



Lead Acid Battery Market – India

May 2013

Executive Summary

Market

- Lead-acid battery market in India was pegged at INR 'b' bn in 2012 and is expected to grow at a CAGR of x% till 2017
- There are two types of batteries available in the market, Type 1 batteries and Type 2 batteries, with the former having a significantly higher market share

Drivers & Challenges

Drivers:

- Growing automotive industry
- Increasing demand for power backup
- Booming renewable energy sector
- Recycling efficiency
- Lucrative replacement market

Challenges:

- Polluting and toxic nature of lead
- Threat from other types of batteries
- Volatility in lead prices
- Large unorganized segment

Government Regulation

- Batteries (Management and Handling) Rules, 2001
- Customs clearance of imports of new lead acid batteries
- Responsibilities of dealer
- Responsibilities of manufacturer, importer, assembler and re-conditioner

- Procedure for registration/renewal of registration of recyclers
- Responsibilities of recycler
- Responsibilities of auctioneer
- Responsibilities of consumer or bulk consumer

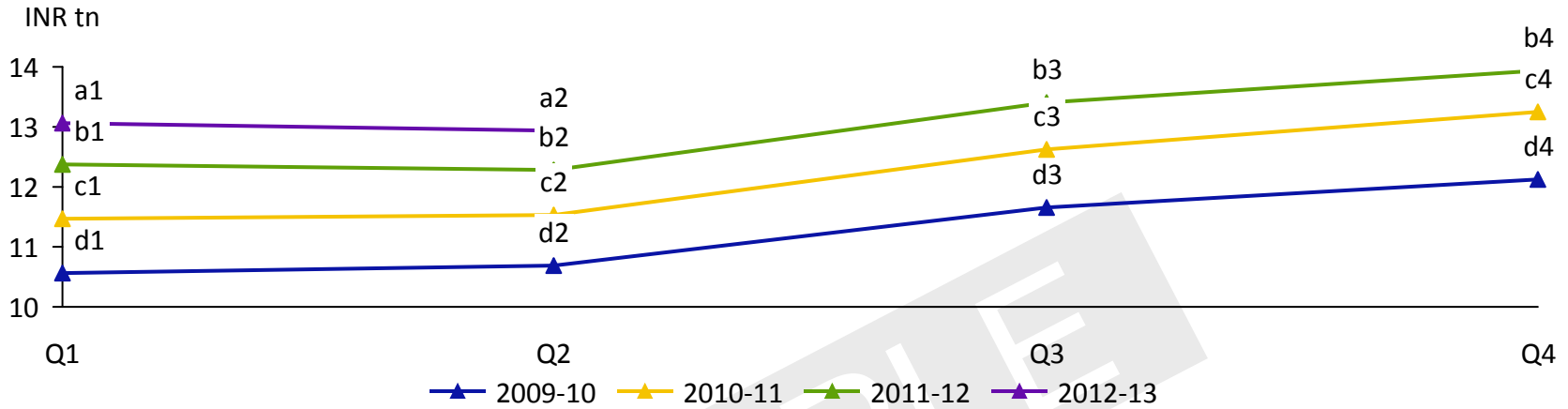
Competitive Landscape

| Major Public Players | Major Private Players | |
|----------------------|-----------------------|-----------|
| Company 1 | Company 3 | Company 5 |
| Company 2 | Company 4 | Company 6 |

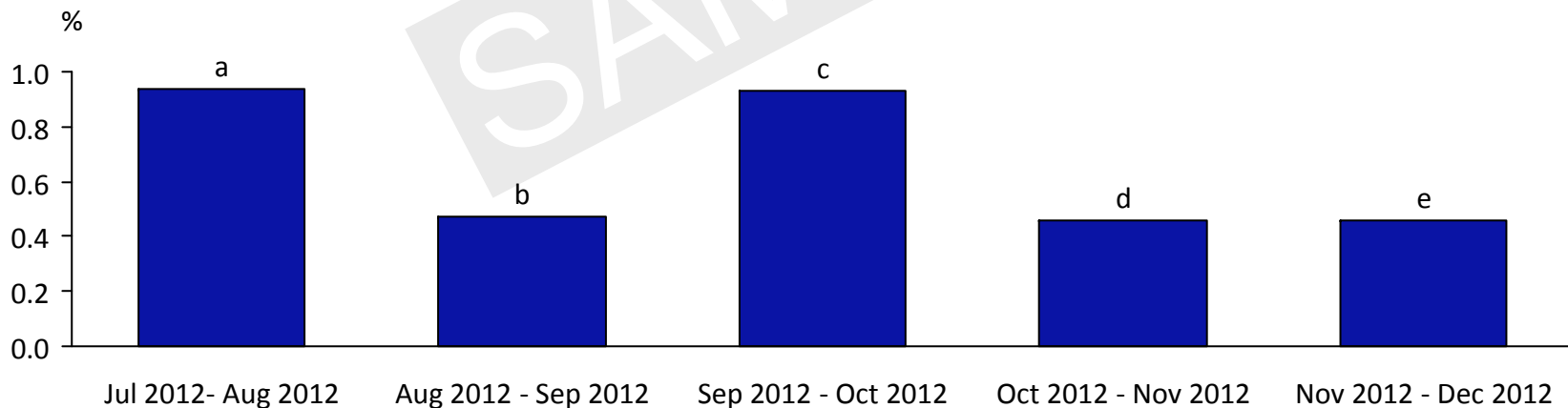
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- **Economic Indicators**
 - Introduction
 - Market Overview
 - Drivers & Challenges
 - Government Regulation
 - Competitive Landscape
 - Strategic Recommendations
 - Appendix

Economic Indicators (1/3)

GDP at Factor Cost: Quarterly



Inflation Rate: Monthly

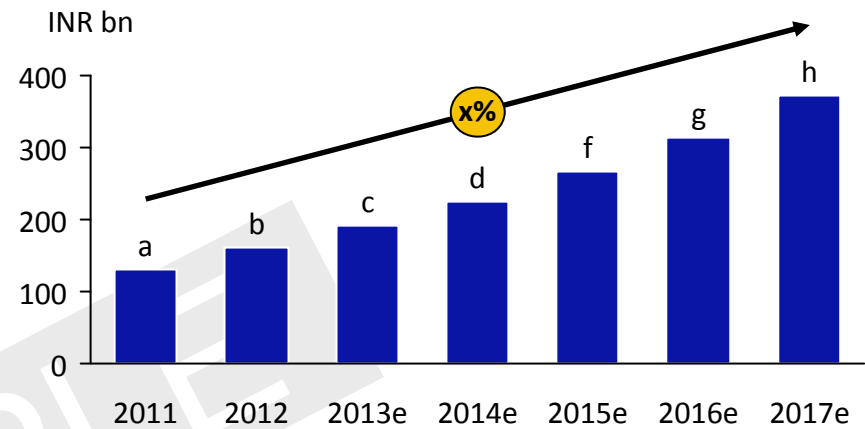


Lead-acid battery market in India is progressing at a steady rate due to growing demand across sectors

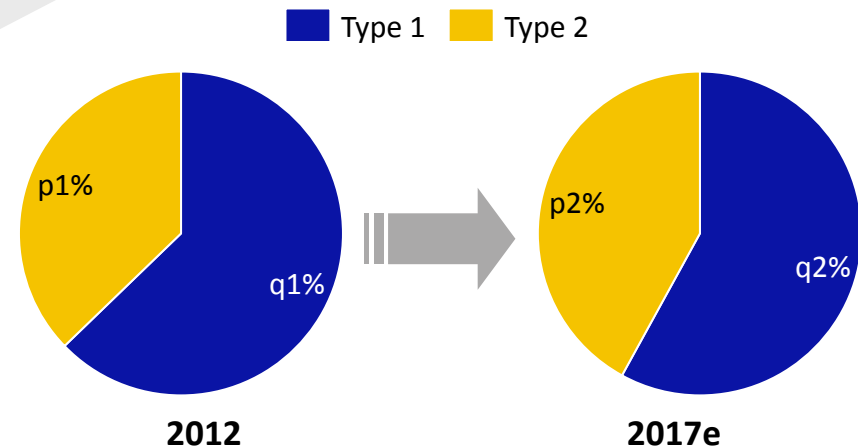
Market Overview – Lead-Acid Batteries

- Lead-acid battery market in India has been exhibiting steady growth rates for the past few years
- Market comprises two major segments, Type 1 batteries and Type 2 batteries
 - Type 1 batteries constitute a larger share of the overall market
 - However, Type 2 batteries which are currently exhibiting a better growth rate than Type 1 are expected to narrow the gap within a few years
- Indian market is duopolistic in nature with the top 2 players, Company 1 and Company 2, controlling ~90% of the organized market
 - Industry enjoys strong pricing power due to its inherent duopolistic nature
 - Passenger vehicle space is dominated by Company 1 and Company 2 due to their strong tie-ups with recognized international players
 - Unorganized players dominate the lower end of the replacement market (commercial vehicles and tractors) due to the price sensitive nature of the segment

Market Size and Growth (Value-Wise)



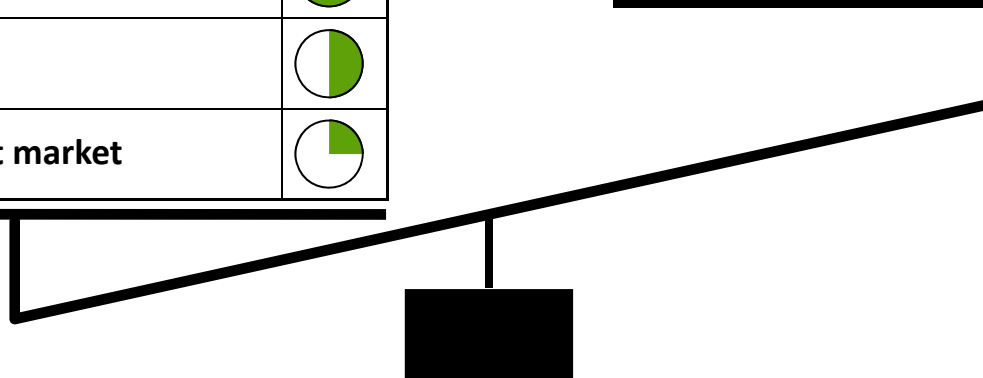
Market Segmentation (Value-Wise)



Drivers & Challenges – Summary

| Drivers | |
|------------------------------------|---|
| Growing automotive industry | ● |
| Increasing demand for power backup | ● |
| Booming renewable energy sector | ◐ |
| Recycling efficiency | ◐ |
| Lucrative replacement market | ◐ |

| Challenges | |
|--------------------------------------|---|
| Polluting and toxic nature of lead | ◐ |
| Threat from other types of batteries | ◐ |
| Volatility in lead prices | ◐ |
| Large unorganized segment | ◐ |



Government Regulation – Summary

Government Regulations

Batteries (Management and Handling) Rules, 2001

Customs clearance of imports of new lead acid batteries

Responsibilities of dealer

Responsibilities of manufacturer, importer, assembler and re-conditioner

Procedure for registration/renewal of registration of recyclers

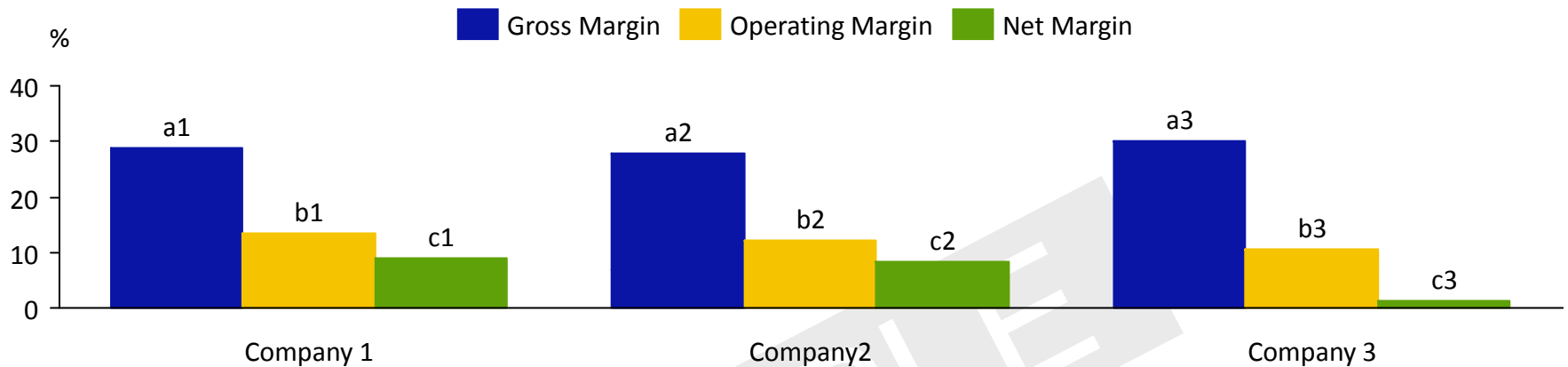
Responsibilities of recycler

Responsibilities of auctioneer

Responsibilities of consumer or bulk consumer

Competitive Benchmarking (2/5)

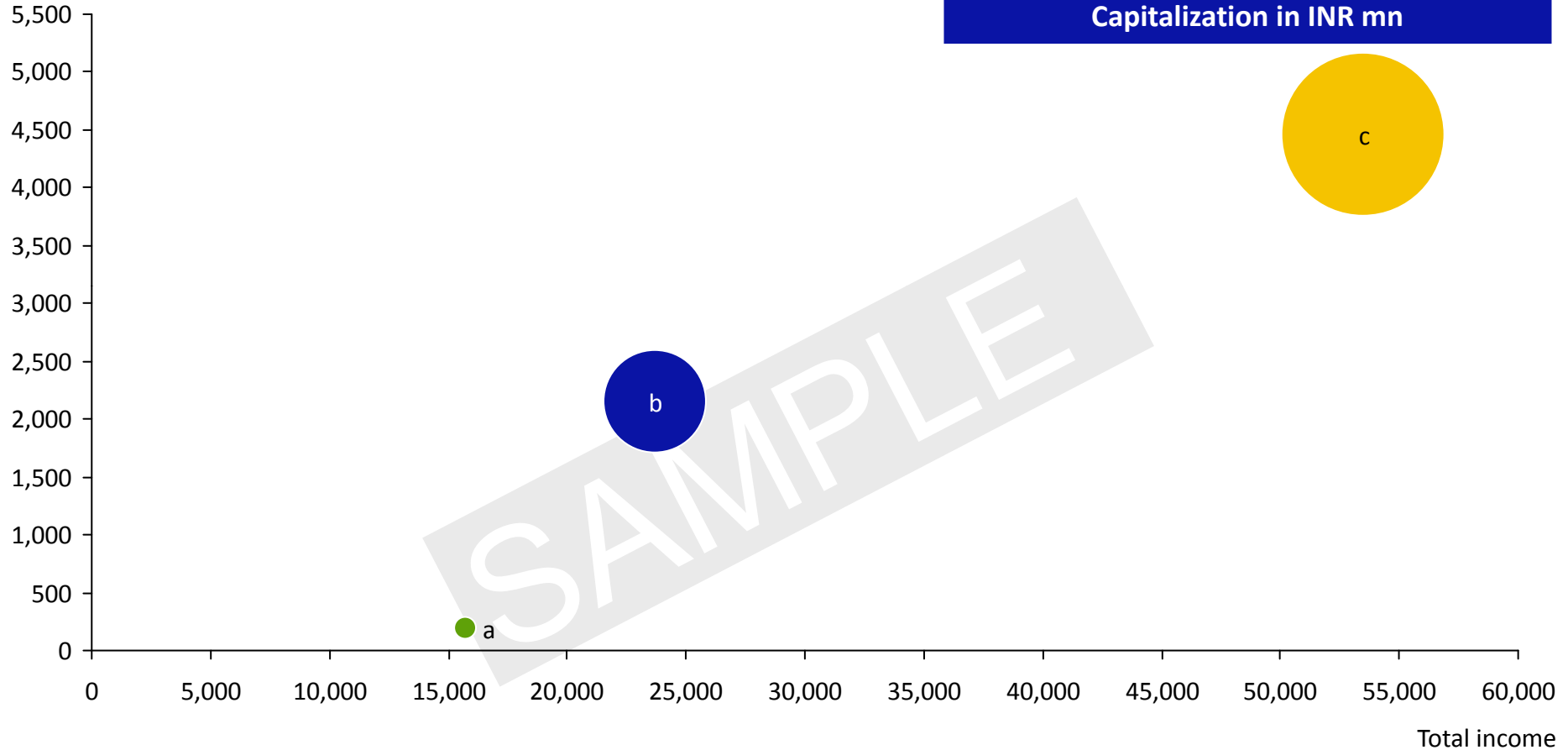
Key Ratios of Top 3 Companies – Operational Basis (FY 2012) (1/3)



- Company 3 recorded gross margin of a3%, higher than both Company 1 and Company 2 which recorded gross margin of a1% and a2% respectively
- Company 2 recorded operating margin of b2%, higher than that of Company 3 which recorded operating margin of b3% but lower than that of Company 1 which recorded operating margin of b1%
- Company 1 recorded the highest net margin of c1% followed by Company 2 which recorded net margin of c2% and Company 3 which recorded net margin of c3%

Major Public Companies – Summary

Net Profit/Loss



● Company 1 ● Company 2 ● Company 3

Note: All figures are in INR mn and are based on FY 2012: Market Capitalization as on 18/03/2013

Public: Domestic Company – Company 1

(1/4)

Company Information

Corporate Address

Tel No.

Fax No.

Website

Year of Incorporation

Ticker Symbol

Stock Exchange

Products and Services

| Category | Products/Services |
|----------|-------------------|
| | |
| | |

Offices and Centres – India



Hyderabad

Head Office

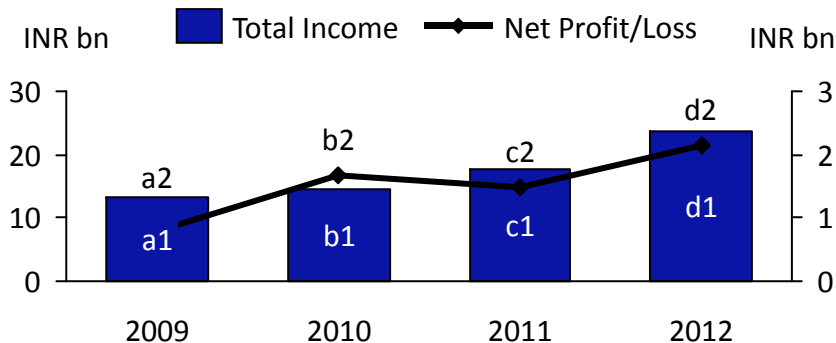
Key People

| Name | Designation |
|----------|-------------|
| Person 1 | M.D. |
| Person 2 | C.F.O. |
| Person 3 | Director |
| Person 4 | Director |

Public: Domestic Company – Company 1

(2/4)

Financial Snapshot



Financial Summary

- The company incurred a net profit of INR X mn in FY 20XX, as compared to net profit of INR Y mn in FY 20YY
- The company reported total Income of INR XX mn in FY 20XX, registering an increase of X per cent over FY 20YY
- The company earned an operating margin of X.X per cent in FY 20XX, an increase of X.X percentage points over FY 20YY
- The company reported debt to equity ratio of X.XX in FY 20XX, a decrease of X.X per cent over FY 20YY

Key Financial Performance Indicators

| Indicators | Value (18/03/2013) |
|---------------------------------|--------------------|
| Market Capitalization (INR mn) | |
| Total Enterprise Value (INR mn) | |
| EPS (INR) | |
| PE Ratio (Absolute) | |

Key Ratios

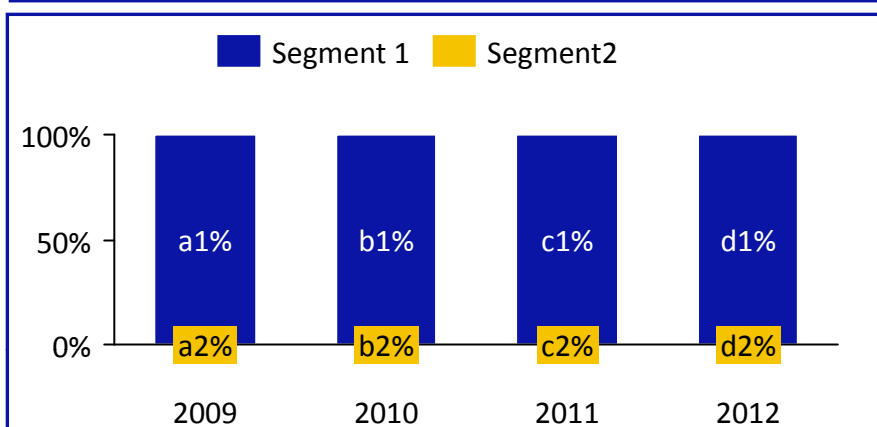
| Particulars | y-o-y change (2012-11) | 2012 | 2011 | 2010 | 2009 |
|-----------------------------------|------------------------|------|------|------|------|
| Profitability Ratios | | | | | |
| Operating Margin | ↑ | | | | |
| Net Margin | ↑ | | | | |
| Profit Before Tax Margin | ↑ | | | | |
| Return on Equity | ↑ | | | | |
| Return on Capital Employed | ↑ | | | | |
| Return on Working Capital | ↓ | | | | |
| Return on Assets | ↑ | | | | |
| Return on Fixed Assets | ↑ | | | | |
| Cost Ratios | | | | | |
| Operating costs (% of Sales) | ↑ | | | | |
| Administration costs (% of Sales) | ↑ | | | | |
| Interest costs (% of Sales) | ↑ | | | | |
| Liquidity Ratios | | | | | |
| Current Ratio | ↑ | | | | |
| Cash Ratio | ↑ | | | | |
| Leverage Ratios | | | | | |
| Debt to Equity Ratio | ↑ | | | | |
| Debt to Capital Ratio | ↑ | | | | |
| Interest Coverage Ratio | ↑ | | | | |
| Efficiency Ratios | | | | | |
| Fixed Asset Turnover | ↑ | | | | |
| Asset Turnover | ↑ | | | | |
| Current Asset Turnover | ↑ | | | | |
| Working Capital Turnover | ↓ | | | | |
| Capital Employed Turnover | ↑ | | | | |

↑ Improved ↓ Decline

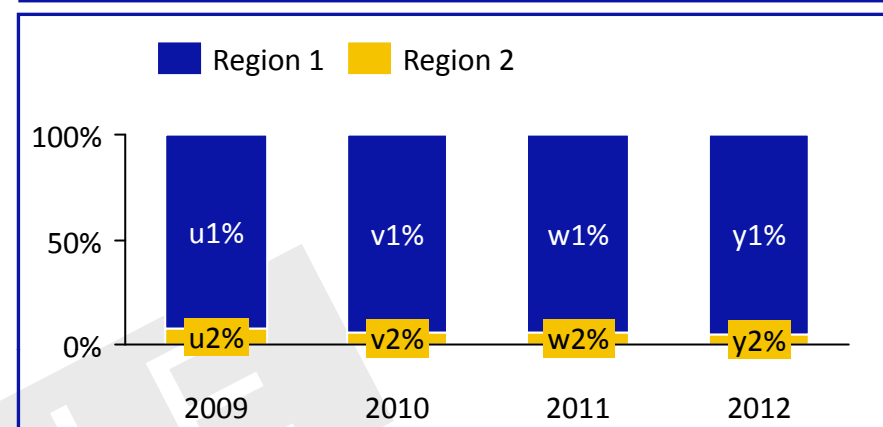
Public: Domestic Company – Company 1

(3/4)

Key Business Segments



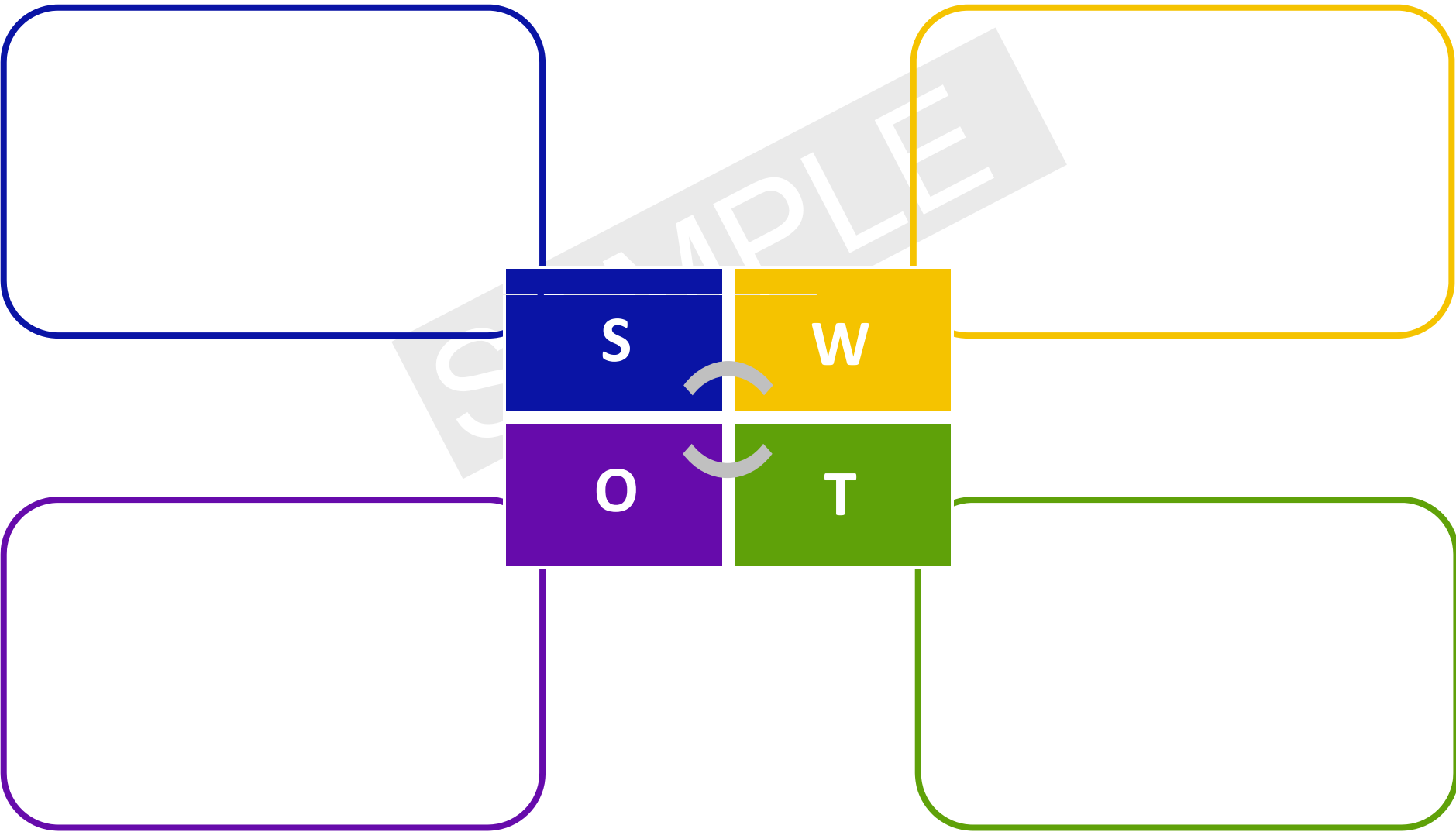
Key Geographic Segments



Business Highlights

| Description | News |
|------------------------|---|
| Overview | <ul style="list-style-type: none"> The company is into sale of lead acid storage batteries for industrial and automotive applications It created Asia's largest, single location, vertically-integrated battery manufacturing facility accredited for ISO 9001:2000, ISO/TS 16949 (certified by TUV NORD), ISO 14001 and OHSAS18001- 2007 Type 1 batteries constitute~55% of its revenues while Type 2 batteries account for the remaining |
| Collaborations | <ul style="list-style-type: none"> The company has a collaboration with Company A, USA |
| Expansion Plans | <ul style="list-style-type: none"> The company has finalized plans for setting up a greenfield batteries plant with an investment outlay of INR 1900 mn It will soon join the original vehicle (OV) bandwagon after establishing a substantial market share in the replacement market |

Public: Domestic Company – Company 1 – SWOT Analysis (4/4)



Thank you for the attention

The Lead-Acid Battery Market – India 2013 report is a part of Netscribes' Energy and Utilities Series.

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