

Banco Products (India) Limited

July 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	25.00	CARE AA; Stable / CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Banco Products (India) Limited (BPIL) derive strength from its established position in the radiator segment, its well-diversified business profile with presence across sectors, high level of integration in operations, long-standing relationships with key original equipment manufacturers (OEMs), and strong distribution network. Ratings also favourably factor in the company's strong financial risk profile, as characterised by its consistently comfortable leverage metrics, even as it continues to pursue growth opportunities and healthy liquidity profile.

However, ratings remain constrained by susceptibility of BPIL's operations to the cyclical automobile segment (comprising ~35% of sales) and to the demand from industrial segment (30% of sales), which is susceptible to economic slowdown, raw material price volatility, foreign exchange rate fluctuations, high operating cycle, and high dividend outflows.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in its scale of operations while maintaining operating margins above 19% on sustained basis and net debt free at consolidated level.
- Improvement in operating cycle below 100 days.

Negative factors

- Decline in its scale of operations with TOI of less than ₹2,500 crore and operating margins of less than 12% on a sustained basis
- Any significant debt-funded capex or acquisition, adversely impacting its Total Debt/PBILDT above 1.5x
- Moderation in cash position due to elevated dividend distribution

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated view on BPIL and its subsidiaries for arriving at ratings as the entities are under a common management, and there are strong financial and operational linkages. The list of entities considered is attached in **Annexure-6**.

Outlook: Stable

The Stable outlook reflects CareEdge Ratings' expectation that BPIL will continue to benefit from its established position in radiators and strong clientele relationship resulting into sustained growth leading to improved business risk profile and while maintaining a strong financial and liquidity profile.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and well-established track record of operations

Mehul K. Patel, BPIL's main promoter, brings over 40 years of experience in the automobile and auto-ancillary industry. His sons, Sharan Patel and Shivam Patel, contribute to the business in leadership roles. Sharan Patel supervises the operations of BPIL, while Shivam Patel is in charge of Banco Gaskets (India) Ltd (BGIL). The promoters, supported by a team of well-qualified professionals, take the strategic decisions collectively. The board of directors comprises seven members, including four independent directors.

Improved operational performance in FY25

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The company recorded a compounded annual growth rate (CAGR) topline growth of ~18% over last five years and 16% in FY25, with TOI increased to ₹3,225.43 crore in FY25 from ₹2,788.04 crore in FY24, supported by higher volumes and improved sales realisation. The average sales realisation improved during the year, aided by a marginal increase in aluminium prices, which is a key raw material for the company. Capacity utilisation also improved which contributed to higher sales. The PBILDT margin rose to 19.35% in FY25 from 16.07% in FY24, reflecting improved operating efficiency and cost management. The company has consistently reduced its cost of sales on a year-on-year basis, supporting a sustained improvement in PBILDT margins. Higher margins and increased operating income contributed to stronger operational performance and improved internal cash generation.

Strong market presence supported by integrated manufacturing facility and distribution network

BPIL is a fully integrated cooling systems manufacturer with a production capacity of 3.33 million radiators annually across five Indian plants. Holding the highest market share in India's radiator segment at ~21% (per CMIE), it caters to both OEMs and the aftermarket. Its Bil, Vadodara facility produces over 1.5 million components per year with advanced machinery for tubes and radiator cores. The Ankhi plant, under Banco Gaskets, manufactures over 100 million engine gaskets annually, with in-house capabilities for material processing. BPIL's strong supply chain includes a central warehouse in Vadodara and multiple distribution points nationwide. Internationally, its subsidiary NRF operates eight plants and 19 warehouses across Europe and Asia, serving over 80 countries. This integrated setup supports BPIL's wide and efficient global reach.

Established relationship with key customers

The company has established strong and long-standing relationships with several prominent players in the automotive and industrial equipment sectors, reflecting the company's credibility and trusted position in the industry. In FY25, BPIL generated ₹406.06 crore in revenue from its top 10 customers, accounting for ~37% of its total standalone sales of ₹1,087.48 crore. These customers include reputed and financially strong entities such as JCB India Limited, Mahindra & Mahindra Limited, Cummins India Limited, and John Deere India Private Limited. This customer base not only ensures steady revenue visibility but also reflects BPIL's ability to meet the quality and performance standards expected by top-tier OEMs and industrial clients.

Strong financial risk profile

The company continues to maintain a strong financial risk profile, marked by a low overall gearing of 0.44x as on March 31, 2025 (PY: 0.40x), and a net debt/PBILDT ratio of 0.81x. Despite higher debt, overall gearing increased marginally, as it was supported by growth in tangible net worth (TNW). The company's net worth stood strong at ₹1,299 crore as on March 31, 2025, supported by healthy accretion to reserves driven by improving revenue and sustained profitability. Total debt to gross cash accruals (GCA) of the company improved to 1.13x in FY25 from 1.26x in FY24 due to improved operational performance, which led to higher GCA.

Liquidity: Strong

The company maintains a strong liquidity position, with cash and bank balances and liquid investments of ₹65.38 crore as of FY25. The fund-based working capital limit utilisation stood at 16%, while non-fund-based utilisation was 58.48%, providing an additional liquidity buffer. In FY25, the company generated GCA of ₹508.45 crore, ensuring adequate coverage for its upcoming debt repayment obligations of ₹11.45 crore over the next four quarters. With no major debt-funded capex plans in the near term, liquidity is expected to remain strong, aided by negligible debt repayment obligations.

Key weaknesses

Susceptibility to raw material price volatility and foreign exchange rates

BPIL remains vulnerable to volatility in key raw material prices—especially aluminium and copper—due to its dependence on imported complex aluminium strips, which made up ~40% of total imports in FY25. Aluminium prices surged from US\$1,977/tonne in January 2021 to a peak of US\$3,491/tonne in March 2022, before stabilising at US\$~2,400–US\$2,600/tonne by May 2025.

BPIL's profitability also remains susceptible to fluctuations in foreign currency exchange rates as BPIL's exports accounted for ~28% of total sales in FY25. However, BPIL enjoys natural hedge available in the form of import of raw material, which mitigates this risk to a certain extent.

Dependency on the cyclical automobile industry and industrial segment

BPIL derives over 60% of its revenue from the cyclical automobile and industrial segments, making it sensitive to broader economic and capex cycles. While it remains focused on commercial vehicles over passenger cars, its aluminium radiators also cater to diverse end-use industries such as motorcycles, wind turbines, tractors, and generators. Despite operating in a single product category—engine cooling modules and heat exchangers—BPIL's strong engineering and R&D capabilities enable it to offer complex, customised solutions. This broad customer and application base provides some cushion against sector-specific slowdowns.

Large working capital cycle

The company operates with a moderately long working capital cycle of 164 days in FY25, mainly driven by a high inventory holding period, which increased to 172 days due to bulk imports of specialised aluminium for cost efficiency. While this strategy supports product quality and pricing stability, it results in elevated inventory levels. The average collection period rose slightly to 61 days, whereas creditor days improved to 70, offering some relief. Overall, BPIL's import-dependent procurement approach adds to working capital intensity and exposes it to metal price and forex volatility, impacting liquidity management.

Environment, social, and governance (ESG) risks

Particulars	Risk factors
Environmental	In FY25, the company invested in solar rooftop installations at its Vadodara plant to reduce reliance on conventional power. Wastewater recycling systems were expanded, enhancing water reuse and reducing freshwater consumption. The company initiated a raw material optimisation programme to reduce metal wastage and improve recyclability.
Social	BPIL conducted multiple training sessions in FY25 focused on safety practices, lean manufacturing, and technical upskilling. The company expanded health and wellness programs for factory workers, including routine medical check-ups and insurance benefits. As a part of its CSR initiatives in FY25, BPIL supported school infrastructure development and vocational training in nearby villages.
Governance	The company adheres to SEBI's corporate governance norms and regularly discloses financials and policies to maintain transparency. The board of directors comprises seven members, including four independent directors.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components & equipment

Incorporated in 1961, Vadodara-based Banco Products (India) Limited (BPIL) is a prominent manufacturer of engine cooling modules and sealing systems, including radiators, charge air coolers, oil coolers, fuel coolers, gaskets, and heat shields. The company serves a diverse range of sectors, such as automotive, agriculture, construction equipment, railways, and industrial engines. It offers both copper-brass and aluminium radiators and currently has the capacity to produce 3.33 million radiators annually across five manufacturing locations.

In 2010, BPIL acquired the entire equity of Nederlandse Radiateuren Fabriek B.V. (NRF), Netherlands, for EUR 17.7 million. Established in 1927, NRF has a strong presence in the European aftermarket for radiators and cooling systems. In 2013, BPIL demerged its engine sealing (gaskets) division into its wholly owned subsidiary, Banco Gaskets (India) Limited (BGIL), which specialises in sealing products. BPIL also incorporated Banco New Energy Cooling Systems (India) Limited—a company focused on developing innovative cooling technologies tailored to the needs of emerging energy sectors.

Brief Consolidated Financials (₹ crore)	FY23 (A)	FY24 (A)	FY25 (UA)
Total operating income	2,333.88	2,788.04	3,225.43
PBILDT	367.61	447.96	624.07
PAT	235.58	271.39	392.40

Overall gearing (times)	0.42	0.40	0.44
Interest coverage (times)	29.22	20.97	24.35

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-LT/ST		-	-	-	23.00	CARE AA; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC		-	-	-	2.00	CARE AA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-LT/ST	LT/ST	23.00	CARE AA; Stable / CARE A1+				
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	2.00	CARE AA; Stable / CARE A1+				

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-LT/ST	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Banco Gaskets (India) Limited	Full	Wholly owned subsidiary
2	Banco New Energy Cooling Systems Limited	Full	Wholly owned subsidiary
3	Nederlandse Radiateurs Fabrik BV (NRF)	Full	Wholly owned subsidiary
4	NRF Thermal Engineering BV (Skopimax BV)	Full	Wholly owned subsidiary of NRF
5	NRF France SARL	Full	Wholly owned subsidiary of NRF
6	NRF Thermal Engineering Poland	Full	Wholly owned subsidiary of NRF
7	NRF Deutschland GMBH	Full	Wholly owned subsidiary of NRF
8	NRF Espana SA	Full	Wholly owned subsidiary of NRF
9	NRF Poland SP.z.o.o	Full	Wholly owned subsidiary of NRF
10	NRF Italia SRL	Full	Wholly owned subsidiary of NRF
11	NRF Switzerland AG	Full	Wholly owned subsidiary of NRF
12	NRF IND BV	Full	Wholly owned subsidiary of NRF
13	NRF AM BV	Full	Wholly owned subsidiary of NRF
14	DACH BNL BV	Full	Wholly owned subsidiary of NRF
15	NRF Thermal Engineering Spain S.L.	Full	Wholly owned subsidiary of NRF
16	EV Academy SP.z.o.o	Proportionate	Subsidiary of NRF

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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