

SUMMARY

Company Name: Banco Products India Ltd

Why Banco:

Banco products is one of the leading engine cooling and sealing system producer in India they even export to other countries. It was selected because of the stable Free Cash Flow (FCF) and low level of debt, It makes suitable candidate for the LBO.

LBO Summary:

I built an hypothetical Leveraged Buyout (LBO) Model to evaluate the financial feasibility of acquiring Banco Products India Ltd. The objective of this model was to assess whether a private equity investor could generate attractive returns by using the debt financing to acquire the company.

Key Assumptions:

- Purchase Price: ₹ 1092.50(*crores*)
- Financing Mix: 75% Debt, 25% Equity
- Debt Repayment: 8 Year
- Exit Multiple: 12x

I used various EBITDA multiples and various exit years so the above Assumptions are just an example, so the result may change according to it.

Final Result:

The LBO Model for Banco Products India suggest that the Buyout can generate attractive returns to the investor. Eventhough the company's mid-cap size may limit leverage compared to large-cap but Risk-adjusted returns Favorable. And the success depends on the maintain the cost efficiency, expanding international sales, and executing a timely exit at a favorable multiple. Overall the Banco Products India is a viable Candidate for an LBO under the assumptions.