

*Mergers and
acquisitions
(M&A)*

*Buy side
Pitch*

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Buy-Side Pitch: Bajaj Auto Ltd. Acquiring HBL Engineering

This presentation outlines the strategic acquisition of HBL Engineering by Bajaj Auto Ltd., highlighting the transaction overview, rationale, geographic synergies, valuation, synergy value estimation, integration plan, risks, and conclusion. The goal is to present a comprehensive case for this deal's value to Bajaj Auto's growth and market expansion into the electric vehicle (EV) ecosystem and energy systems market.

The acquisition aims to leverage complementary technologies, broaden geographic reach, and unlock significant synergy potential, positioning Bajaj Auto for leadership in the evolving global EV and energy sectors.

Transaction Overview

Key Details

Acquirer: Bajaj Auto Ltd.

Target: HBL Engineering

Industry Focus: Auto, Batteries, and Energy Systems

Deal Type: Strategic acquisition for product expansion and geographic entry

Strategic Intent

Integrate HBL's lithium-ion and aerospace battery technologies into Bajaj's electric vehicle (EV) development and export strategies.

This deal aims to enhance Bajaj's product portfolio and strengthen its presence in priority markets, supporting both innovation and growth ambitions.

Strategic Rationale



EV Ecosystem Synergy

HBL's advanced lithium-ion and aerospace-grade battery capabilities complement Bajaj's EV roadmap, providing critical technology for next-gen vehicles.



Geographic Expansion

Leveraging HBL's established export channels in defense and rail sectors to penetrate global EV parts markets.



Product Diversification & Technology Transfer

Adds high-tech engineering and power system products. Facilitates transfer of energy storage R&D, enhancing Bajaj's innovation pipeline.

Geographic Synergy Gains

Region	Bajaj Auto Strength	HBL Engineering Synergy	Resulting Gain
South Asia	Strong distribution in India & Sri Lanka	Railway and defense battery supply	Cross-sell HBL batteries to 2W EV segment
Africa	Export of motorcycles, 3Ws	No presence	Use Bajaj's base for HBL solar/storage distribution
LATAM	Exports to Mexico, Colombia	No footprint	Deploy EV batteries via Bajaj dealers
Middle East	Commercial segment access	Existing defense clients	Joint battery tech sales to auto & energy clients

Valuation Summary

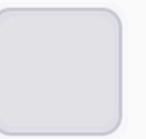


HBL Engineering (Target)

Enterprise Value: ₹15,783 Cr (DCF & exit multiple analysis)

Implied EV/EBITDA (FY30E): 27x; Share Price: ₹575.5;

Acquisition Premium: ₹1,454.5 Cr over CMP ₹523



Bajaj Auto (Acquirer)

Enterprise Value: ₹2,22,171 Cr; EV/EBITDA: ~26.9x

Strong cash position of ₹955 Cr to fund acquisition partly;

Free Cash Flow positive with ₹6,492 Cr forecast for FY25

Synergy Value Estimation

Synergy Area	FY26 Estimate (₹Cr)	FY27	FY28
Export of HBL products via Bajaj channels	150	200	250
Bundled EV battery sales	100	120	150
Distribution cost savings	50	60	70
Total Annual Synergies	300	380	470

Discounted synergy cash flows yield a present value of approximately ₹967.26 Cr at a WACC of ~8.5%-9%, underlining significant financial benefit from the acquisition.

Post-Merger Integration Plan

- 1 R&D and Supply Chain Integration
- 2 Product Development
- 3 Sales & Distribution Alignment
- 4 Government Contracting

R&D and Supply Chain Integration

Combine R&D efforts and unify supply chain systems to enhance efficiency and innovation speed.

Product Development

Launch co-branded battery and EV kits leveraging combined technical capabilities.

Sales & Distribution Alignment

Harmonize dealer networks and export channels to maximize market reach.

Government Contracting

Pursue joint bids for defense projects to capitalize on complementary strengths.

Risks and Mitigations

Integration Complexity

Establish a dedicated Synergy Task Force to oversee 12-month integration milestones, ensuring smooth operational alignment.

Cultural Fit

Retain key HBL engineering leadership to maintain continuity and facilitate cultural integration.

Valuation Overpay

Structure payouts with performance earn-outs to align acquisition costs with realized value, mitigating overpayment risk.

Conclusion

This acquisition strategically enhances Bajaj Auto's product portfolio, geographic presence, and technology capabilities within the EV and energy systems domains. The transaction promises immediate and sustainable synergies, validated by a robust NPV estimate that justifies the acquisition premium.

With diligent integration and risk management, Bajaj Auto is positioned to strengthen its leadership in emerging mobility and energy sectors, delivering both financial returns and competitive advantage.