Bonfiglioli Transmissions Ltd. manufactures precision gearboxes, gear motors and mobile drive systems that control the speed, torque and movement of industrial machinery. Its products serve factory automation, wind turbines and heavy off-highway equipment. The company follows a co-engineering model, working directly with original equipment manufacturers (OEMs) to integrate its drive systems into their machines. Since replacing these systems can require design modifications and extensive testing, this creates high switching costs and supports long-term customer relationships. The company operates three manufacturing facilities across Tamil Nadu and Maharashtra, supported by 13 sales offices. Its business is organised into three segments: Industry & Automation Solutions, Off-Highway Mobility Industry and Wind Industry. In the six months ended June 2026, these segments contributed 42.5%, 28.3% and 27.4% of revenue from operations, respectively.

(1) Industry & Automation Solutions: This is the company's largest segment, supplying gear motors and gearboxes used in factory automation and industrial processes across sectors such as food processing, chemicals, packaging and textiles. Its catalogue includes over 10,200 standard product configurations, allowing it to meet diverse machinery requirements. Sales are supported by 44 authorised dealers operating 54 outlets, of which 36 are exclusive to the company. Its broad industrial exposure also limits dependence on any single end-use industry, with no individual industry contributing more than 10% of this segment's revenue. (2) Wind Industry: This segment manufactures pitch drives, which adjust turbine blade angles, and yaw drives, which orient turbines towards the wind to improve energy generation. Bonfiglioli began domestic production of these systems in 2006 and supplies turbines ranging from 225 kW to 5 MW. Long-standing relationships with wind turbine manufacturers such as Suzlon Energy and Senvion support its market position, while exports provide access to international markets. (3) Off-Highway Mobility Industry: This segment supplies specialised, high-torque drive systems for heavy machinery, including crawler equipment, rotating machinery and concrete mixer trucks. These systems enable machines to move, rotate and handle heavy loads. Qualifying a drive system for a specific machine can take 25-30 months, making supplier replacement difficult once the system is approved. Key customers include JCB India, Schwing Stetter, CNH Industrial and Ajax Engineering. Manufacturing across all three segments is supported by precision gear machining, grinding and heat treatment, which improve component accuracy and durability. In the six months ended June 2026, the company served more than 930 customers directly, with its top 10 OEM customers accounting for less than 31.7% of revenue. Direct sales contributed 60% of revenue, dealers 20% and inter-company sales 20%, the latter primarily comprising products supplied to group entities for onward sale. Bonfiglioli Transmissions benefits from its Italian parent, Bonfiglioli S.p.A., through access to its brand, technical expertise, global customer relationships and research and development capabilities.

Objects of the issue

The offer comprises an entirely offer for sale (OFS) of up to Rs. 2,534 crores by promoter selling shareholder Bonfiglioli S.p.A., with no fresh issue.

Investment Rationale

Market leadership supported by high switching costs and long-standing OEM relationships

Bonfiglioli Transmissions has established a strong position in India's industrial power transmission market through specialised products, early localisation and close integration with original equipment manufacturers (OEMs). As of CY2025, the company held a 25% market share in India's low- and medium-duty gear motor market and a 67.9% share among domestic manufacturers of wind turbine pitch and yaw drives. Its presence across industrial automation, wind energy and off-highway mobility allows it to address diverse machinery requirements, while its established position in critical drive systems strengthens its ability to secure repeat business. The key competitive advantage lies in the difficulty of replacing its products once they are integrated into customer equipment. Under the Wind and Off-Highway Mobility segments, Bonfiglioli works with OEMs from the design stage to develop application-specific drive systems. Product development and qualification can take up to 30 months, and switching suppliers requires customers to invest additional time in developing and testing alternatives. These barriers are reinforced by long customer relationships: as of June 2026, seven of its top 10 OEM customers by FY25 revenue had been associated with the company for more than 10 years. In Industry & Automation Solutions, its catalogue of over 10,200 product configurations and a dealer network of 44 authorised dealers across 54 outlets support broad customer reach and replacement

Issue Details

Offer Period	15th Oct 2026 - 19th Oct 2026
Price Band	Rs. 558 - Rs. 586
Bid Lot	25
Listing	BSE & NSE
Issue Size (no. of shares in crores)	4.3
Issue Size (Rs. in crores)	2,534
Face Value (Rs.)	10

Issue Structure

QIB	50%
NII	15%
Retail	35%

BRLM	Axis Capital Ltd., BNP Paribas, ICICI Securities Ltd., Jefferies India Pvt. Ltd.
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Registrar	MUFG Intime India Private Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	100.00%	77.00%
Public	0.00%	23.00%
Total	100.00%	100.00%

(Assuming issue subscribed at higher band)

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demand. Sixteen dealers had been associated with the company for at least 20 years, while 36 operated exclusively with it as of June 2026. Together, product integration, qualification barriers, established customer relationships and distribution reach make the business difficult to replicate quickly. These advantages support repeat orders, customer retention and opportunities to supply additional products as customers expand their equipment portfolios. However, sustained growth remains dependent on customers' investment cycles and the company's ability to maintain its technological and delivery competitiveness.

Global technology backing combined with local manufacturing and diversified end markets

Bonfiglioli Transmissions benefits from the technology, research and development (R&D) capabilities and global customer relationships of its Italian parent, Bonfiglioli S.p.A. This enables the company to adapt established global technologies to Indian customer requirements while manufacturing locally. The group had seven R&D centres globally, employing 376 people as of June 2026. This combination of global engineering expertise and local execution has supported product development and early domestic manufacturing of specialised drive systems, including wind turbine pitch and yaw drives, for which the company began Indian production in 2006. Its manufacturing capabilities span precision gear machining, grinding, heat treatment and assembly, enabling it to serve applications with varying torque, durability and performance requirements. The company also offers a broad range of standard gear motor configurations, while its co-engineering capabilities address more specialised customer needs. This combination allows it to serve both standardised industrial demand and customised applications across factory automation, wind energy and heavy mobile machinery. The business mix provides exposure to different industrial investment drivers. Industry & Automation Solutions contributed 42.5% of revenue in the six months ended June 2026, followed by Off-Highway Mobility at 28.3% and Wind Industry at 27.4%. Within Industry & Automation, no single end-use industry accounted for more than 10% of segment revenue, reducing dependence on any one industrial sector. The company also served more than 930 customers directly during the period, with its top 10 OEM customers contributing 31.7% of revenue. This combination of group-backed technology, local manufacturing capabilities and diversified applications provides a platform to address evolving customer requirements and expand across end markets. The potential benefit is stronger customer retention and opportunities to grow revenue through new products and wider adoption among existing customers, although the company remains dependent on its parent for certain technology and intellectual property.

Valuation

Bonfiglioli Transmissions Ltd. has established strong market positions across its three business segments, with a 25.0% share in India's low- and medium-duty gear motor market, a 32.0% share in the off-highway mobility market among non-captive players, and a 67.9% share in yaw and pitch drives among domestic wind-sector manufacturers. Its specialised products, established OEM relationships and access to its Italian parent's technology support its competitive position. Revenue from continuing operations grew at a 9.2% CAGR over CY23-CY25, while PAT and EBITDA (excluding other income) grew at CAGRs of 27.3% and 23.3%, respectively. Performance strengthened in H1CY26, with revenue, EBITDA and PAT growing 17.9%, 26.9% and 29.2% YoY, respectively. Growth was led by Industry & Automation Solutions and Off-Highway Mobility, which grew 23.3% and 36.4% YoY, respectively, while the Wind segment remained broadly flat. EBITDA margin improved to 19.8% from 18.4% in H1CY25, supported by lower material costs as a share of revenue, greater domestic sourcing and improved manufacturing efficiency. CY25 ROCE of 34.1% and ROE of 25.7% also indicate healthy capital efficiency. However, growth remains linked to demand across industrial, mobility and wind end markets, while the company's dependence on its parent for technology and the recurring royalty and group service charges remain relevant considerations. The IPO is entirely an offer for sale (OFS), so the proceeds will go to the selling shareholder rather than the company. **At the upper price band of Rs. 586, Bonfiglioli Transmissions is valued at 46.32x CY25 earnings, with EPS of Rs. 12.65. The valuation is below the reported peer average of 51.61x. Its market leadership in selected product categories, particularly its 67.9% share in domestic yaw and pitch drives, alongside its strong return ratios and improving profitability, support its positioning. Thus, we recommend "SUBSCRIBE" to the issue.**

Risks

- ⇒ Bonfiglioli Transmissions depends on its Italian parent for technology, intellectual property and brand support, while also paying recurring royalty and group service charges. Any adverse change in this relationship or the terms of these transactions could affect operations and profitability.
- ⇒ The top 10 OEM customers contributed 31.7% of revenue in H1CY26. Any reduction in orders or loss of key customers could adversely impact revenue and capacity utilisation.
- ⇒ The top 10 suppliers accounted for 40.8% of raw material and component purchases in H1CY26. Supply disruptions, higher procurement costs or dependence on key suppliers could affect production and profitability.
- ⇒ The company remains exposed to cyclical demand across industrial automation, off-highway mobility and wind energy. A slowdown in industrial activity, equipment demand or wind installations could weaken order inflows and revenue growth.
- ⇒ Bonfiglioli faces competition from domestic and international manufacturers, with pricing pressure and technological changes potentially affecting margins. Product quality issues or delays in developing specialised products could also impact customer relationships and profitability.

Bonfiglioli Transmissions Ltd.

Income Statement (Rs. in crores)

Particular	CY23	CY24	CY25	H1CY26
Revenue:				
Revenue from operations	1,687	1,854	2,014	1,132
Total revenue	1,687	1,854	2,014	1,132
Expenses:				
Cost of raw materials & components consumed	1,110	1,185	1,197	754
Changes in inventories of finished goods and work-in-progress	-27	-6	54	-63
Employee benefit expenses	90	98	106	59
Other expenses	270	282	286	158
Total expenses	1,443	1,559	1,643	908
EBITDA	244	295	371	224
Depreciation & amortization	37	47	48	27
EBIT	207	248	323	197
Finance costs	13	10	8	4
Other Income	14	7	10	7
PBT	208	245	325	200
Total tax	62	53	87	51
Net profit	147	192	238	149
Diluted EPS	7.7	10.3	12.7	7.9

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	CY23	CY24	CY25	H1CY26
Cash Flow from operating activities	198	188	188	130
Cash flow from/(used in) investing activities	-100	109	-52	-26
Net cash flows (used in) / from financing activities	-116	-244	-127	-117
Net increase/(decrease) in cash and cash equivalents	-18	54	9	-13
Cash and cash equivalents at the beginning of the period	109	91	145	153
Cash and cash equivalents at the end of the period	91	145	153	140

Source: RHP, BP Equities Research

Bonfiglioli Transmissions Ltd.

Balance Sheet (Rs. in crores)

Particulars	CY23	CY24	CY25	H1CY26
Assets				
Non-Current Assets				
Property, plant and equipment	256	264	269	270
Capital work-in-progress	20	14	12	14
Intangible assets	2	0	0	0
Intangible assets under development	-	1	0	0
Right-of-use asset	38	34	31	29
Financial assets	0			
i. Investments	0	0	0	0
ii. Loans	-	9	7	7
iii. Other financial assets	5	6	4	7
Deferred tax assets (Net)	18	16	17	16
Non-Current tax assets (Net)	3	0	0	0
Other non-current assets	7	7	8	13
Total Non Current assets	350	352	349	356
Current Assets				
Inventories	332	321	319	378
Financial Assets				
i. Trade receivables	410	406	518	533
ii. Cash and cash equivalents	91	145	153	140
iii. Bank balances other than (ii) above	170	0	10	0
iv. Loans	0	13	5	6
v. Other financial assets	7	15	14	10
Current tax assets (net)	9	8	0	0
Other current assets	46	39	71	74
Total current assets	1,065	947	1,090	1,140
Total Assets	1,415	1,299	1,439	1,496
Equity and Liabilities				
Equity Share Capital	131	125	125	188
Other Equity	670	736	868	846
Total Equity	801	861	993	1,034
Non-Current Liabilities				
Financial Liabilities				
i. Lease Liabilities	6	3	0	0
ii. Other financial liabilities	2	0	2	2
Provisions	11	11	12	12
Total Non-Current Liabilities	19	14	15	14
Current Liabilities				
Contract liabilities	3	5	6	8
Financial Liabilities				
i. Borrowings	111	0	0	0
ia. Lease Liabilities	4	4	2	0
ii. Trade Payables	60	309	330	371
iii. Other financial liabilities	322	66	44	11
Current tax liability (net)	50	0	3	16
Other current liabilities	14	20	21	27
Provisions	31	21	26	14
Total Current Liabilities	595	424	432	447
Total Liabilities	613	438	446	462
Total Equity and Liabilities	1,415	1,299	1,439	1,496

Source: RHP, BP Equities Research

Disclaimer Appendix**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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