Banco Products (India) Ltd.

# *Investor Update*

# *Q1FY12*

15/07/2011

# Flow of Presentation

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# Company Profile

- Banco Products is a substantial player in aluminum and copper radiator manufacturing in India
- Manufactures auto motive and industrial radiators and gaskets
- More than four decades presence in auto components business
- Technical collaboration with Japan Metal Gasket, Japan for manufacturing of Gaskets

# Business Overview

- Presence in automotive components manufacturing since 1962
- Five manufacturing units, out of which three units are located at Baroda and one assembly plant at Jamshedpur for supply to Tata Motors and one at Rudrapur.
- Primary market is automotive sector for both radiators and gaskets

# Business Overview (contd..)

- Manufactures radiators for the railways, earth moving machinery and generator-sets
- Products are certified to TS16949 standards in addition to the ISO 9002 certification
- Domestic and imported raw material composition varies based on price arbitrage of metals

# Business Overview (contd..)

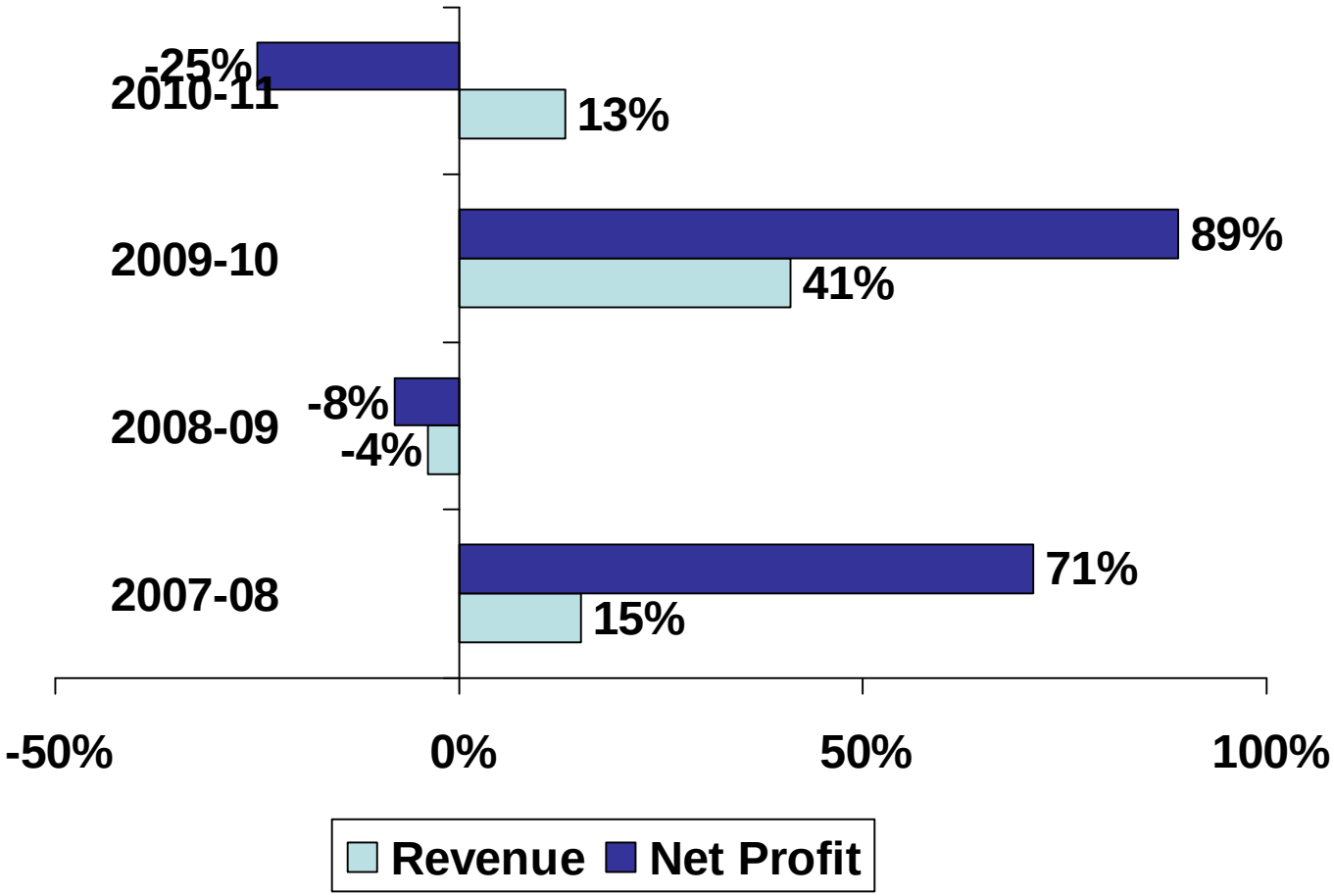
- Banco focuses on radiator manufacturing for commercial vehicles, off-the road (OTR) vehicles domestic market and passenger vehicles in export market

# Core Competencies

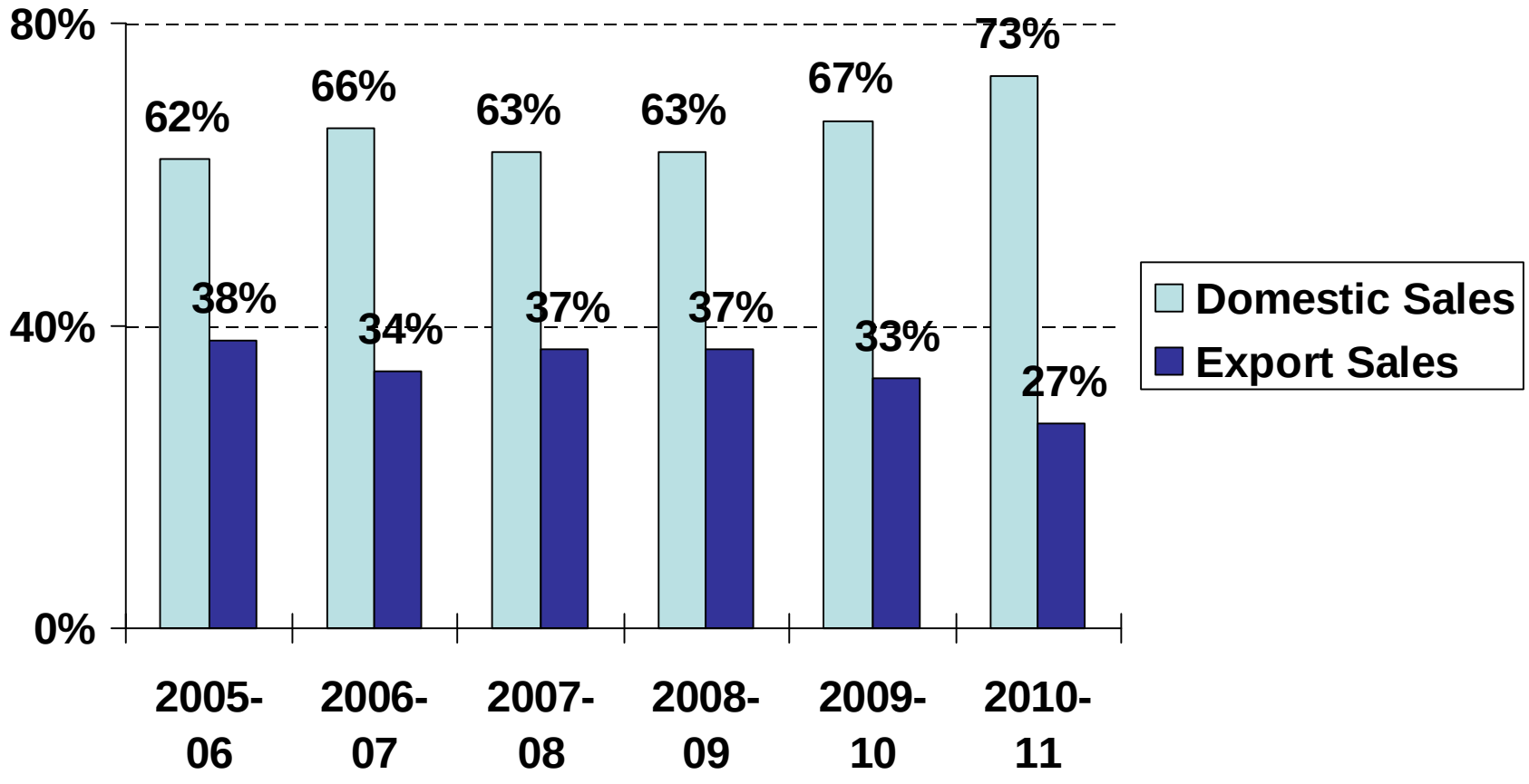
- Four decades of experience has resulted in better understanding of the business
- One of the larger players in radiator business under organsied sector
- Wide range of products and process innovation
- Adopting to change in technology by investing in R&D
- Globally competitive price and timely delivery is key to Banco's international business

# *Financial Highlights*

# Revenue & Net Profit Growth



# Domestic and Export sales break up



# Financial Performance for last 4 years

(Rs. in crore)

| | FY 08 | FY 09 | FY 10 | FY 11 |
|---|---|---|---|---|
| **Net Sales** | 299 | 288 | 407 | 460 |
| **EBIDTA** | 63 | 59 | 110 | 96 |
| **EBIDTA Margin** | 21% | 20% | 27% | 21% |
| **PAT** | 43 | 41 | 78 | 59 |
| **PAT Margin** | 14.5% | 14.4% | 19% | 13% |
| **Cash EPS** (comparable) | 7 | 7 | 11 | 8 |
| **ROE –**PAT BASE | 32% | 25% | 33% | 22% |

# Banco Products (India) Ltd.

| Rupee Spent 2010-11 | |
|---|---|
| **Product** | **Rs. Lacs** |
| Material Consumed | **54.8** |
| Employees Remuneration | **4.5** |
| Manufacturing Exps. | **12** |
| Admin and General Exps. | **1.2** |
| Selling and Distribution | **7.6** |
| Interest and Finance Charge | **1.9** |
| Depreciation | **2.8** |
| PBT | **15.2** |
| Total | **100** |

# Raw Material break up (Rs cr)

| **Raw Materials** | **2008-09** | **2009-10** | **2010-11** |
|---|---|---|---|
| Imported Materials | 52 | 84 | 87 |
| Indegenous | 110 | 129 | 168 |
| Total | 162 | 213 | 255 |

| **Particular** | **2008-09** | **2009-10** | **2010-11** |
|---|---|---|---|
| FOB value of Exports | 108 | 134 | 123 |
| CIF value of Imports | 79 | 93 | 123 |

# Key Ratios

| **Profitability ratios** | **2009** | **2010** | **2011** |
|---|---|---|---|
| EBITDA/Net Sales (%) | 20% | 27% | 21% |
| PAT margin (%) | 14% | 19% | 13% |
| ROCE (%) – PAT BASE | 23% | 23% | 12% |
| RONW (%) –PAT BASE | 25% | 33% | 22% |
| **Balance Sheet ratios** | | | |
| Debt-Equity ratio | 0.5 | 0.4 | 0.4 |
| Net debt-Equity ratio - | - | - | |
| Current Asset / Current Liabilities | 4 | 4 | 4 |
| **Coverage ratios** | | | |
| Debtors turnover ratio (days) | 74 | 73 | 69 |
| Inventory turnover ratio (days) | 69 | 68 | 81 |
| Debtors (% of sales) | 22% | 20% | 19% |

# Financial Highlights of last 5 quarters

(Rs. In crore)

| | Q1FY11 | Q2FY11 | Q3FY11 | Q4FY11 | Q1FY12 |
|---|---|---|---|---|---|
| Net Sales | 110 | 119 | 102 | 129 | 139 |
| EBIT DA | 29 | 24 | 21 | 22 | 32 |
| PAT | 19 | 14 | 13 | 12 | 20 |

# International Business

- Banco has a 100% EOU unit at Baroda
- Could maintain export sales as a percentage of total sales in the range of 30-35% in the last 3 years
- Major export market for the company is EU nations
- Banco has presence in OEM, aftermarket and private label segments

# International Business (contd)

- Rapid design, proto typing capabilities, testing facilities, timely delivery and competitive pricing are major drivers of the business
- Steady increase in number of OEM players visiting Banco's facilities

# Customer Profile

- Major customers for Gaskets include Maruti, TATA Motors, Hero Honda and TVS Group
- Major customers for radiators are TATA Motors, Ashok Leyland, M & M, Koel, BEML, TAFE, JCB, Indian Railways, among others
- Domestic Market ,OEM sales accounts for 80-85 % and around 20-15 % from after sales market
- Continuous good order flow is seen from Industrial segment

# Industry wise customer spread

| Segment | Current |
|---|---|
| Automotive | 50-55% |
| Earth Moving & Construction | 20-25% |
| Industrial Engine | 30-35% |

# Industry Growth Drivers

- Major growth is expected from Industrial segment in the coming years
- User industries like Railways and Power add more mass to our existing business due to huge spending in both user industries

# Capex

- Company spend Rs. 38 crores last year. Fiscal year 2011-12 capex will be higher in the range of Rs.35-40 crores as Company proposes to enhance its production capacity.
- Total debt is Rs. 112 crores as on 31.03.2011.

# *Q1 FY12 Update*

# Banco Products ( India ) Ltd-
# Standalone Financial Highlights

## Highlights for Q1FY12

- Net revenues at Rs. 139 crore.
- EBIDTA margin stood at 23%
- Net profit at Rs.20 crores.

## Highlights for FY11

- Net revenues at Rs. 460crore
- EBIDTA margin stood at 21%
- Net profit at Rs.59 crore
- EPS stood at Rs. 8 (FV 2)

# Banco Products ( India ) Ltd-
# Consolidated Financial Highlights

## Highlights for Q1FY12

- Net revenues at Rs.271 crore.
- EBIDTA margin stood at 15%
- Net profit at Rs.25 crore.

## Highlights for FY11

- Net revenues at Rs. 850 crore
- EBIDTA margin stood at 11%
- Net profit at Rs.66 crore
- EPS stood at Rs. 9 (FV 2)

# Update on Balance sheet (Rs cr)

| | 2009 | 2010 | 2011 | Q1 2012 |
|---|---|---|---|---|
| Cash & Bank Balance | 7 | 5 | 8 | 21 |
| Working capital Loan | 7 | 21 | 75 | 70 |
| Net Block | 80 | 81 | 106 | 107 |
| Networth | 177 | 240 | 231 | 285 |
| Share Capital | 14 | 14 | 14 | 14 |
| Total Debt | 9 | 96 | 112 | 119 |

# UPDATE ON LAKE CEMENT LTD

- LCL financial closure is completed with local banks for Term Loan and Working Capital.
- Tendering for Capital equipment is at advanced stage.
- Recruitment for senior positions nearly completed.

# UPDATE ON KILIMANJARO BIOCHEM LIMITED

- Trial runs to commence in July, 11.
- Commercial production expected to start in Aug’11.
- Annual sales expected to be around US $ 4 million at the first stage.
- IRR is expected around 30% plus.

# UPDATE ON NRF BV

- Company has achieved sales of Euro 62 Million with EBIDTA of Euro 3.24 M and PAT of Euros 1.4 Million for the financial year ended on 30.11.2010.

- Net Current Assets were Euro 29 Million , Cash & Bank balances in hand was 6 Million Euros and shareholders fund were Euro 34.7 Million on 30.11.2010

- We expect sales increase in its FY 2011 to be around 7 to 8% and PAT to be atleast 25% more compared to last completed FY.

# UPDATE ON NRF BV

- We are seeing improvements in sales and in profitability resulting from various marketing and cost cutting initiatives already completed and under execution.

- We are optimistic for future performance of NRF.

# SLUMP SALE DETAILS

- Delinking of Sealing system ( Gasket ) division which forms around 18-15% of the total revenue.
- Dedicated focus on each product line, based on the technology needs.
- A potential to grow business in Gasket segment with MNCs.
- The new entity to remain WOS of Banco Products (India) Ltd. and deal with Gasket segment.
- Heat Exchanger segment to remain with the parent company.

***Thank You***