Bonfiglioli Transmissions Limited

Red Herring Prospectus dated 9 October 2026 | Mainboard | ₹558 – ₹586 | Report date: 17 October 2026

ACFSL VIEW
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Why: India's largest maker of industrial gearboxes and drives, backed by Italy's Bonfiglioli group. Profit grew about 27% a year over CY23–CY25 and 29% in H1 CY26, EBITDA margin widened from 14.5% to 19.8%, return on equity is about 26% and the company has no debt. At ₹586 you pay about 41x trailing profit (46x CY25), below the listed-peer average of 52x. The main watch points are the 6% royalty paid to the parent, wind-sector exposure and an issue that is entirely an offer for sale.

In Plain Words

What it does

Bonfiglioli makes gearboxes, gear motors and drives: the parts that turn a motor's fast spin into the slow, strong movement a machine needs. Examples are the drive that swings an excavator's arm, turns a concrete-mixer drum or rotates a wind turbine to face the wind. It is the Indian arm of Italy's Bonfiglioli group, builds in three plants (two near Chennai, one near Pune) and sells to over 930 customers: factory equipment makers (43% of H1 CY26 sales), construction and farm machinery makers (28%) and wind-turbine makers (27%).

What looks good

Steady growth with rising margins: revenue grew about 9% a year in CY23–CY25 and 18% in H1 CY26, while profit grew faster (about 27% a year) as costs were localised. Return on equity is about 26%, there is no debt, ₹139 Cr of net cash and a regular dividend. It leads its markets (68% share in wind yaw and pitch drives, per the paid industry report). At about 41x trailing profit it is priced below listed peers (average 52x).

What worries us

It depends on its Italian parent. It pays a 6% royalty on licensed products (₹90 Cr in CY25, about 4.5% of revenue) under a licence that is renewed every year, and about a fifth of its sales go to group companies. Wind is over a quarter of revenue, and US wind exports slowed in 2026. The IPO is entirely an *OFS* (the parent is selling, so the company gets no money).

What to watch

Whether EBITDA margin holds near 19–20%, US wind orders recover, the planned Talegaon heavy-duty gearbox plant comes on time, royalty terms stay unchanged and receivable days (85–94) do not rise further.

ACFSL Research view based on the RHP; figures explained in the sections below. Valuation at the advertised price band.

IPO at a Glance

Offer Period	Thu, 15 Oct 2026 – Mon, 19 Oct 2026
Anchor Bidding	Wed, 14 Oct 2026
Price Band (₹)	558 – 586 per share
Bid Lot	25 shares and in multiples thereof
Listing	NSE & BSE (BSE designated)
Issue Size (no. of shares)	Up to 4,32,39,042
Issue Size (₹ Cr)	**2,533.66** at the upper band (as advertised); 2,412.74 at the lower band
Fresh Issue / OFS	No fresh issue; 100% Offer for Sale by Bonfiglioli S.p.A.
Face Value (₹)	10
Pre / Post-issue Shares	18,79,95,834 / 18,79,95,834 (unchanged)
Employee Reservation	Up to 50,000 shares
Basis of Allotment	Wed, 21 Oct 2026 (tentative)
Refunds / Demat Credit	Thu, 22 Oct 2026 (tentative)
Listing Date	Fri, 23 Oct 2026 (tentative)
BRLMs	Axis Capital; BNP Paribas; ICICI Securities; Jefferies India
Registrar	MUFG Intime India Pvt. Ltd. (formerly Link Intime)

Application	Lots	Shares	Amount (₹)
Retail (Min)	1	25	14,650
Retail (Max)	13	325	1,90,450
S-HNI (Min)	14	350	2,05,100
S-HNI (Max)	68	1,700	9,96,200
B-HNI (Min)	69	1,725	10,10,850

Category	Shares offered	% of Offer	Max. applicants*
Anchor investors	1,29,56,712	29.97%	–
QIB (excl. anchor)	86,37,809	19.98%	–
Non-Institutional (NII)	64,78,356	14.98%	–
S-HNI / B-HNI	21,59,452 / 43,18,904	1/3 / 2/3	6,170 / 12,340
Retail (RII)	1,51,16,165	34.96%	6,04,647
Employee Reservation	50,000	0.12%	–
Total Offer	**4,32,39,042**	**100.00%**	

*Amounts at the ₹586 upper band. Category share counts as published by the IPO tracker site supplied by the user; they tie to the RHP structure (anchor = 60% of the 50% QIB portion; NII 15%; retail 35% of the net offer). The anchor portion is worth ₹759.26 Cr at ₹586. *Approximate maximum number of applicants who can get an allotment if the category is oversubscribed: retail at 1 lot; S-HNI and B-HNI at the minimum NII application of 14 lots (350 shares).*

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Source: RHP cover page, The Offer (p. 63), Terms of the Offer – tentative timetable. The RHP leaves price and lot as [●]; the ₹558–586 band and 25-share lot are as advertised and tie to the RHP share count (4,32,39,042 × ₹586 = ₹2,533.81 Cr; the advertised ₹2,533.66 Cr is marginally lower, presumably reflecting the employee discount). The share count does not change with price, so market cap and holdings are the same at both ends of the band.

Valuation Snapshot

Metric	@ ₹558	@ ₹586
Market capitalisation (₹ Cr; 18,79,95,834 shares, unchanged by the OFS)	10,490	11,017
Offer size (₹ Cr)	2,412.74	2,533.81
P/E on CY25 EPS (₹12.65)	44.1x	46.3x
P/E on trailing 12-month EPS to Jun-26 (₹14.44, ACFSL calc.)	38.6x	40.6x
P/E on H1 CY26 EPS annualised (₹15.80)	35.3x	37.1x
EV / trailing EBITDA (Jun-26 net cash ₹139 Cr)	24.7x	26.0x
Market cap / trailing revenue	4.8x	5.0x
Price / NAV (₹55.02, Jun-26)	10.1x	10.7x
Promoter's average cost per share (certified)	₹6.77	₹6.77

In simple terms: at ₹586 you pay about ₹41 for every ₹1 of Bonfiglioli's yearly profit (last 12 months), less than the ₹52 the market pays on average for its listed peers (₹32 for Elecon to ₹63 for Shanthi Gears). It is not cheap in absolute terms, but its profit is growing faster than most peers and its return on equity is higher. *P/E* = share price ÷ yearly earnings per share; *EV/EBITDA* subtracts net cash from the share value and compares it with operating profit.

Source: RHP – Basis for Offer Price (p. 109–123), Summary Financial Information (p. 66–71); ACFSL Research calculations. EPS is from continuing operations and adjusted for the 1:2 bonus issue of January 2026. Trailing 12 months = CY25 + H1 CY26 – H1 CY25. There were no primary or secondary share transactions in the last three years (the company bought back 57.9 lakh shares at ₹124.30, pre-bonus, in May 2024).

Listed Peers

Company	Year	Revenue (₹ Cr)	Diluted EPS (₹)	NAV (₹)	P/E (x)	RoNW (%)
Bonfiglioli Transmissions (at ₹586)	CY25	2,013.53	12.65	52.82	46.32	23.96
Elecon Engineering Company	FY26	2,366.05	15.20	102.65	31.63	14.81
Shanthi Gears	FY26	518.72	9.99	57.36	63.39	17.42
Schaeffler India	CY25	9,685.85	73.60	386.94	53.74	19.02
Timken India	FY26	3,478.03	55.16	403.31	57.66	13.68

Source: RHP – Basis for Offer Price, Comparison with listed industry peers (p. 112). Peer P/E on NSE closing prices of 28 Sep 2026; converted from ₹ million. In the latest reported period (H1 CY26 for Bonfiglioli and Schaeffler, Q1 FY27 for others), EBITDA margins were: Bonfiglioli 19.8%, Elecon 21.0%, Timken 18.8%, Schaeffler 18.3%, Shanthi Gears 13.1% (RHP p. 116–117).

Objects of the Offer

This is a pure **Offer for Sale** (*OFS*): the Italian parent, Bonfiglioli S.p.A., is selling part of its stake, and **the company receives none of the money**. The stated aims are the benefits of listing, visibility and a public market for the shares. The seller bears the offer expenses (other than listing and some audit fees). The parent's average cost is ₹6.77 per share, against an offer price of up to ₹586.

Selling shareholder	Type	Shares offered	₹ Cr at ₹586	Avg. cost (₹)
Bonfiglioli S.p.A. (Italy)	Promoter	4,32,39,042	2,533.81	6.77
Total Offer for Sale		**4,32,39,042**	**2,533.81**	

Source: RHP cover page, Objects of the Offer (p. 106–108). Average cost of acquisition as certified on the cover. ₹ amounts are ACFSL calculations.

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Shareholding – Pre and Post Offer

Shareholder	Pre-offer shares	Pre %	Post-offer shares	Post %
Bonfiglioli S.p.A. (Promoter; incl. 10 shares held by nominees)	18,79,95,834	100.00%	14,47,56,792	77.00%
Other promoters (Sonia Bonfiglioli, Luciano Bonfiglioli, Luisa Lusardi, BON-FI S.r.l.)	–	–	–	–
Public (IPO allottees)	–	–	4,32,39,042	23.00%
Total	**18,79,95,834**	**100.00%**	**18,79,95,834**	**100.00%**

Source: RHP – Capital Structure (p. 93–105). Post-offer holdings are [●] in the RHP; they are ACFSL calculations assuming the full OFS is sold. The individual promoters hold the parent indirectly through BON-FI S.r.l. (Sonia Bonfiglioli 59.92%, Luciano Bonfiglioli 40.08%). Indian rules require at least 25% public shareholding, so the parent will have to sell about two percentage points more within the time allowed. Lock-in: 20% of post-offer capital for 18 months; the rest of the promoter's shares for six months; anchors 50% for 30 days and 50% for 90 days.

Company Overview

Bonfiglioli Transmissions Ltd. was set up in Chennai in 1998 as Bonfiglioli Deepak Pvt. Ltd. and became a public company in September 2025. It is a **manufacturer** of mechanical and electro-mechanical power-transmission products: gearboxes, gear motors, electric motors, inverters and drive systems. It is the Indian arm of Bonfiglioli S.p.A., a family-controlled Italian company founded about 70 years ago with €1,173 mn of revenue in 2025, 18 plants and operations in 80 countries.

Three businesses. Industry & Automation (43% of H1 CY26 revenue) sells gear motors and gearboxes for conveyors, cranes, mixers, mining and textile machines, directly and through 44 dealers; no single end-industry is more than 10% of this vertical. **Off-Highway Mobility** (28%) supplies track, swing, drum and wheel drives to makers of excavators, concrete mixers, road and farm machinery such as JCB, Hyundai, Action Construction Equipment, Ajax, CNH and Wirtgen. **Wind** (27%) supplies yaw drives (which turn the turbine to face the wind) and pitch drives (which angle the blades) to Suzlon, Senvion, Nordex and a large US customer.

How it works. The company manufactures in-house at Thirumudivakkam (Chennai, since 1999; mobility and wind), Mannur (Chennai; industrial, plus a new electric-motor line from October 2025) and Talegaon near Pune (assembly, since 2023). Capacity utilisation rose from 64% in CY23 to 74% in CY25 and 75% in H1 CY26. It made 3.4 lakh gear motors and gearboxes in CY25. About 68–70% of materials are bought in India. The technology and the 'Bonfiglioli' brand belong to the parent: the company pays a **6% royalty** on licensed products and buys group services (IT, finance, R&D through a group company in Chennai). It does not hold patents or trademarks in its own name.

Customers and reach. It served over 930 customers in H1 CY26; the top 10 OEM customers were 32% of revenue and the largest about 9%. India was 70% of revenue and exports 30% (USA 14%, mainly wind). About 20% of H1 CY26 revenue was sold to group companies for onward sale. Frost & Sullivan (paid by the company) ranks it India's largest maker of gearboxes and drives for these three markets, with a 68% share in yaw and pitch drives and 25% in low and medium-duty gear motors.

Management. Kennady V. Kaippally (Managing Director) and Gatham Anandhan Balaji (Whole-time Director & CFO) run the company; Sonia Bonfiglioli (group chairperson) sits on the board, and Ravindra Pisharody chairs the eight-member board, which has three independent directors. The company had 1,032 people at June 2026 (627 on roll).

Source: RHP – Our Business (p. 205–241), History and Certain Corporate Matters (p. 249), Our Management (p. 255), Risk Factors (p. 20–62).

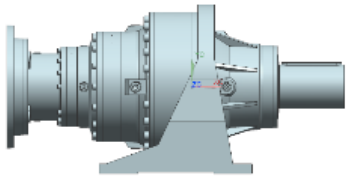
Company Snapshot

Incorporation	23 June 1998, Chennai (CIN U29309TN1998PLC040717); converted to public company Sep-2025; financial year January–December
Registered office	Plot AC7–AC11, SIDCO Industrial Estate, Thirumudivakkam, Kancheepuram 600 132, Tamil Nadu
Promoters	Bonfiglioli S.p.A. (100% pre-offer), BON-FI S.r.l., Sonia Bonfiglioli, Luciano Bonfiglioli, Luisa Lusardi
Plants	Thirumudivakkam and Mannur (Tamil Nadu); Talegaon (Maharashtra, leased MIDC land); 1.2 mn machine-hours capacity in CY25
Scale (Jun-26)	930+ customers, 44 dealers, 13 sales offices, 1,032 workforce; 11,800+ SKUs supplied
Financial position (Jun-26)	Net worth ₹1,034 Cr; no borrowings; cash ₹140 Cr; dividends paid ₹115 Cr in CY25 and ₹110 Cr in H1 CY26

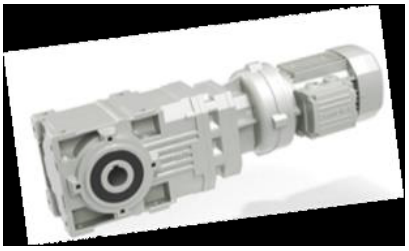
Source: RHP cover page, Our Business, Restated Financial Information.

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Key Products



Planetary gearboxes
High-torque gearboxes (up to about 1,287 kNm) for mining, sugar and recycling machines (Industry & Automation).



Bevel-helical gear motors
Low and medium-duty gear motors for conveyors, cranes, crushers and agitators; the largest product group (38% of revenue).



Servo motors & precision drives
Motion-control products for packaging, printing, metal processing and material-handling automation.



Track drives
Drives that move excavators, pavers, harvesters and mining machines (1.2 kNm to 3,000 kNm) for off-highway OEMs.



Swing drives
Rotate the upper body of excavators, boom pumps and cranes; co-engineered with the customer.



Yaw & pitch drives
Turn wind turbines into the wind and angle the blades; 27% of H1 CY26 revenue; India's only test lab for them is in the group.

Source: RHP – Our Business, products by vertical (p. 221–226); images from the offer document.

Revenue Mix (₹ Cr)

Particulars	CY23	CY24	CY25	H1 CY25	H1 CY26
Industry & Automation	727.05 (43.1%)	764.89 (41.3%)	824.44 (40.9%)	390.24 (40.6%)	481.33 (42.5%)
Off-Highway Mobility	425.79 (25.2%)	435.79 (23.5%)	507.05 (25.2%)	234.95 (24.5%)	320.38 (28.3%)
Wind (yaw & pitch drives)	500.96 (29.7%)	599.43 (32.3%)	634.77 (31.5%)	309.23 (32.2%)	309.65 (27.4%)
Others (components, scrap, incentives)	33.53 (2.0%)	54.07 (2.9%)	47.27 (2.3%)	25.94 (2.7%)	20.52 (1.8%)
Revenue from operations	**1,687.33**	**1,854.18**	**2,013.53**	**960.36**	**1,131.87**
Low & medium-duty gear motors	648.74 (38.4%)	688.53 (37.1%)	734.68 (36.5%)	352.38 (36.7%)	427.23 (37.7%)
Inter-company (group) sales	272.22 (16.1%)	275.51 (15.0%)	306.48 (15.2%)	129.48 (13.5%)	226.40 (20.0%)
Dealer sales	333.31 (19.8%)	353.56 (19.1%)	390.94 (19.4%)	186.51 (19.4%)	214.57 (19.0%)
Customers in India / outside India (%)	76.15 / 23.85	74.59 / 25.41	72.49 / 27.51	74.11 / 25.89	70.04 / 29.96
of which USA	157.75 (9.5%)	240.52 (13.2%)	307.74 (15.5%)	145.13 (15.4%)	159.16 (14.2%)
Top 10 OEM customers (% of revenue)	32.8%	34.4%	36.6%	37.8%	31.7%
Royalty paid to parent (in other expenses)	75.23 (4.5%)	82.21 (4.4%)	89.59 (4.4%)	43.03 (4.5%)	50.74 (4.5%)

Source: RHP – Our Business (p. 207–208, 222, 227), KPIs (p. 114), Risk Factors (p. 20–34), MD&A (p. 370–376). Converted from ₹ million. Geography percentages are of revenue from contracts with customers. Inter-company sales are mainly yaw and swing drives sold to group companies for their customers.

Financials (Restated)

Key Drivers Behind the Numbers

- **Construction and farm machinery drove recent growth.** Off-highway revenue rose 16% in CY25 and 36% in H1 CY26 as OEM customers built more machines and new supply programmes started, including orders linked to customers moving supply chains to India. Industry & Automation grew 8% in CY25 and 23% in H1 CY26 on demand from material handling, mining, construction and wastewater.
- **Wind gave a lift in CY24 and then flattened.** A larger order from a US customer pushed wind revenue up 20% in CY24. In H1 CY26 wind sales were flat (₹310 Cr) because US customers delayed turbine installations; growth in India and other export markets made up the gap.
- **Margins widened through cheaper, local sourcing.** Materials fell from 64% of revenue in CY23 to 62% in CY25 and 61% in H1 CY26, helped by lower raw-material prices, more Indian suppliers and price increases. Sub-contracting was cut by bringing machining in-house, and fixed costs grew slower than sales. EBITDA margin rose from 14.5% to 19.8%.

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- **Some one-offs.** Other operating revenue includes transfer-pricing recoveries from the parent of ₹14.1 Cr (CY24) and ₹8.0 Cr (CY25). Finance cost is mainly discounts given to customers who pay early; there is no debt. Inventory rose ₹58 Cr in H1 CY26 to support higher production.

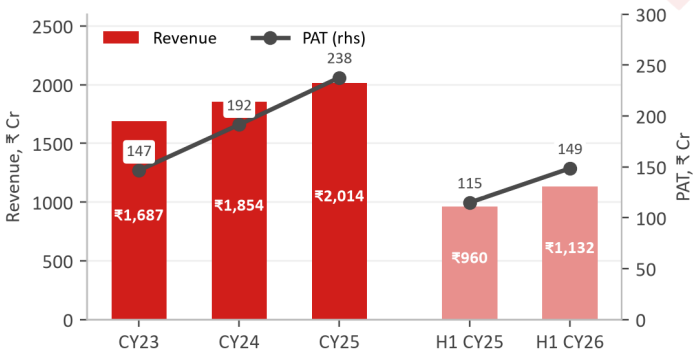
Source: RHP – MD&A (p. 355–397, incl. H1 CY26 vs H1 CY25 p. 369–371, CY25 vs CY24 p. 372–374, CY24 vs CY23 p. 374–376).

Income Statement (₹ Cr)

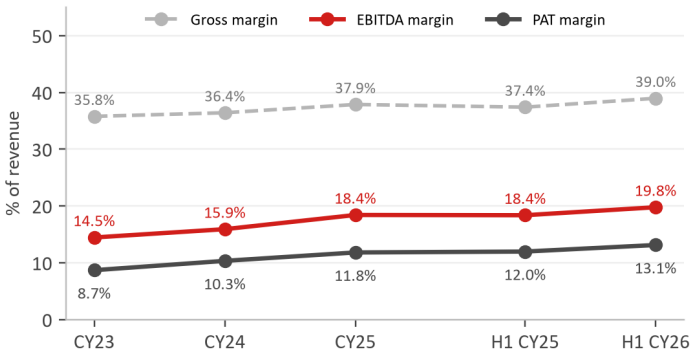
Particulars (₹ Cr)	CY23	CY24	CY25	H1 CY25	H1 CY26
Revenue from operations	1,687.33	1,854.18	2,013.53	960.35	1,131.87
Revenue growth %	–	9.9%	8.6%	–	17.9%
Cost of raw materials & components	1,110.49	1,185.43	1,196.72	597.74	754.18
Change in inventories of FG and WIP	(26.89)	(6.41)	54.25	3.44	(63.30)
COGS	1,083.61	1,179.02	1,250.97	601.18	690.87
% to revenue	64.2%	63.6%	62.1%	62.6%	61.0%
Gross profit	**603.72**	**675.17**	**762.55**	**359.18**	**441.00**
Gross margin %	35.8%	36.4%	37.9%	37.4%	39.0%
Employee cost	89.67	98.22	106.27	49.23	58.96
% to revenue	5.3%	5.3%	5.3%	5.1%	5.2%
Other expenses (incl. royalty)	270.16	281.87	285.51	133.52	158.16
% to revenue	16.0%	15.2%	14.2%	13.9%	14.0%
EBITDA (excl. other income)	**243.89**	**295.07**	**370.77**	**176.43**	**223.87**
EBITDA margin %	14.5%	15.9%	18.4%	18.4%	19.8%
Add: Other income	14.47	6.97	10.06	6.14	7.30
Less: Depreciation & amortisation	37.10	46.63	47.82	23.40	27.19
EBIT	**221.26**	**255.42**	**333.01**	**159.17**	**203.99**
EBIT margin %	13.1%	13.8%	16.5%	16.6%	18.0%
Less: Finance cost	13.09	10.42	7.78	3.66	4.07
PBT (continuing operations)	**208.17**	**245.00**	**325.23**	**155.51**	**199.91**
PBT margin %	12.3%	13.2%	16.2%	16.2%	17.7%
Less: Tax (current, earlier years, deferred)	61.51	53.40	87.36	40.54	51.33
Tax rate %	29.5%	21.8%	26.9%	26.1%	25.7%
PAT (continuing operations)	**146.67**	**191.60**	**237.87**	**114.97**	**148.58**
PAT growth %	–	30.6%	24.2%	–	29.2%
PAT margin %	8.7%	10.3%	11.8%	12.0%	13.1%
Add: PAT from discontinued operations	1.83	3.57	–	–	–
Reported PAT	**148.49**	**195.16**	**237.87**	**114.97**	**148.58**
EPS (₹, continuing; basic = diluted)	7.57	10.08	12.65	6.12	7.90

Source: RHP – Summary of Restated Statement of Profit and Loss (p. 67–68). Financial year ends 31 December. H1 = six months to 30 June; EPS not annualised. EBITDA ties to the RHP KPI (excludes other income). Discontinued operations are the IT/R&D unit transferred to a group company in September 2024. PAT margin here is on revenue from operations; the RHP computes it on total income. Converted from ₹ million.

Charts

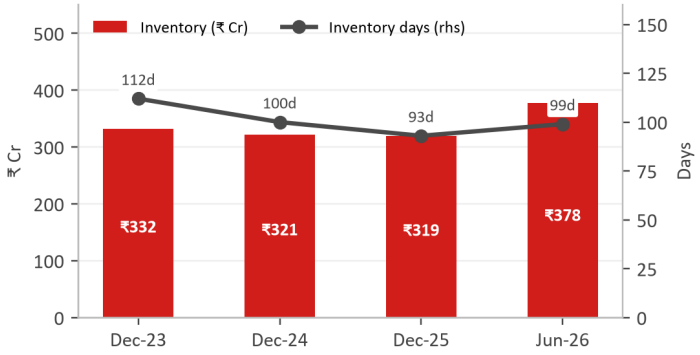


Revenue & PAT (₹ Cr); H1 bars shaded lighter

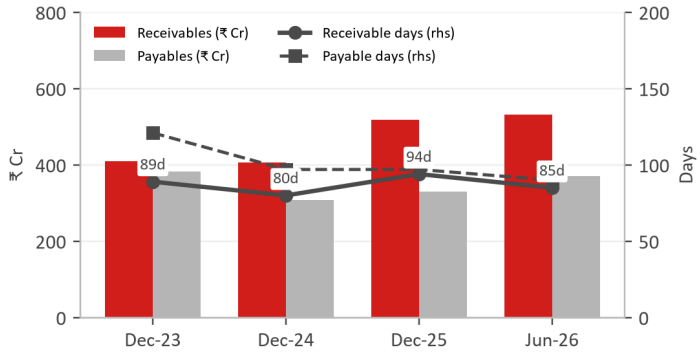


Gross, EBITDA & PAT margin trend

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Inventory (₹ Cr) and inventory days



Receivables & payables (₹ Cr) and days

Source: RHP – Restated Financial Information; days are the RHP-certified KPIs (p. 115), with Jun-26 on 181 days. PAT is from continuing operations.

Working Capital (₹ Cr)

Why this matters: working capital is the cash tied up in stock and unpaid customer bills, less what the company owes suppliers. Bonfiglioli's cash cycle has stretched from 80 to 94 days, mainly because customers take longer to pay; it still generates enough cash to stay debt-free and pay dividends. *Receivable days* = how long customers take to pay; *inventory days* = how long stock sits before it is sold.

Particulars	Dec-23	Dec-24	Dec-25	Jun-26
Inventories	332.28	321.42	319.21	377.61
Trade receivables	410.14	406.19	517.74	532.51
Trade payables	382.03	308.55	330.21	371.21
Net trade working capital	**360.40**	**419.06**	**506.74**	**538.91**
Inventory days	112	100	93	99
Receivable days	89	80	94	85
Payable days	121	97	97	90
Cash conversion cycle (days)	80	83	90	94
Borrowings	110.79	–	–	–
Cash and bank balances (incl. other bank balances)	260.54	144.76	163.20	140.17

Source: RHP – Summary Balance Sheet (p. 66), KPIs (p. 115). Days are RHP-certified: inventory on COGS, receivables on revenue, payables on purchases; Jun-26 on 181 days. Standard credit terms are 30–120 days, extending to 240 days for some customers (Risk Factor 37).

Balance Sheet (₹ Cr)

Particulars (₹ Cr)	Dec-23	Dec-24	Dec-25	Jun-26
Property, plant and equipment	256.14	263.98	269.15	269.89
Capital work-in-progress	20.26	13.73	12.35	13.57
Intangible assets (incl. under development)	2.32	1.25	0.34	0.30
Right-of-use assets	38.10	34.31	30.70	28.54
Non-current financial assets (investments, loans, others)	5.57	14.91	10.87	13.84
Deferred tax assets (net)	17.51	16.18	17.41	16.12
Tax and other non-current assets	9.88	7.93	8.32	13.66
Total non-current assets	**349.79**	**352.29**	**349.14**	**355.92**
Inventories	332.28	321.42	319.21	377.61
Trade receivables	410.14	406.19	517.74	532.51
Cash and cash equivalents	90.53	144.67	153.18	140.17
Other bank balances	170.01	0.09	10.02	–
Loans and other current financial assets	6.56	27.40	18.81	15.79
Current tax and other current assets	55.40	47.02	71.36	73.83
Total current assets	**1,064.93**	**946.79**	**1,090.32**	**1,139.90**
Total Assets	**1,414.71**	**1,299.08**	**1,439.46**	**1,495.82**
Equity share capital	131.12	125.33	125.33	188.00
Other equity	670.24	735.62	867.66	846.27

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Particulars (₹ Cr)	Dec-23	Dec-24	Dec-25	Jun-26
Total equity	**801.36**	**860.95**	**992.99**	**1,034.27**
Lease liabilities (non-current)	6.01	2.81	0.39	0.32
Other financial liabilities and provisions (non-current)	12.79	10.82	14.34	14.04
Total non-current liabilities	**18.80**	**13.63**	**14.73**	**14.36**
Borrowings (current)	110.79	–	–	–
Lease liabilities (current)	3.66	3.75	2.42	0.47
Trade payables	382.03	308.55	330.21	371.21
Other current financial liabilities	49.91	66.22	43.87	10.64
Contract and other current liabilities	16.71	25.23	26.56	35.54
Provisions and current tax liability	31.46	20.75	28.67	29.34
Total current liabilities	**594.55**	**424.50**	**431.74**	**447.20**
Total Equity and Liabilities	**1,414.71**	**1,299.08**	**1,439.46**	**1,495.82**

Source: RHP – Summary Balance Sheet (p. 66). Converted from ₹ million. Share capital fell in CY24 after the ₹72 Cr buyback and rose in January 2026 with the 1:2 bonus issue. The CY23 bank loans (₹111 Cr) were repaid in CY24; the company has had no borrowings since.

Cash Flow Statement (₹ Cr)

Particulars (₹ Cr)	CY23	CY24	CY25	H1 CY25	H1 CY26
Profit before tax (incl. discontinued operations)	210.61	249.58	325.23	155.51	199.91
Depreciation and amortisation (incl. right-of-use)	37.10	45.03	47.82	23.40	27.19
Finance costs (incl. lease interest)	13.09	10.42	7.78	3.66	4.07
Interest income	(14.01)	(6.50)	(8.10)	(4.40)	(5.91)
Warranty provision and other non-cash items	9.92	4.14	3.75	(2.25)	1.78
Operating profit before working capital changes	**256.71**	**302.66**	**376.48**	**175.92**	**227.04**
(Increase) / decrease in trade receivables	(30.86)	(3.14)	(108.34)	(30.76)	(16.91)
(Increase) / decrease in inventories	(69.44)	30.86	2.20	(18.78)	(58.39)
Increase / (decrease) in trade payables	93.57	(67.71)	20.33	15.26	42.82
Other working-capital items (net)	5.74	(21.99)	(27.07)	(50.98)	(26.19)
Cash generated from operations	**255.73**	**240.68**	**263.59**	**90.67**	**168.37**
Discontinued operations and income tax paid (net)	(57.50)	(52.33)	(75.91)	(22.02)	(38.48)
Net cash from operating activities (A)	**198.23**	**188.35**	**187.68**	**68.65**	**129.90**
Purchase of PPE and intangibles (net of disposals)	(120.13)	(42.24)	(51.88)	(22.80)	(40.84)
Bank deposits placed / matured (net)	13.03	169.92	(9.92)	(163.82)	9.56
Loans to group company (net)	–	(21.85)	9.93	6.67	(1.10)
Interest received	13.34	11.70	7.35	3.39	6.32
Other investing items (incl. discontinued operations)	(6.16)	(8.14)	(7.85)	(6.24)	–
Net cash from / (used in) investing activities (B)	**(99.92)**	**109.40**	**(52.38)**	**(182.80)**	**(26.06)**
Borrowings raised / (repaid), net	(32.96)	(110.79)	–	–	–
Interest and lease payments	(17.92)	(14.45)	(11.48)	(5.44)	(6.87)
Dividends paid	(65.56)	(46.37)	(115.30)	–	(109.98)
Buyback of shares	–	(72.00)	–	–	–
Net cash used in financing activities (C)	**(116.44)**	**(243.61)**	**(126.79)**	**(5.44)**	**(116.85)**
Net increase / (decrease) in cash (A+B+C)	**(18.14)**	**54.14**	**8.51**	**(119.59)**	**(13.01)**
Cash and cash equivalents – closing	90.53	144.67	153.18	25.08	140.17

Source: RHP – Summary Cash Flow Statement (p. 69–71). Minor lines grouped by ACFSL; converted from ₹ million. Operating cash flow covered capex every year. Over CY23–H1 CY26 the company paid ₹337 Cr in dividends and ₹72 Cr in buybacks to its parent, and repaid all bank debt. The large investing swings are bank deposits being placed and redeemed.

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Key Risks

- **Dependence on the parent.** The technology, designs and 'Bonfiglioli' brand belong to Bonfiglioli S.p.A. The company pays a 6% royalty on licensed products (₹90 Cr in CY25) under a one-year licence that renews automatically but can be ended with three months' notice before year-end. It owns no patents or trademarks.
- **Related-party transactions.** Related-party income was 20% of total income and related-party expenses 33% of total expenses in H1 CY26 (royalty, group services, purchases). The largest supplier is a group company; group purchases were 15.5% of the total. Pricing is stated to be at arm's length, but minority holders depend on it.
- **Wind and US exposure.** Yaw and pitch drives were 27% of H1 CY26 revenue (32% in CY25). The USA was 14% of revenue and US wind installations were delayed in 2026; US tariffs or a slowdown in wind orders would hit growth.
- **Customer concentration.** The top 10 OEM customers were 32–38% of revenue in each period and the largest about 9–11%. Off-highway demand follows the construction and farm-equipment cycle.
- **Working capital stretch.** The cash cycle rose from 80 days (CY23) to 94 days (Jun-26). Receivables were ₹533 Cr at June 2026 and some customers get up to 240 days' credit. A ₹2.3 Cr provision was made in CY24 for an OEM customer that did not pay.
- **Raw-material prices and margins.** Steel, castings and bought-in components are about 61% of revenue, and 32% of purchases are imported. The RHP notes its margins were the lowest among listed peers in CY23 and CY24, so recent gains could reverse if prices rise.
- **Full OFS and future selling.** The company receives no money from the IPO. The parent will still own 77% and must sell at least another two percentage points to meet the 25% public-holding rule, which may add supply of shares after lock-ins end.
- **Expansion and leased sites.** A new heavy-duty gearbox plant at Talegaon is planned; delays or cost overruns are possible. The Talegaon and Mannur plants stand on leased land.
- **Audit and compliance observations.** Auditors noted that the audit trail was not enabled for some transactions (CY24–CY25), backups were not kept on servers in India, there were delays in some statutory dues and gaps in Audit Committee approval of related-party transactions (CY25). Tax and other claims against the company total ₹35 Cr.

Source: RHP – Risk Factors (p. 20–62), Our Business (p. 231–232), Outstanding Litigation (p. 400), MD&A.

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