



Assessing the feasibility of acquiring a distribution transformer equipment manufacturer

Client Situation

- The client was a conglomerate between an electronics/ engineering products major and one of the leading business houses in India
- With a view to enter the distribution transformer space through related diversification, the client was looking at acquiring a suitable player. The client had done its initial ground work by identifying a player and wanted a Go/ no-go decision before proceeding to a detailed evaluation and financial projections and next stages of acquisition
- To determine the viability of such a venture, the company sought UC 's assistance in :
 - Assessing demand supply gap for distribution transformers
 - Future growth for distribution transformers
 - Competitive intensity
 - Industry profitability

UC Role

- Carried out in-depth market research to estimate current and future (2010) size of the distribution transformer market in value and volume terms through new demand and replacement demand
- Studied state wise status on implementation of power reforms as per electricity act 2003
- Assessed growth prospects of transformer intensive industries and conducted customer analysis to identify current and future buying pattern and buyer values along with key success factors
- Studied competitive intensity in the distribution transformer space and profile key competitors
- Computed overall industry profitability and carried out basic financials of the target company after assessing its fit to cater to the growing transformer demand
- Identified, evaluated and recommended strategic options

Client Benefits

- Deep understanding of demand dynamics, future buying pattern and buyer value along with competitive landscaping
- Identification of strategic options leading to a assessment of feasibility of acquisition