



Metals

Sector Study

Outlook: Stable

Drivers to the Outlook:

- The number of storage batteries produced in the country have increased steadily, at a CAGR of ~4% in last five years.
- Moreover, there has been significant growth in Pakistan's auto and allied sector from which largest demand for lead acid batteries emanates. Production of vehicles increased ~39% in FY21.
- There is a rising trend in international lead prices which bodes well for the sector's margins.

Sector Overview	
Players:	Annual Capacity (tons)
Malik Mij Chunxing Resources Recycling Co. Ltd	50,000
International Metal Industries (Pvt) Ltd	86,400
Metpak Industries	Not Available
Beco Steel Re-Rolling Mills (Pvt) Ltd	Not Available
Products	Pure Lead, Refined/Recycled Lead, Lead Alloys, Lead Slag
Uses	Batteries, construction material, cable sheathing, and radiation shields

Outlook and Drivers

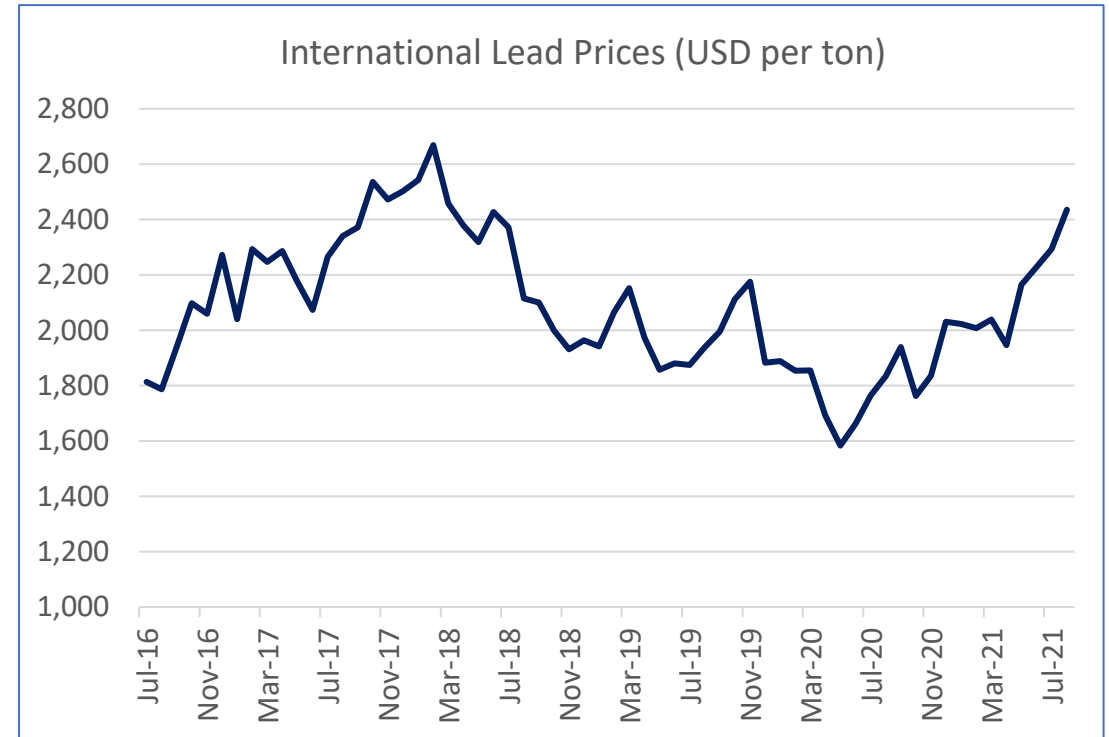
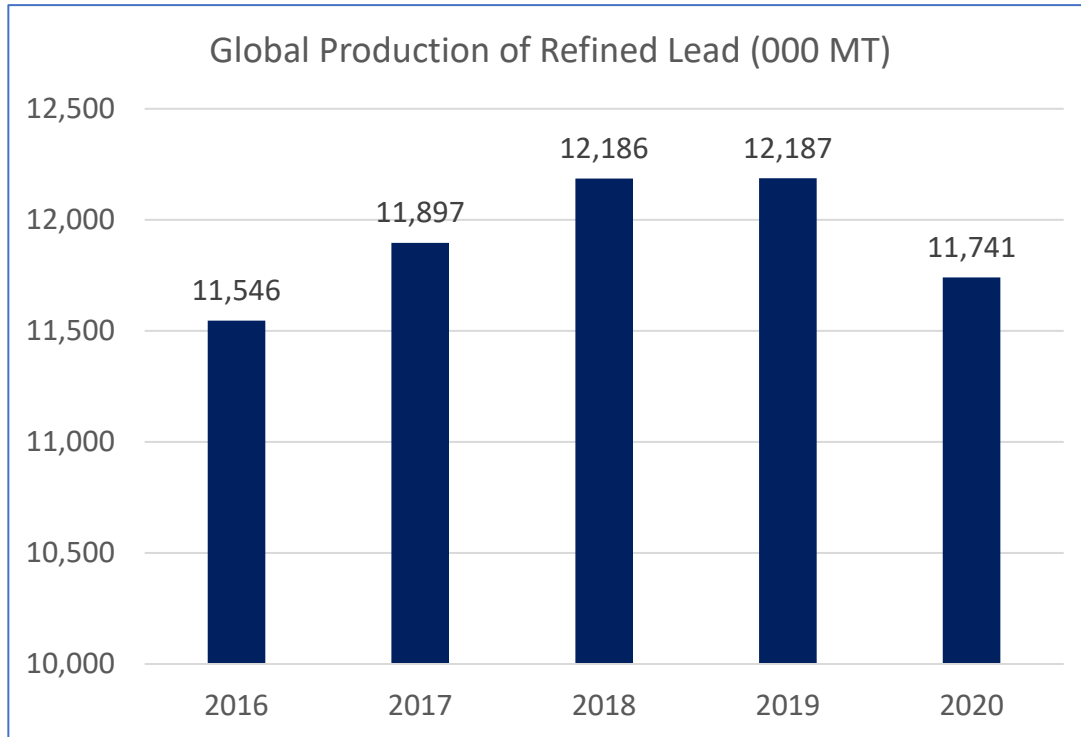
Key Features

Key Updates



Metals | Global Production & Prices

Key Features:



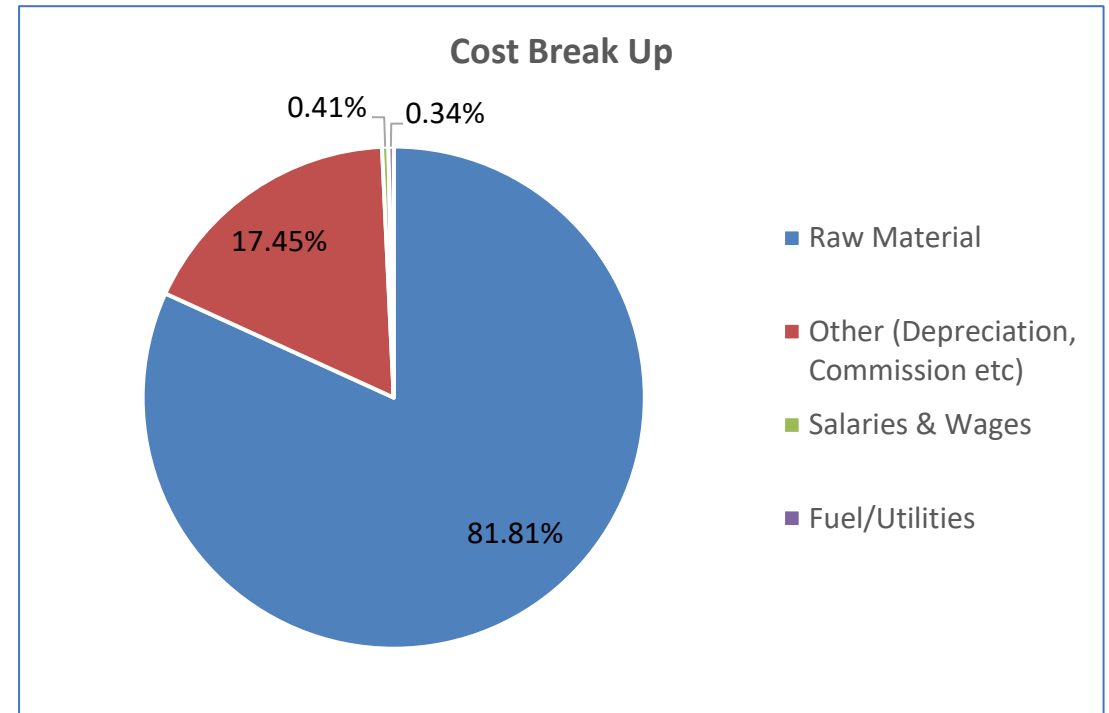
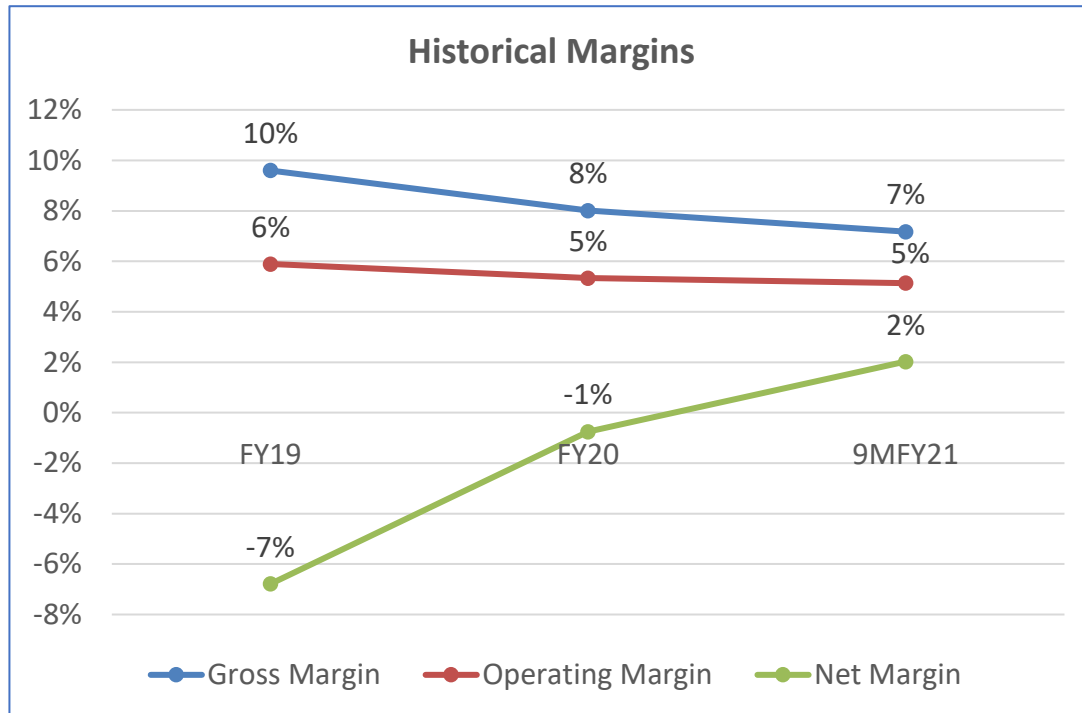
Outlook and Drivers

Key Features

Key Updates



Key Features:



Note: Margins and cost break up are representative of 1 rated player.

Outlook and Drivers

Key Features

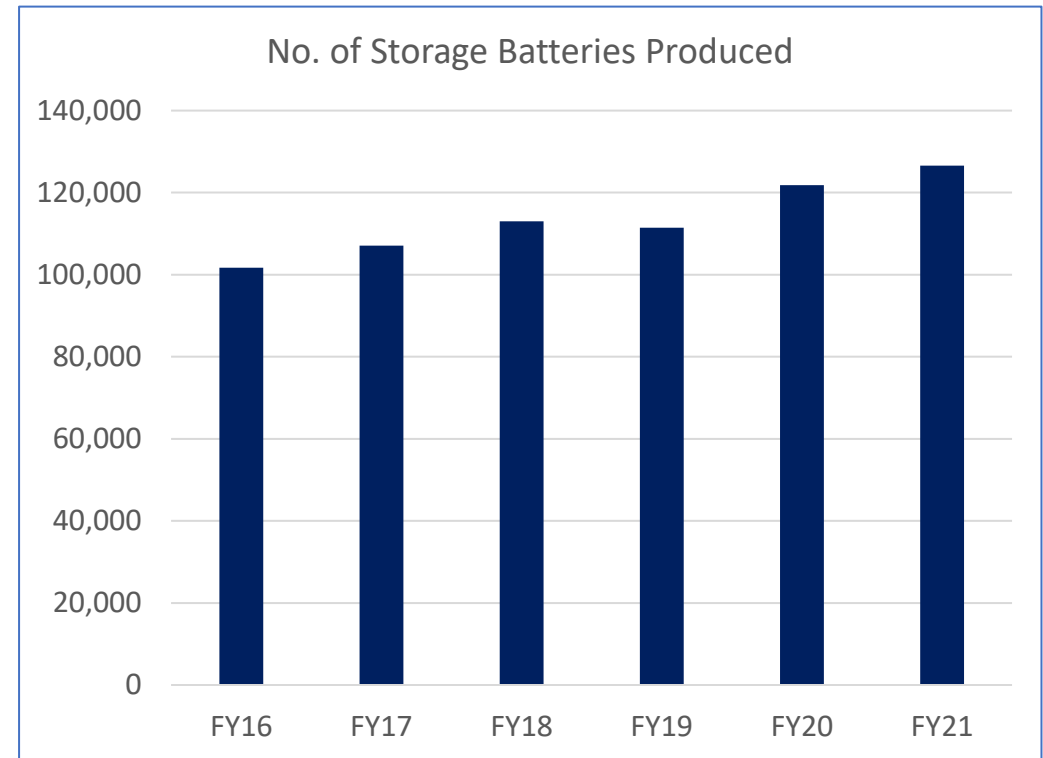
Key Updates



Key Features:

- In addition to the growth in production of storage batteries, demand for lead recycling is also bolstered from production of batteries used in vehicles, whose production increased ~39% in FY21.

Lead & Lead Alloys		
(PKR/KG)	9MFY21	FY20
Average Import Price	327	302
Average Sales Price	342	306
Delta	15	4



Outlook and Drivers

Key Features

Key Updates



Metals | Custom Duty Structure

Key Features:

PCT Code	Description	Custom Duty		Additional Custom Duty		Total	
		FY22	FY21	FY22	FY21	FY22	FY21
26.07	Lead Ores and Concentrates	0%	0%	0%	0%	0%	0%
2620.20	Slag, ash and residues of lead	0%	0%	0%	0%	0%	0%
78.01	Unwrought Lead (including refined lead)	0%	0%	0%	0%	0%	0%
78.02	Lead waste and scrap	0%	0%	0%	0%	0%	0%
78.04	Lead plates, sheets, strip, foil, powders and flakes	16%	16%	4%	4%	20%	20%
78.06	Other articles of lead	20%	20%	6%	6%	26%	26%
8507.10	Batteries/Electric Accumulators, made from lead-acid, for use in vehicles	35%	35%	7%	7%	42%	42%
85.48	Waste and scrap of cells, batteries and electric accumulators	3%	3%	2%	2%	5%	5%

Outlook and Drivers

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- PACRA rates one entity in lead recycling sector.
- The sectors custom duty structure is unchanged from previous year
- The Environment Protection Department (EPD), Govt of Punjab has introduced Draft Punjab Batteries (Environmental Management and Handling) Rules, 2020. If these draft rules are implemented, lead recyclers would be required to register with and report relevant data to the EPD.

Outlook and Drivers

Key Features

Key Updates



- State Bank of Pakistan (SBP)
- Pakistan Bureau of Statistics (PBS)
- PACRA Database
- Federal Board of Revenue (FBR)
- Pakistan Automobile Manufacturers Association (PAMA)
- Statista

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