

AIBC 2022

HSBC

M&A COMPETITION

CONTEXT¹

Six years after the Paris Agreement was ratified by 190 countries, there has been a surge in net-zero commitments from companies and countries. China, which represents nearly 30% of global CO₂ emissions, committed to halt its rise in carbon emissions before 2030 and become carbon-neutral by 2060. This would require a shift in the energy mix across countries from fossil fuels to renewable energy. Major oil and gas companies have also been accelerating their move into renewable projects as part of their transition to a net-zero future. Driven by institutional investors demanding a pivot, they have adopted more ESG-sensitive strategies.

In Asia, due to expected increase in energy demand, oil refineries in the region are projected to increase by 60% between 2018 and 2050, and LNG demand is expected to grow as it is increasingly dubbed as a transitional fuel.

Indian natural gas company GAIL has expressed its intention to rely on M&A to scale up its renewable energy portfolio as it plans to venture beyond natural gas. Their shift to LNG was signaled through their USD\$507.1 acquisition of a 28.14% stake in Konkan LNG, a company engaged in the liquefaction and regasification of natural gas in 2020.

¹ <https://mercomindia.com/gail-expands-renewables-portfolio/>
<https://www.nytimes.com/2020/09/23/world/asia/china-climate-change.html>
<https://www.bloomberg.com/news/articles/2021-05-04/six-reasons-asia-s-oil-refiners-aren-t-going-away-anytime-soon>
<https://www.weforum.org/agenda/2021/10/appec-asia-carbon-pricing-energy-transition/>

COMPANY BACKGROUND²

Indian natural gas company Indraprastha Gas Limited (NSEI: IGL) is an Indian natural gas distribution company that engages in the sale of natural gas. IGL mainly supplies compressed natural gas (CNG) to the transport sector and piped natural gas (PNG) to the domestic, industrial and commercial sectors in Delhi and the National Capital Region. Its operations are spread out throughout India.

In its FY2020-21 Annual Report, IGL expressed its commitment towards exploring opportunities to ensure a steady supply of eco-friendly fuel. This could be through pursuing inorganic growth by acquiring stakes in other companies to enhance its city gas distribution. IGL has also forayed into the Electric Vehicle (EV) sector, planning to set up 50 EV charging stations by the end of the financial year. As part of its diversification plans, IGL has been looking into utilising hydrogen as a fuel.

Whether to improve their ESG outlook, expand their renewable energy portfolio or accelerate their transition towards renewable energy, IGL could look to M&A for a solution.

Teams are highly encouraged to perform their own research to support their analysis.

POTENTIAL TARGET COMPANIES

Petronet LNG Limited (NSEI: PETRONET)
Greaves Cotton Limited (NSEI: GREAVESCOT)
Ashok Leyland Limited (NSEI: ASHOKLEY)
Exide Industries Limited (NSEI: EXIDEIND)
Amara Raja Batteries Limited (NSEI: AMARAJABAT)

² [Disclaimer: This document is not to be taken as advice or a recommendation for any specific investment product strategy, plan feature. None of the information here reflects the opinions and recommendations of HSBC and any of its affiliates. Any forecasts, figures, set out here are for informational purposes only and are available in the public domain.]

YOUR TASK

You are an analyst in the Investment Banking Division and your team has been selected to present a pitch book to the Board of Directors of your client, IGL., regarding a potential acquisition target.

YOUR TEAM'S SUBMISSION WILL CONSIST OF:

- A PowerPoint presentation with no more than 20 slides of content
- An Executive Summary on one of 20 slides of your presentation
- An Excel financial model containing any supporting data

Your team is free to decide on the pitch deck title and format, provided that content is presented clearly. All submissions must be in English and the content should be analytical and predictive rather than descriptive.

YOU ARE ADVISED TO INCLUDE THE FOLLOWING:

- Situation overview and performance review
- Competition landscape and positioning
- Overview of potential acquisition opportunities (recommendation to include a maximum of three potential targets)
- Strategic recommendation and rationale (choose one target out of the selected potential targets)
- Valuation summary
- Financing structure/Merger analysis
- Appendix and reference list

ADDITIONAL INFORMATION:

- An appendix and other supporting files/documents can be included, but these should not be part of your presentation slides
- Additional research materials used must be acknowledged in the notes section of the PowerPoint slides

The top 5 teams will move on to the Second Round where they will present their ideas in front of a panel of judges consisting of industry experts and leaders. Attractive prizes will be awarded to the top 3 teams.

DUE DATE

The deadline for submission of the Strategic Review is:
23:59 (Hong Kong Time), 18 August 2022.

Teams who sign up after the competition begins (1 August 2022) will not be given an extended deadline for the submission. Late submissions will not be considered.

SUBMISSION FORMAT

Submissions of the Strategic Review must be in both .pptx and .pdf format, and the optional Excel financial model must be in .xlsx format.

Name your files as such: AIBC_M&A_[team name].pptx, AIBC_M&A_[team name].pdf and AIBC_M&A_[team name].xlsx

Title the email: AIBC M&A Competition - [team name] and send it to:
competitions@aibc.asia.

TIMELINE

DATE	EVENT
1 AUG	Deadline for competition signups
5 AUG	Release of competition material
18 AUG	Deadline for application submissions
29 AUG	Top 5 teams will be notified. Finalist teams have to prepare a 10-minute team presentation
2 SEP (DAY 0)	Top 5 teams will deliver a virtual team presentation to a panel of judges from HSBC

JUDGING CRITERIA

CRITERION	WEIGHTAGE
Relevance, accuracy and soundness of quantitative and qualitative analysis	50%
Format and structure of presentation materials contributing to clarity and coherence	20%
Effective communication skills, persuasiveness and teamwork	20%
Professional judgment of the situation and overall reasoning process	10%

PRIZES

Each team member from the Top 5 teams will receive a Certificate of Achievement.

In addition, the team in 1st place will receive:

Individual plaques and certificates
Other awards and exclusive merchandise from HSBC

Team plaque
Cash prize HKD \$5000

The team in 2nd place will receive:

Individual plaques and certificates
Other awards and exclusive merchandise from HSBC

Team plaque
Cash prize HKD \$3000

The team in 3rd place will receive:

Individual plaques and certificates
Other awards and exclusive merchandise from HSBC

Team plaque
Cash prize HKD \$2000

TERMS AND CONDITIONS

1. Teams must consist of 3-5 members. Teams are to register via the Google Form link that can be found in the AIBC 2022 website and Instagram with a distinct team name.
 - a. After 1-2 months, if signup rates are not ideal, we will open up for individual signups and group the delegates into teams.
 - b. Criteria for grouping the delegates would be university > geographical location > year of study > financial knowledge.
2. Only applicants who have registered and paid for AIBC 2022 are allowed to enter this competition.
3. All decisions made by the committee and judges in both the First and Second Rounds are final.
4. Teams that are selected for the Second Round are to inform the AIBC Team via email within 3 working days of being notified on their availability to present on Judging Day (2 September).
5. At least 3 team members must be present on Judging Day. Inform us via email at competitions@aibc.asia if any team members are going to be absent.
6. Teams that are unable to confirm their attendance in time will automatically forfeit their place. The AIBC Team will decide on the next best team to replace the team that drops out and will inform them promptly.
7. Originality of the work is extremely important and plagiarism will not be tolerated.

CONTACT US

If you have any queries, drop us a message through our social media pages or visit our FAQ page on the AIBC website: <https://www.aibc.asia/faq>

Should you require any further assistance, please feel free to contact us at competitions@aibc.asia and we will get back to you as soon as possible.