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Battery expert call: Abundant growth opportunities in India

SUMMARY
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- India to account for 3% of global battery cell market by 2030, with planned production capacity of ~150GW hours
- Proposed PLI for component and battery material manufacturers to lend impetus to the sector
- Discovery of lithium reserves, China Plus One and policy support to help rationalise production costs

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Daily macro indicators

Indicator	28-Aug	29-Aug	Chg (%)
US 10Y yield (%)	4.20	4.12	(8bps)
India 10Y yield (%)	7.18	7.19	1bps
USD/INR	82.63	82.71	(0.1)
Brent Crude (US\$/bbl)	84.4	85.5	1.3
Dow	34,560	34,853	0.8
Hang Seng	18,131	18,484	1.9
Sensex	64,997	65,076	0.1
India FII (US\$ mn)	25-Aug	28-Aug	Chg (\$ mn)
FII-D	19.7	25.6	5.9
FII-E	(206.5)	299.7	506.2

Source: Bank of Baroda Economics Research



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Battery expert call: Abundant growth opportunities in India

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We hosted a call with Anajani Sunkavalli, founder and MD of Altmin, a government-backed battery materials player that is developing new technology to produce cutting-edge, eco-friendly materials for lithium-ion and EV batteries. Key takeaways:

India focused on boosting share in global cell production: India plans to scale up to ~150GW hours of battery cell capacity by 2030, equating to 3% of estimated worldwide production. The recent discovery of lithium reserves offers a healthy opportunity for the country to broaden its production footprint. China currently dominates global production with ~30% share.

Supportive policy initiatives: The Indian government is formulating a new performance-linked incentive (PLI) scheme for component and battery material manufacturers. Though China will remain the dominant cell producer, its supply has been banned in Europe, and other countries may follow suit. Raw material suppliers of battery producers are, therefore, actively in search of alternate producers and India holds tremendous potential to step into the breach.

Spotlight on cost reduction: Raw material dominates the battery cell cost structure at 77%, followed by labour cost at ~8%. The government's initiative to encourage localisation by investing in entities such as Altmin, which was started as a mineral sourcing company in 2016 with government support, will help alter the cost dynamics, as will India's discovery of lithium reserves and the global China Plus One tilt.

Cell demand-supply imbalance to continue: Per Altmin, global battery cell demand is estimated at ~5.5k GWh by 2030, clocking a ~41% CAGR over the next seven years (from 2023). The electronics industry is expected to dominate demand, followed by stationary and transportation. With global cell production expected at ~4.5k GWh in 2030, the demand-supply gap that year is estimated at 1k GWh. China and the US are likely to rank as the top producers, dominating 60% of production, with China accounting for the lion's share at 40%. India's share in world production is projected at 3% by 2030.



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