

*everything begins with a concept...*

**EQUITY INVESTMENT OPPORTUNITY  
Settlement through NCLT.**

**BSE and NSE Listed 45 Years Old Business  
GEI INDUSTRIAL SYSTEMS LIMITED**

*by*



**CONCEPT**

**Concept Management Consulting Limited**

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# **HISTORY & BUSINESS OVERVIEW**

# Background of Company

GEI Industrial Systems Limited (GEI), established in 1970, is listed on BSE, NSE since 1994

GEI is innovation driven & it specializes in design, manufacture, fabrication, testing, erection & commissioning of air cooled heat exchangers for Oil & Gas industry with limited domestic competition

100% subsidiary GEI Power Limited, established in 2009, has designed & manufactures **air cooled vacuum steam condensers**

Both GEI & GEI Power have eco-friendly substitutes saving on water

GEI at its peak commanded Market-cap of ~Rs. 500 Crores ,Topline of Rs. 358 Crores & EBITDA of Rs. 64 Crores, (2011)

Promoter C. E. Fernandes, a man of highest integrity brings 45 years impeccable record with Customers and Banks.

GEI is victim of stress in the Power Sector - cascading effect of cancellation of coal allocation in 2012.

Present proposal is under operational leadership of GEI Founder & a Team of Experts.

## Key Customers

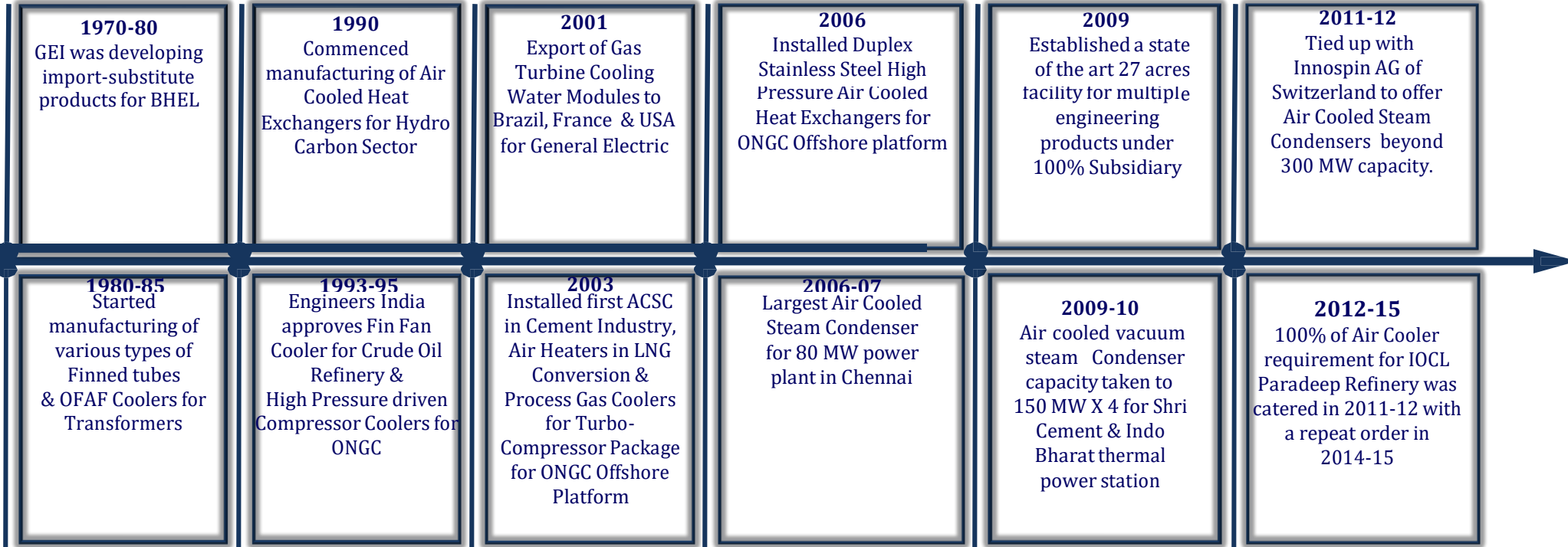
### DOMESTIC MARKET

- BHEL
- IOCL
- BPCL, HPCL
- ONGC
- GAIL
- Nuclear Power Corporation of India
- Engineers India Limited
- Larsen & Tubro
- Reliance Petroleum Limited
- Ultratech Cements
- Shree Cement Limited
- TOYO Engineering India Ltd.

### INTERNATIONAL MARKET

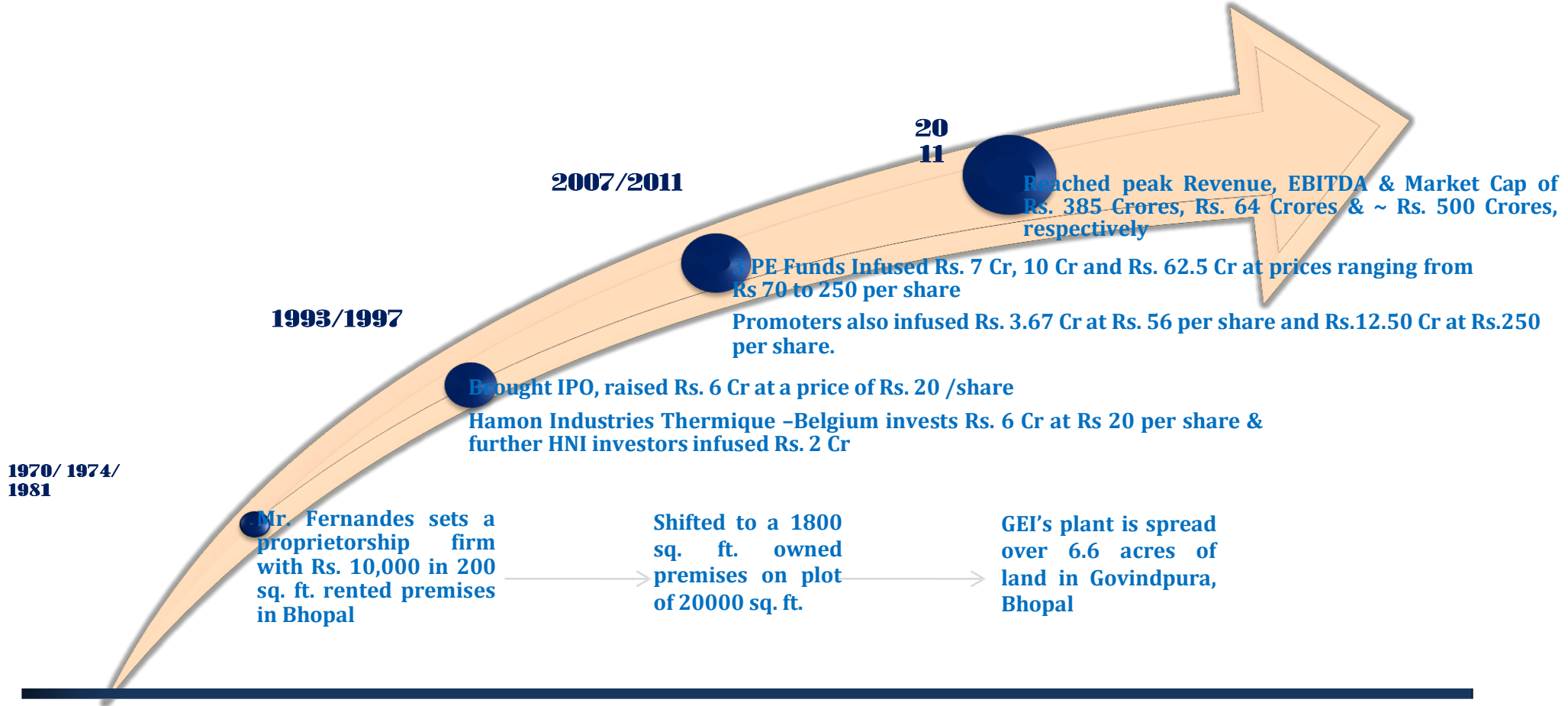
- General Electric, USA
- Siemens, Germany
- Atlas Copco, USA
- Petroleum Development Organisation, Oman
- Kuwait national Petroleum Corporation, Kuwait

# Journey in Product Innovations & Market Expansion

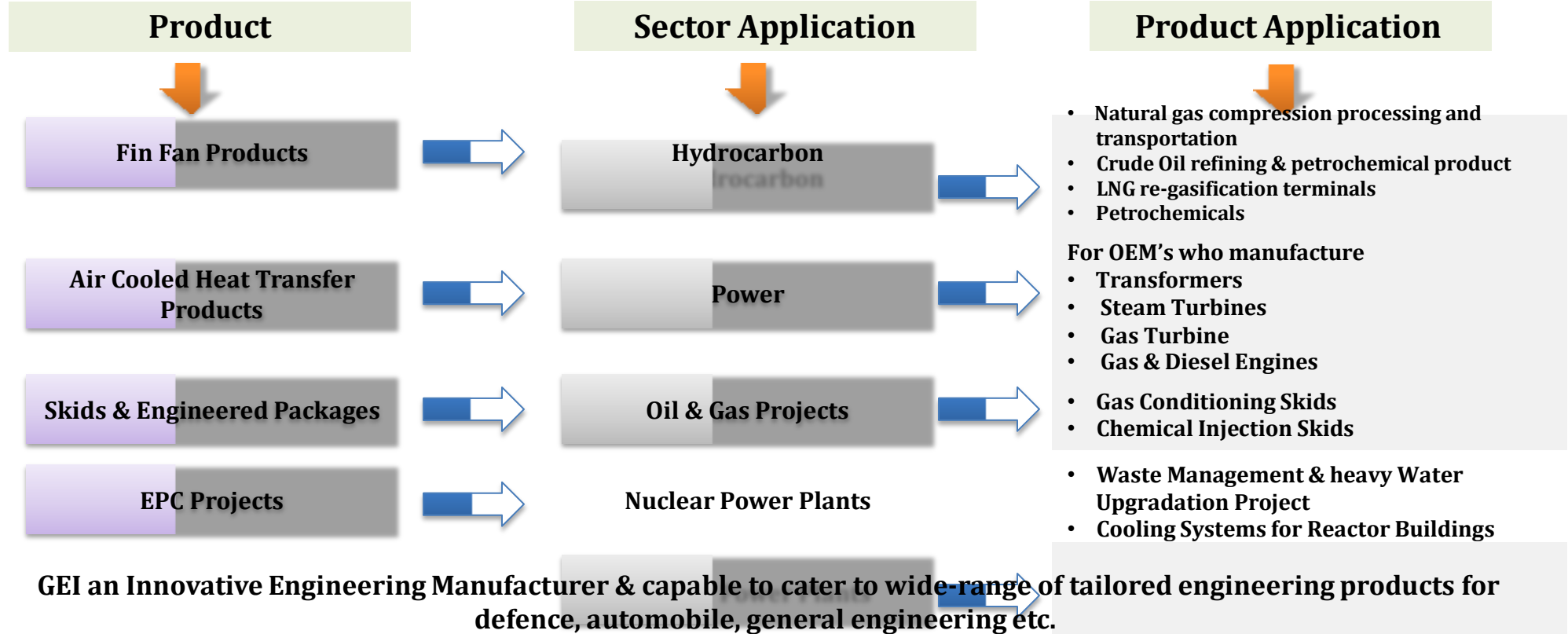


**Cancellation of Coal Blocks by Supreme Court in 2012 led to Power Project Builders not lifting equipment & failing to pay for delivered equipment - GEI referred to NCLT in Aug 2017 by an Operational Creditor**

# Shareholder Value Curve



# Products & their Applications



# **REASONS FOR STRESS**

# Factors Leading Company to NCLT



**Operations continued until December 2015- with working capital totally dried-up, GEI failed to execute orders on hand and the operations came to standstill leading to admission into NCLT in 2017**

# Key Dates in NCLT

Date	Court Proceedings / Developments in Hearing	Key Outcome(s) in Court Hearing
20-7-2017	Case Admitted	IRP appointed, on August 2, 2017
08.09.2017	Resolution Professional Confirmed Mr. Naveen Sood	
20-4-2018	RP recommended for Liquidation as Resolution Plan submitted could not be discussed with COC as 270 days period exceeded & no further extension sought by RP	ICICI Bank recommended to RP to convene a COC meeting on April 13, 2018 but instead, RP filed the closing Report on April 20,2018 recommending Liquidation
10-6-2018	On the basis of modification of Sec 29 A of IBC Code, Promoter has requested NCLT to grant 2 months time for submission of Resolution Plan by him	Next date of hearing on April 08, 2019
7-9-2018	Some more claims submitted by other Creditors like Nuclear Power Corporation & Commissioner Public Provident Fund	As court has to study these fresh claims, hence Next date of hearing fixed for April 08,2019
09.10.2018	Case hearing adjourned	Next date is April 08,2019

# **MARKET COMPETITION AND POTENTIAL**

# Competition - Air Cooled Heat Exchangers for Oil & Gas Sector

Competitor	GEI	BGR	Patel Air Temp	Paharpur
<b>Manufacturing Capacity</b>	Largest	Second Largest	Small	Third
<b>Special Alloys</b>	About 5 Alloys	Three Alloys	Nil	Nil
<b>Installations &amp; References</b>	Maximum	Lesser	Minimum	Lesser
<b>Offshore References</b>	13	2	Nil	Nil
<b>Air Heaters for LNG Terminals</b>	2	1	Nil	Nil
<b>High Pressure Coolers <math>\geq</math> 150 bar</b>	40 Units	No reference	No reference	No reference

Source: Grand Thornton Report

# Competition- Air Cooled Steam Condensers for Steam Turbines

Competitor →	GEI	BGR	Patel Air Temp	Paharpur
<b>Operating References in India</b>	125	50	Nil	50
<b>Largest Operating Unit – India</b>	150 MW	65 MW	Nil	Nil
<b>Principals/Technology Provider</b>	Innospin Switzerland	GEA Germany	Nil	SPX USA
<b>Principal's References</b>	Less References	Maximum References	Not Available	Second best
<b>Largest Reference of Principal</b>	800 MW	800 MW	Nil	800 MW
<b>Manufacturing Capacity</b>	Largest	Second	Nil	Medium

Source: Grand Thornton Report

# Order Book Plan for next 5 years

Sr No.	Industry Segment	Products	Type	FY 2020	FY2021	FY2022	FY2023	FY2024
1	Oil & Gas (Exploration & Production)	Process Gas Coolers	ACHE	5.25	10.63	29.46	41.36	71.43
2	Liquefied Natural Gas (LNG)	Ambient Air Heaters	AAHR	35.00	53.13	42.72	62.87	35.71
3	Petroleum Refining & Petrochemicals	Air Fin Coolers	ACHE	17.50	42.50	55.98	74.45	111.43
4	Power Generation- Thermal & Gas Based	Air Cooled Steam Condensers (Upto 80 MW)	ACSC	11.67	19.13	30.94	62.87	54.29
5	Power Generation- Thermal & Gas Based	Cooling Water Modules, Air Blast Oil Coolers	ACHE	0.23	2.13	1.47	3.31	1.43
6	Power Generation- Nuclear Power	F M Vault Coolers, Pump Room Coolers, WMP & UGP	WCHE	-	-	44.20	33.09	21.43
7	Steel Making	Compressed Air Coolers	WCHE	0.35	-	1.47	3.31	4.29
<b>Total Expected Order Book for GEI</b>				<b>70.00</b>	<b>127.50</b>	<b>206.25</b>	<b>281.25</b>	<b>300.00</b>

## Notes

**ACHE** Air Cooled Heat Exchangers

**AAHR** Ambient Air Heater

**ACSC** Air Cooled Vacuum Steam Condensers

**WCHE** Water Cooled Heat Exchanger

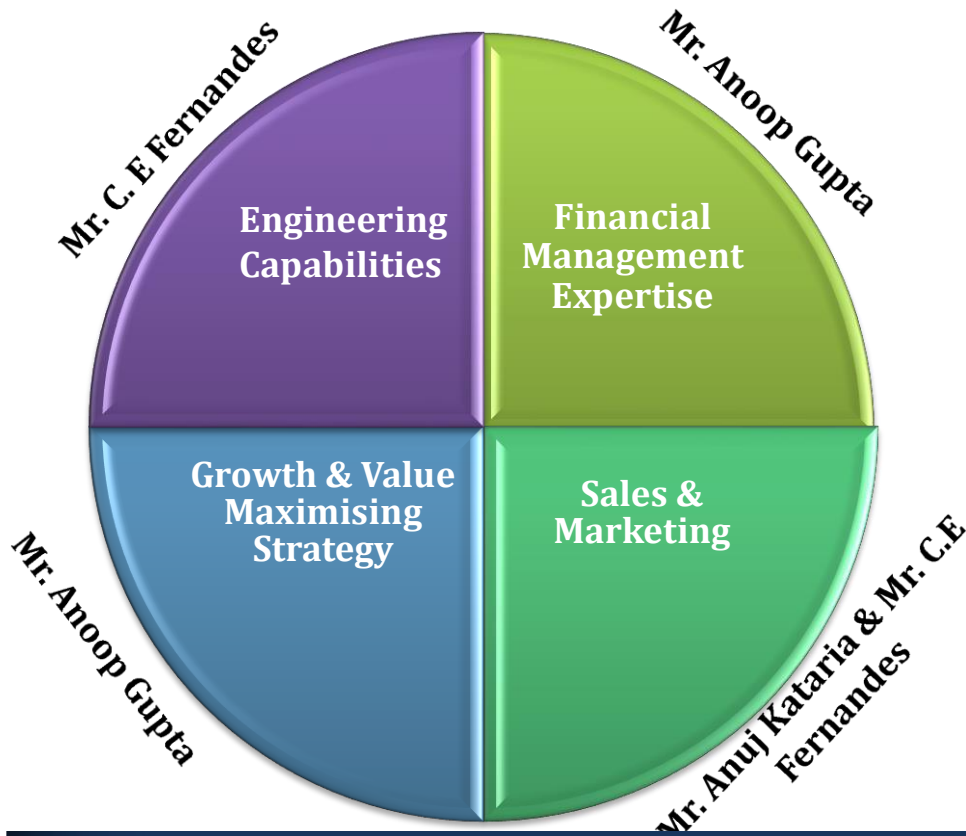
**Market share of GEI is filled by small players & imports  
Customers will return to GEI due to proven & dependable track-record**

*Basis for order book continued on next page.....*

# Basis for Order Book – *continued*

1	<b>Process Gas Coolers</b>	<p>Enquiries in hand from export to Middle East from Exterrain, GPS &amp; Other Compressor Packagers supplying for the NG sector</p> <p>Enquiries under discussions with L&amp;T Mumbai for Oil &amp; Gas Proejcts of ONGC namley Neelam Project</p>
2	<b>Ambient Air Heaters</b>	<p>New LNG Terminals being set up at Chchara Gujarat by Shaporjee-Pallonjee , LNG Projects at Mangalore &amp; Ennore are under development</p> <p>Other LNG Terminals coming up at Ganagavaram,Mundra, Kakinada &amp; Paradip</p>
3	<b>Air Fin Coolers</b>	<p>Refineries of Numaligarh, HPCL Vizag &amp; BPC Kochi are going for major expansion by doubling the capacities. Tenders are already out</p> <p>11 Refineries of IOCL going for fuel upgradation projects from Bharat-IV to Bharat VI. Tenders under preparation.</p> <p>New grass root refinery is being set up at Barmer, Rajasthan jointly by the state Government &amp; HPCL.</p> <p>All the above projects have allready been ordered on Engineers India Ltd.</p>
4	<b>Air Cooled Vacuum Steam Condensers</b>	<p>Requirements from Ultratech Cements for ACC units based on waste heat recovery at their cement plants for captive generation including those taken over from Jaypee</p> <p>Captive Power Plants at Steel Plants</p> <p>ACC units for export to Middle East for Gas-Thermal Based Combined Cycle Power Plants</p> <p>Process Steam Condensers for Ehanced Oil &amp; Gas Recovery from old fields- Brown Field Projects</p>
5	<b>Cooling Water Modules, Air Blast Oil Coolers</b>	<p>Export to Middle East, Africa &amp; South East Asia through orders from Gas Turbine majors like GE,Siemens and Engine mfrs like Rolls Royce,MAN, Warstila, Caterpillar..</p>
6	<b>F M Vault &amp; PR Coolers, WMP &amp; UGP</b>	<p>10 Projects cleared by the Govt. Soon to be set up are Kundamkulam, Jitapur,Klapakkam &amp; Westinghouse (AP)</p>
7	<b>Compressed Air Coolers</b>	<p>GEI approved by Supply Chain of Siemens Duisberg and Atlas Copco Koln. Continous requirements for global &amp; indigenious projects for Steel &amp; Fertilizers industries</p>

# Team - Potential Stakeholders in the Equity



## Engineering Capabilities

- 1.Product Design & Development
- 2.Production

C.E Fernandes will drive these functions & will also groom younger talent in these areas with a focus on development of new products

## Financial Management & Growth Strategy

Anoop Gupta brings 36 years experience as a banker, entrepreneur and strategist having built & turned around businesses in India & overseas - he will lead core finance and strategy functions

## Marketing Management

- 1.Existing Products & Customers
- 2.New Products & New Overseas Markets

Anuj brings 20 years experience across India and Africa in leading businesses apart from 12 years with Indian Air Force (NDA pass-out). He could be the CEO to assist C.E. Fernandes

# **REVIVAL STRATEGY**

# Claims with NCLT & Proposed Settlement & Fund Raising

Name of the Creditors	Total claim lodged	Payment in Liquidation
<b>Secured Financial Creditors</b>		
ICICI Bank Ltd.	49.34	3.24
Yes Bank	19.43	1.28
Axis Bank	46.95	3.08
IDBI Bank	76.08	4.99
SBI	43.84	2.88
Kotak Mahindra Bank	10.32	0.68
Kotak Mahindra Prime Limited - Car Loan	0.01	0.00
Standard Chartered Bank	20.20	1.33
Madhya Pradesh Financial Corporation	0.31	0.02
LIC of India	1.40	0.09
ICICI Bank Car Loan	0.08	0.01
HDFC Bank - Car Loan	0.22	0.01
L&T Finance Ltd.	0.66	0.04
<b>Sub-total</b>	<b>268.84</b>	<b>17.65</b>
<b>Unsecured Financial Creditors - Sub-total</b>	<b>121.14</b>	<b>7.95</b>
<b>Other Financial Creditors (ICDs) - Sub-total</b>	<b>13.63</b>	<b>0.89</b>
<b>Operational Creditors - Sub-total</b>	<b>2.98</b>	<b>0.20</b>
<b>Statutory Dues- Sub-total</b>	<b>25.35</b>	<b>1.66</b>
<b>Dues of Employees - Sub-total</b>	<b>25.08</b>	<b>1.65</b>
<b>Grand Total</b>	<b>457.02</b>	<b>30.00</b>

Sr.No	Requirement of Funds	Amount
1	Payment to Secured Lenders <sub>1</sub>	35.30
2	Payment to Unsecured Financial Creditors <sub>1</sub>	
3	Payment to Other Creditors <sub>1</sub>	5.29
4	Working Capital Margin	10.00
5	Start-up Expenses	3.50
<b>Total</b>		<b>62.04</b>

Sr.No	Proposed Means	Amount
1	Fresh Equity - from new investor	25.00
2	Secured Borrowings (Deferred Payment) <sub>2</sub>	23.54
3	Subordinated Debt <sub>3</sub>	13.50
<b>Total</b>		<b>62.04</b>

## Notes:

- Total proposed payment of Rs. 48.54 Cr to Creditors comprising of upfront payment of Rs. 11.50 Crores, senior secured debt of Rs. 23.54 Cr (5% ROI & 3 years term) subordinate debt of Rs. 13.50 Cr (15% IRR & 5 years maturity).
- Senior debt to be serviced out of operational surplus of first 3 years.

# Proposed Settlement - Value of Assets

Sr.No.	Company Assets	Current Value (In Rs.)	Total Debt & Equity (Post Settlement)	Net Enterprise Value
1	Land	26,00,00,000	<b>Debt</b>	23,54,00,000
2	Building	15,00,00,000	<b>Subordinated Debt</b>	13,50,00,000
3	Plant & Machinery	28,00,00,000	<b>Equity</b>	25,00,00,000
4	Current Assets	40,00,00,000		
	<b>Total</b>	<b>1,09,00,00,000</b>	<b>Value for Equity Investor →</b>	<b>71,96,00,000</b>

**Equity of Rs. 25 Cr against Assets of Rs. 109 Cr makes it a Value Proposition on day one**

# **FINANCIAL OVERVIEW**

# GEI – Forecasted Financials – Next 5 Years

Particulars	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
New Orders Procured	70.00	127.50	206.25	281.25	300.00
Unfilled order value at the end of year	35.75	89.38	134.06	178.75	178.75
<b>INCOME</b>					
Sales	34.25	73.88	161.56	236.56	300.00
Other Income	-	-	-	-	-
<b>Total Revenue</b>	<b>34.25</b>	<b>73.88</b>	<b>161.56</b>	<b>236.56</b>	<b>300.00</b>
<b>EXPENDITURE</b>					
Cost of material consumed	39.60	72.10	120.38	166.63	186.00
Other Expenses	7.13	14.06	23.75	33.75	40.00
Cost of Production	46.73	86.16	144.13	200.38	226.00
Add: Opening WIP	-	17.96	43.54	61.65	77.50
<b>Sub-total</b>	<b>46.73</b>	<b>104.12</b>	<b>187.67</b>	<b>262.02</b>	<b>303.50</b>
Less: Closing WIP	17.96	43.54	61.65	77.50	69.50
<b>Sub-total</b>	<b>28.77</b>	<b>60.58</b>	<b>126.02</b>	<b>184.52</b>	<b>234.00</b>
<b>EBITDA</b>	<b>5.48</b>	<b>13.30</b>	<b>35.54</b>	<b>52.04</b>	<b>66.00</b>
<b>EBITDA Margin</b>	<b>16%</b>	<b>18%</b>	<b>22%</b>	<b>22%</b>	<b>22%</b>
Depreciation	2.46	2.34	2.22	2.11	2.00
Amortization of Start-up expenses	0.70	0.70	0.70	0.70	-
<b>EBIT</b>	<b>2.32</b>	<b>10.26</b>	<b>32.62</b>	<b>49.23</b>	<b>64.00</b>
Interest	2.14	3.92	5.21	6.11	6.06
<b>PBT</b>	<b>0.18</b>	<b>6.34</b>	<b>27.41</b>	<b>43.12</b>	<b>57.94</b>
<b>PAT</b>	<b>0.18</b>	<b>5.17</b>	<b>22.34</b>	<b>32.34</b>	<b>40.56</b>

\*The repayment of subordinate debt is not factored since the same will be retired by funds from public offerings in 4<sup>th</sup> or 5<sup>th</sup> year

## Past Key Financials

Particulars	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
<b>Gross Revenues</b>	214.54	242.18	385.33	364.5	166.89	69.37	30.57
<b>EBITDA</b>	30.22	35.17	64.18	42.22	(11.91)	(14.62)	(9.20)
<i>%Margin</i>	14.09%	14.52%	16.66%	11.58%	-7.14%	-21.08%	-30.09%
<b>PBT</b>	17.14	20.78	38.09	2.07	(51.80)	(50.24)	(32.41)
<b>%Margin</b>	8.00%	8.60%	9.90%	0.60%	-31.00%	-72.40%	-106.00%
<b>PAT</b>	22.87	14.28	24.39	0.11	(48.42)	(50.24)	(32.41)
<b>Net Cash Available</b>	24.68	16.6	26.78	2.66	(45.42)	(46.25)	(25.83)

# Working Capital Requirement – Next 5 Years

Particulars	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024
<b><u>Fund Based</u></b>					
Cash Credit	2.50	12.00	13.00	11.00	-
Bill Discounting	7.03	10.90	18.46	25.49	28.13
<b>Total FBWC</b>	<b>9.53</b>	<b>22.90</b>	<b>31.46</b>	<b>36.49</b>	<b>28.13</b>
<b><u>Non-fund based</u></b>					
Letter of Credit	12.33	29.88	43.42	57.89	57.89
Bank Guarantee	11.50	34.83	52.92	71.25	80.42
<b>Total NFBWC</b>	<b>23.83</b>	<b>64.71</b>	<b>96.34</b>	<b>129.14</b>	<b>138.31</b>
<b>Total WC Requirement</b>	<b>33.36</b>	<b>87.61</b>	<b>127.79</b>	<b>165.63</b>	<b>166.43</b>
<b>WC Margin</b>	<b>4.77</b>	<b>7.43</b>	<b>5.30</b>	<b>4.54</b>	<b>-</b>
<b><u>Source of Margin</u></b>					
Equity Infusion	4.77	5.23	-	-	-
Internal Accruals	-	2.20	5.30	4.54	-

# Gist of Investment Opportunity

## Investment- 2019

- Equity Infusion of Rs. 25 Crores for controlling stake
- Pre-leveraged deal with 37 Crores Soft Debt
- BSE & NSE listed – Liquid Investment with significant upside potential
- Proven track-record of product innovation, engineering capabilities being reinforced with financial management expertise

## Exit - 2021

- Projected PAT Rs. 22.24 Cr in Mar 22, GEI Marketcap may easily exceed ~Rs. 200 Cr by Sept 2021
- Investor Exit possibility through Strategic acquisition by Overseas Strategic partner *(list of potential investors provided in next slide)*

# Potential Overseas Investors – In-house Expertise

## Potential Overseas Investors

1. AIR FINS LIMITED, UK
2. AIRCOFIN BV, NETHERLANDS
3. ALFA LAVAL CORPORATE AB SWEDEN/ OLMI SPA ITALY
4. BABCOCK & WILCOX SPIG, ITALY
5. BELLELI ENGINEERING SRL, ITALY
6. BEMBANA COSTRUZIONI INDUSTRIALI, ITALY
7. BORSIG GROUP, GERMANY
8. BRONSWERK HEAT TRANSFER BV, NETHERLANDS
9. CHARLES THOMPSON, UK
10. HEAT TRANSFER EQUIPMENT, TULSA OKLAHAMA
11. HUDSON PRODUCTS, TULSA
12. NUOVO PIGNONE, ITALY (now GE OIL & GAS)
13. INDUSTRIAL HEAT TRANSFER INC. WI USA
14. ENERQUIP LLC. WI USA
15. MASON MANUFACTURING LLC IL USA
16. HT INDUSTRIAL ON USA
17. FAMET, POLAND
18. ALZ GMBH DORSTEN GERMANY
19. CE-AIR UK LIMITED HYDE UK
20. OGE GROUP DUSSELDROF GERMANY

## In-House Expertise

Concept International Business Consulting Limited (CIBC)", **assisted over 250 businesses from Europe and North America to come and set-up business in India the list apart from many other large corporations includes** *Harley Davidson-USA, Callaway Golf-USA, Polaris Industries-USA, Hitachi-Japan, Nautilus Fitness-USA, bio Merieux –France and more...*

# Thank You



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