

Bonfiglioli Transmissions Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
15 October 2026	19 October 2026	₹558-586	Subscribe

Investment Summary

Bonfiglioli Transmissions Limited is an Indian **precision-engineering subsidiary of Italy-based Bonfiglioli S.p.A.**, specializing in the design, development, and manufacture of high-efficiency gearboxes, gear motors, and integrated drive systems across three core verticals: Industry & Automation (I&A) Solutions, Off-Highway Mobility, and Wind Solutions. The company operates a collaborative manufacturing model anchored by long-cycle co-engineering programs with original equipment manufacturers (OEMs) which accounted for 54.00% of H1 2026 operational revenue supported by three specialized manufacturing facilities across Tamil Nadu (Thirumudivakkam and Mannur) and Maharashtra (Talegaon). Financial execution demonstrates consistent operational scaling, with Revenue from Operations expanding from ₹1,687.33 Cr in FY23 (CY23) to ₹2,013.53 Cr in FY25 (CY25), alongside an EBITDA of ₹370.77 Cr (18.32% margin) and PAT surging to ₹237.87 Cr (11.75% margin), maintained by a pristine, debt-free balance sheet with zero bank borrowings. The IPO comprises an **Offer for Sale of up to 4,32,39,042 Equity Shares**, aggregating up to **₹2,534 Cr** at the upper price band of ₹586 per share, with **no fresh issue component**. As the issue is structured entirely as an OFS by the corporate promoter, Bonfiglioli S.p.A., the company will receive no primary capital proceeds from the offering. Backed by strong European parentage, brand equity, high customer switching costs embedded through 18 to 30-month OEM product cycles, and strong exposure to multi-year tailwinds in wind energy installations (yaw and pitch drives driving 27.36% of H1 2026 revenue) and industrial automation (low-to-medium gear motors driving 37.75%), the company presents exceptional operational strength.

Company Overview

Bonfiglioli Transmissions Limited (originally incorporated as 'Bonfiglioli Deepak Private Limited' in 1998 and converted into a public limited company in September 2025) is an Indian subsidiary of the Italy-based Bonfiglioli Group, specializing in the design, manufacture, and supply of precision power transmission equipment, gearboxes, and gear motors. Headquartered in Kancheepuram, Tamil Nadu, the company caters to diverse industrial applications structured across three key business verticals: Industry & Automation (I&A) Solutions, Off-Highway Mobility, and Wind Solutions. The company operates three manufacturing plants located at Thirumudivakkam (Tamil Nadu), Mannur (Tamil Nadu), and Talegaon (Maharashtra), supported by intellectual property licensing and engineering support from its Corporate Promoter, Bonfiglioli S.p.A.. BTL combines standard catalog products with customized co-engineering solutions for original equipment manufacturers (OEMs), serving both the domestic Indian market (which generated 70.04% of H1 2026 revenue from contracts with customers) and international markets including the United States, Italy, Germany, and China. Promoted by Sonia Bonfiglioli, Luciano Bonfiglioli, Luisa Lusardi, BON-FI S.r.l., and Bonfiglioli S.p.A., the company is undertaking an initial public offering comprising a 100% Offer for Sale of up to 43,239,042 equity shares by Bonfiglioli S.p.A.

Business Model

Bonfiglioli Transmissions Limited manufactures precision power transmission equipment across three verticals: Industry & Automation, Off-Highway Mobility, and Wind Solutions. The company embeds itself into client workflows via joint co-engineering programs with OEMs lasting up to 30 months, generating high switching costs; co-engineered products drove 54.00% of H1 2026 revenue. Its core revenue earners are low-to-medium duty gear motors (37.75% of H1 2026 sales) and wind turbine yaw and pitch drives (27.36%). Sales are executed directly to OEMs (59.56%), through 44 domestic dealers (18.96%), and via inter-company exports (20.00%). India contributes 70.04% of revenue, with key exports going to the US (14.23%) and Europe. Rather than owning underlying patents, the company licenses technology and the "Bonfiglioli" brand from its Italian parent, Bonfiglioli S.p.A., for a 6% royalty fee, manufacturing across three facilities in Tamil Nadu and Maharashtra.

Investment Rationale

Established MNC Pedigree and Global Brand Recognition: As the primary Indian operating arm of Italy-based Bonfiglioli S.p.A., the company leverages over two decades of engineering heritage, access to international product blueprints, and strong brand recall in precision gear manufacturing across critical industrial applications.

Sticky OEM Relationships via Long-Cycle Co-Engineering: Approximately 54.00% of H1 2026 revenue was derived from co-engineered solutions developed alongside OEMs over 18 to 30-month gestation periods, creating substantial switching costs and ensuring multi-year revenue visibility.

Strong Exposure to Renewable Energy and Automation Megatrends: BTL is a major supplier of yaw and pitch drives for wind turbines (generating 27.36% of H1 2026 revenue) and modular industrial gear motors (37.75%), positioning it directly to capture high growth in India's renewable energy additions and broader factory automation capex.

Pristine, Debt-Free Balance Sheet with Resilient Cash Flows: The company operates with zero long-term and short-term bank borrowings (reporting nil borrowings on both non-current and current lines as of June 30, 2026), generating positive operating cash flows (₹129.90 Cr in H1 2026) that support ongoing self-funded expansion.

Diversified Multi-Channel and Export Reach: While maintaining a commanding domestic market share (70.04% of H1 2026 revenue), the company has established a stable export presence principally to the United States (14.23%), Germany, and Italy providing natural revenue diversification across industrial cycles.

Key Risk Factors

Substantial Dependence on Parent and Group Companies: The company relies on its Corporate Promoter, Bonfiglioli S.p.A., for essential technology, know-how, and the "Bonfiglioli" brand under a one-year renewable license agreement requiring a 6% royalty payout on specified product sales. Expenses incurred with related parties represented 32.71% of total expenses in H1 2026, and Bonfiglioli Riduttori S.p.A. remains its single largest supplier (accounting for 15.53% of raw material and component purchases in H1 2026) without long-term supply contracts.

Product and End-Market Vertical Concentration: Revenue generation is heavily concentrated in low-to-medium duty gear motors under the Industry & Automation vertical (37.75% of H1 2026 revenue) and yaw and pitch drives for the Wind Industry vertical (27.36% of H1 2026 revenue). A cyclical downturn or policy slowdown in wind turbine installations and industrial automation investments would materially impact financial performance.

Operating Margins Lag Listed Industry Peers: Burdened by ongoing royalty charges and intra-group cost allocations, the company's operating and net profit margins have historically been lower than those of listed peers such as Elecon Engineering, Shanthi Gears, Timken India, and Schaeffler India.

Exposure to Commodity Price Fluctuations and Raw Material Volatility: Raw materials and components (predominantly steel, aluminum, cast iron, motors, and bearings) constitute the company's largest cost center, with raw material consumption and inventory adjustments accounting for 63.66% of operational revenue in H1 2026. The absence of long-term fixed-price procurement contracts leaves operating profitability exposed to input cost inflation if cost increases cannot be passed on to OEMs.

Customer Concentration and Extended Co-Engineering Cycles: The top 10 OEM customers accounted for 31.72% of continuing revenue in H1 2026 (and 36.60% in CY25). Because co-engineered products involve long gestation timelines of up to 30 months without guaranteed purchase volumes, any project cancellations or demand contractions from major OEMs pose a significant revenue risk.

Financial Snapshot

Metric	CY23	CY24	In Cr CY25
Revenue from Operations	1,687.33	1,854.18	2,013.53
EBITDA	243.90	295.07	370.77
EBITDA Margin	14.45%	15.91%	18.41%
Profit After Tax (PAT)	146.67	191.60	237.87
PAT Margin	8.68%	10.33%	11.81%
Basic EPS (₹)	7.80	10.19	12.65

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Bonfiglioli Transmissions Limited
IPO Issue Size	4,32,39,042 shares (agg. up to ₹2,534 Cr) Offer for sale 4,32,39,042 shares (agg. up to ₹2,534 Cr)
Price Band	₹558 – ₹586 per share
Face Value	₹10 per share
IPO Opening Date	14 October 2026
IPO Closing Date	16 October 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 100.00% → Post-IPO: ~77%
Book Running Lead Managers	Axis Capital Limited, BNP Paribas, ICICI Securities Limited, Jefferies India Private Limited
Use of Proceeds	NA

Valuation and Outlook

At the upper price band of **₹586**, Bonfiglioli Transmissions is valued at a CY25 P/E of **46.32x**, based on a post-issue market capitalization of **~₹11,017 Cr**. The listed peers are Schaeffler India, Timken India, Shanti Gears and Elecon Engineering Company with an average peer P/E multiple of 51.61x reflecting strong MNC capital goods valuations. The valuation appears reasonable considering the company's prominent market position in precision gearboxes and drive systems, strong industry tailwinds from expanding renewable energy and factory automation sectors, a pristine debt-free balance sheet, and deep OEM customer integration via long-cycle co-engineering programs. However, the business remains exposed to parent-company dependency and a mandatory 6% royalty structure, raw material price volatility tied to steel and aluminum, customer concentration, and the absence of fresh capital inflows since the entire issue is structured as an Offer for Sale. The company's strong cash generation capabilities, robust Return on Net Worth (RoNW) of 23.96%, and steady domestic and export execution support its operational outlook. We recommend a **Subscribe stance** for a medium-to long-term investment horizon, while monitoring the execution of industrial capex demand cycles, raw material cost pass-throughs, and ongoing related-party manufacturing agreements.

Disclaimer

This information/document has been prepared by Mangal Keshav Financial Services LLP (MANGAL KESHAV) and is intended for use only by the person or entity to which it is addressed. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/document is subject to changes without prior notice.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. MANGAL KESHAV will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and MANGAL KESHAV has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavor to update the information herein on a reasonable basis, MANGAL KESHAV, its subsidiaries, and associated companies, their directors and employees ("MANGAL KESHAV and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent MANGAL KESHAV and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information.

Clients should read the Risk Disclosure Document issued by SEBI and relevant exchanges, and the Terms & Conditions on the Mangal Keshav website.

Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.
Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900