# Green Energy Ltd. (GEL)- *Empowering the Future with Sustainable Storage Solutions*

**Location**: Chennai, India

**Incorporated**: August 2010

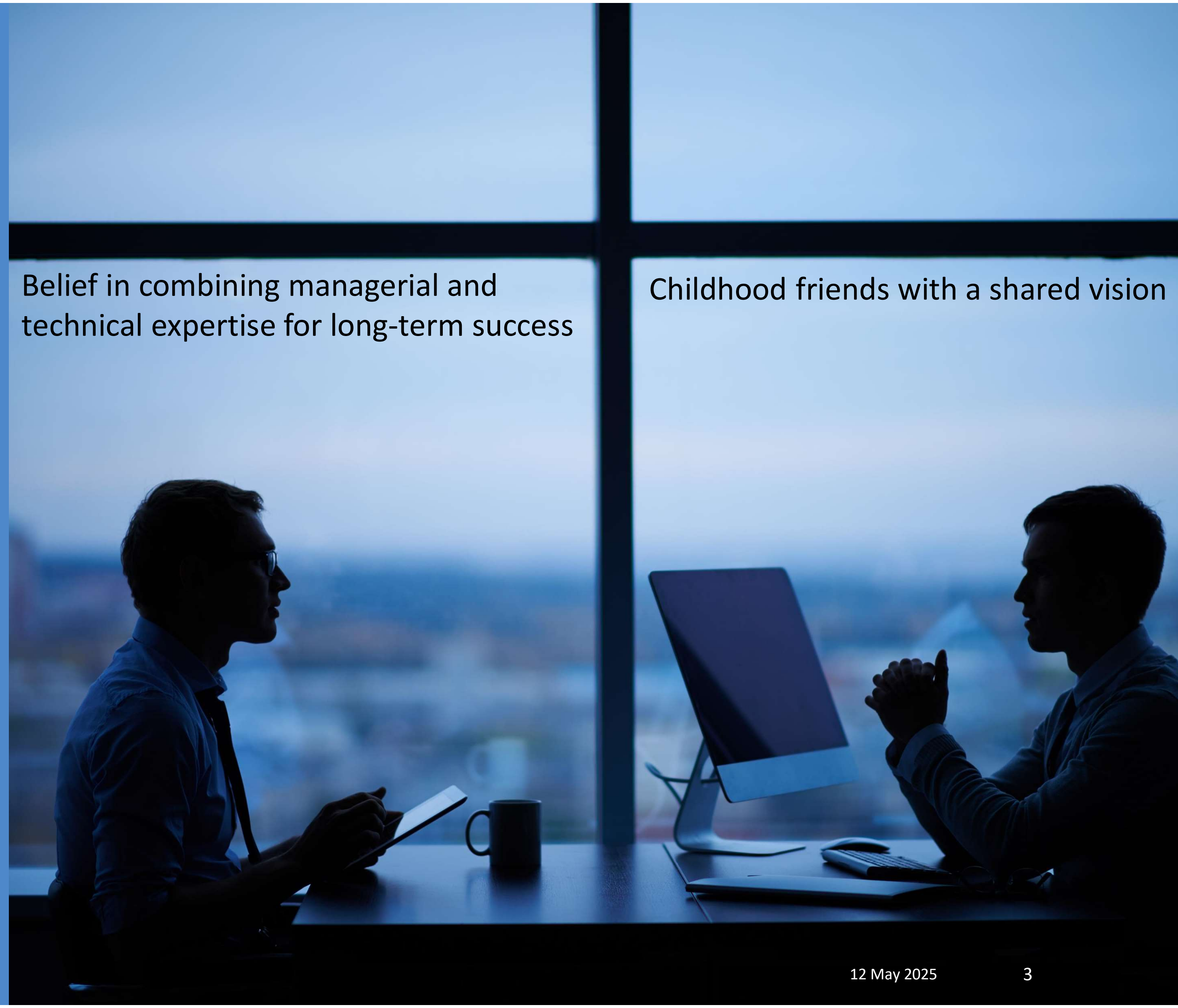
# Founders at a Glance

**VIJAY:**

MANAGEMENT GRADUATE FROM TOP INDIAN INSTITUTE

**Rishi:**

Engineer with an MBA from a reputed US university



Belief in combining managerial and technical expertise for long-term success

Childhood friends with a shared vision

# Company Overview

**Name**: Green Energy Ltd. (GEL)

**Established**: August 2010

**Headquarters**: Chennai

**Business Model**: Technology-driven, mechanical engineering base

**Focus**: Manufacturing & exporting power storage equipment

# Product Portfolio

- Solar Panels
- Solar Modules
- Storage Equipment for Solar Power
- Backend support infrastructure for green energy solutions

# Strategic Vision

Contribution to **nation-building**

Align with **Government of India's green energy initiatives**

Reduce dependency on coal-based power

Promote **sustainable energy practices**

# Government Alignment

**Supporting**

Supporting India’s “Power for All” mission

**Promoting**

Promoting clean and green energy

**Contributing**

Contributing to carbon neutrality goals

**Tapping**

Tapping into government incentives for renewable energy sector

# Core Strengths

Synergetic leadership

Strong R&D capabilities

Export-oriented manufacturing setup

Commitment to **environmental sustainability**


# Future Outlook

| | |
|---|---|
| Expand | Expand global reach through exports |
| Collaborate | Collaborate with government and private players |
| Invest in | Invest in advanced battery technologies |
| Enhance | Enhance automation and smart energy storage systems |

# Manufacturing & Delivery Cycle

- Raw material to final product: ~10 months
- Products ready for immediate installation upon completion
- Customer credit period: 6 months post-installation
- Extended working capital cycle requires efficient financial planning

# Financial Challenge in FY 2023–24

Long-term loan availed from **ABC Ltd.** for capital expenditure

**Installments due in FY 2023–24** could not be paid on time

As per loan terms, loan became **repayable on demand** on **March 31, 2024**

Reflected financial strain due to elongated operating cycle

# Strategic Negotiation with Lender

**June 2024**: GEL initiated discussion with ABC Ltd.

Despite breach, lender showed **support and confidence** in the entrepreneurs

**Mutual agreement** reached before finalization of audited accounts

ABC Ltd. **agreed not to demand loan repayment immediately**

Reinforced lender's belief in the **long-term viability and ethics** of GEL

# Lender's Confidence in GEL

## ABC LTD. RECOGNIZED:

- THE **INTEGRITY AND COMMITMENT** OF FOUNDERS
- THE **STRATEGIC RELEVANCE** OF GEL'S BUSINESS IN GREEN ENERGY SPACE
- THE **POTENTIAL** FOR GEL TO SCALE AND TRANSFORM THE SECTOR

# Business Outlook

Green Energy demand is rising globally

GEL poised to make **giant strides** in the green transition journey

With extended financial and stakeholder support:

- Strengthen **global positioning** in power storage segment
- Enhance **manufacturing capacities**
- Improve **cash flow management**

# Strategic Decision for Fundraising

- GEL decided to raise funds via **External Commercial Borrowings (ECBs)**
- Instrument: **INR-denominated Non-Convertible Debentures (NCDs)**
- **Tenure**: 7 years
- Attracted interest from **elite foreign investors**
- Goal: Strengthen long-term capital structure and support future growth

# Requirement for Interim Financial Report

Foreign investors required Interim Financial Statements as per IND AS

GM (Finance) instructed to prepare the report

Submitted for auditor's review prior to issue

Audited interim report was shared with investors before ECB issuance

# Audit Observations by Robin

**Error**:

Item of **extraordinary nature** not presented separately

**IND AS Position**:

IND AS **prohibits classification** as "extraordinary"; all items must be part of profit or loss from ordinary activities

**Impact**:

**Misrepresentation** of nature of income/expenses

# Audit Observations by Robin

| | | |
|---|---|---|
| ? | **Error:** | Reversal of previously recognised impairment on goodwill |
| | **IND AS Position:** | As per **IND AS 36**, impairment loss on **goodwill cannot be reversed** |
| ✕ | **Impact:** | **Overstatement** of asset value and profit |

# Audit Observations by Robin

**Error**: Only Basic EPS disclosed

**IND AS Position**: **IND AS 33** mandates disclosure of **both Basic and Diluted EPS**

**Impact**: **Incomplete information** to users

# Audit Observations by Robin

| | | |
|---|---|---|
| **Error:** | | Insignificant changes in **contingent liabilities** not disclosed |
| **IND AS Position:** | | **Even minor changes** must be disclosed if relevant to understanding financial position |
| **Impact:** | | **Lack of transparency** and completeness |

# Implications and Concerns

**ECB raised based on potentially flawed financial reporting**

Possible reputational risk if **investors identify IND AS non-compliances**

Future audits may result in **qualified or modified opinion**

Reflects the need for **stronger financial oversight and training**

# Utilisation of ECB Proceeds

**Total Proceeds Raised**: ₹4.00 Crores

**Application of Funds**:

- **Repayment of outstanding loan to ABC Ltd.** – ₹2.50 Crores
- **Working capital support** – ₹1.50 Crores

Strategic step to reduce liabilities and enhance operational liquidity

# Foreign Exchange Exposure Not Hedged

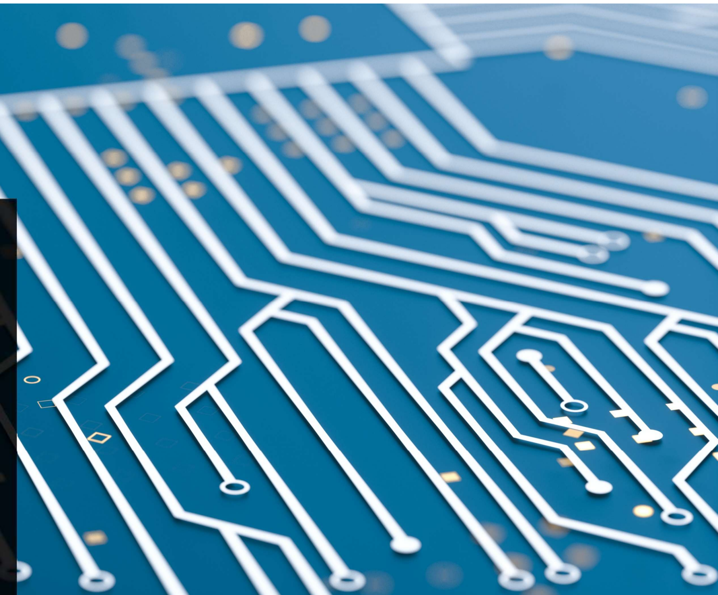
**Principal and coupon obligations** of ECB remain **unhedged**

GEL opted to use **spot rate on settlement date (01.06.2024)**

**Rate on agreement date (20.05.2024)** was **ignored**

# Enhancing Production Efficiency at GEL – Case of Product “SAT”

| Product: | Market Response: | Challenge: |
|---|---|---|
| • SAT- an innovative and successful market entrant. | • Initially received strong demand with regular orders. | • Emergence of competitors limited GEL's ability to **increase prices**. |



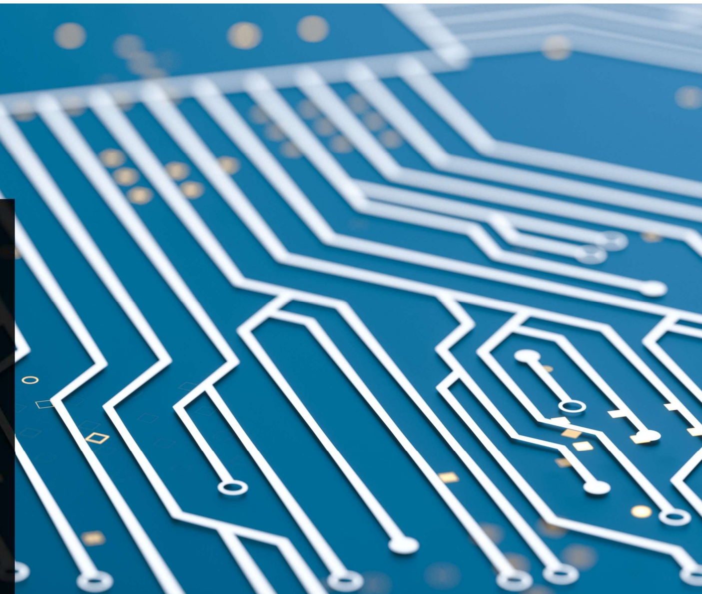
# Strategic Response

**Objective:**

- Maintain profit margins without increasing product prices.

**Action Taken:**

- Adoption of **new technology** to improve **labour efficiency**.



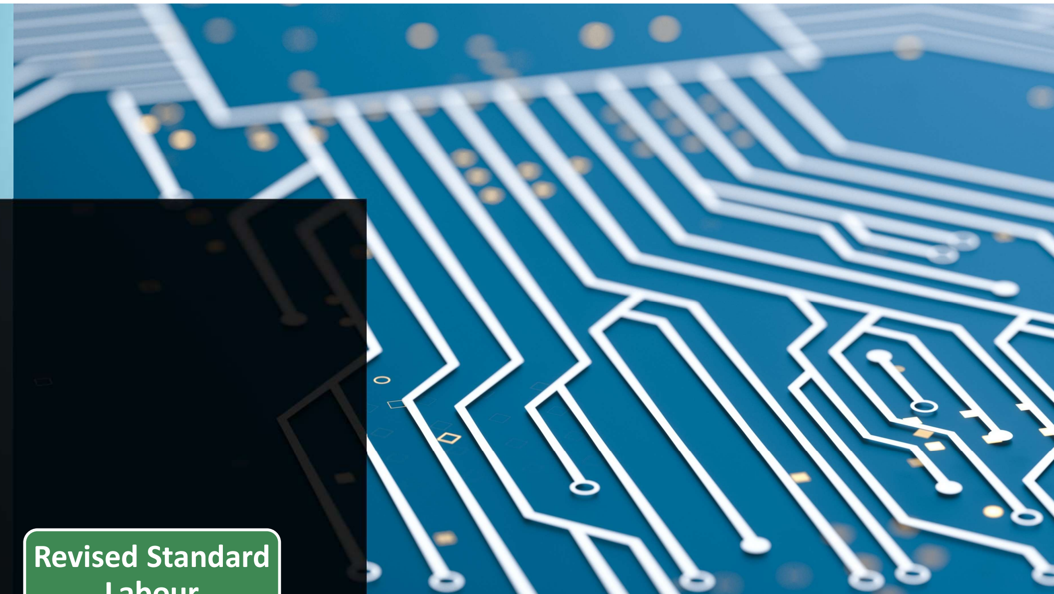
# Outcome

**Productivity Gain:**
- 25% increase in production efficiency.

**Before Change:**
- 10 units in **13.33 hours ⇒ 1.33 hour per unit**.

**After Change:**
- 10 units in **10 hours ⇒ 1 hour per unit**.

**Revised Standard Labour Requirement:**
- **0.75 hours per unit**



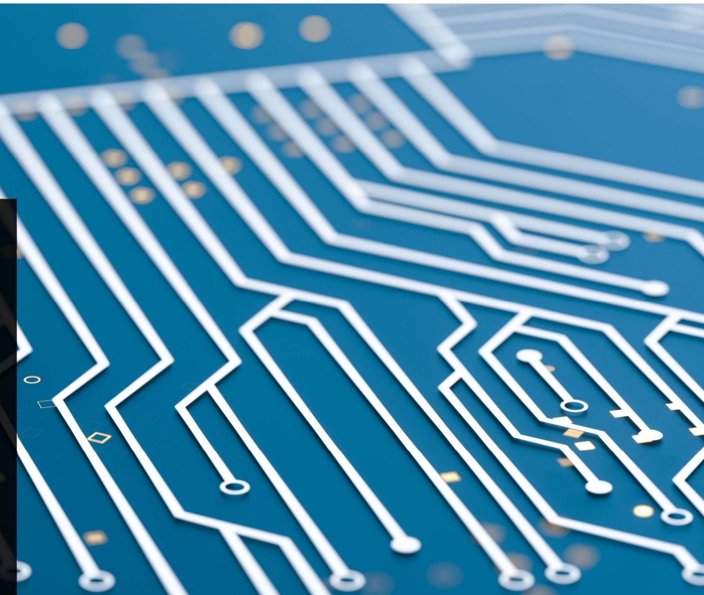
# Production Details

**Actual Units Produced:**

3,600 units

**Budgeted Units:**

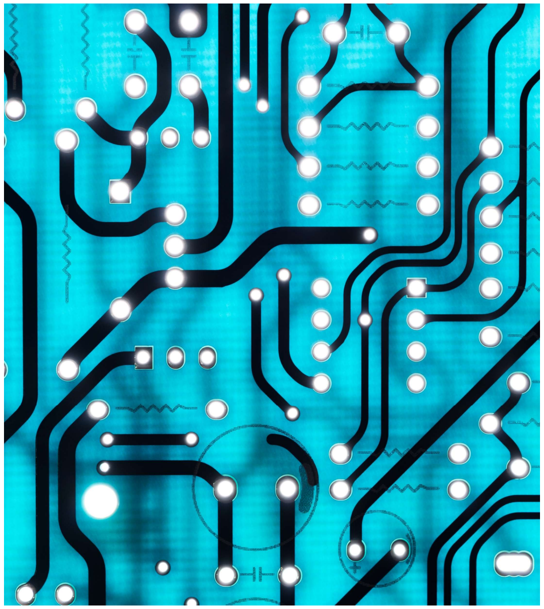
- 3,000 units



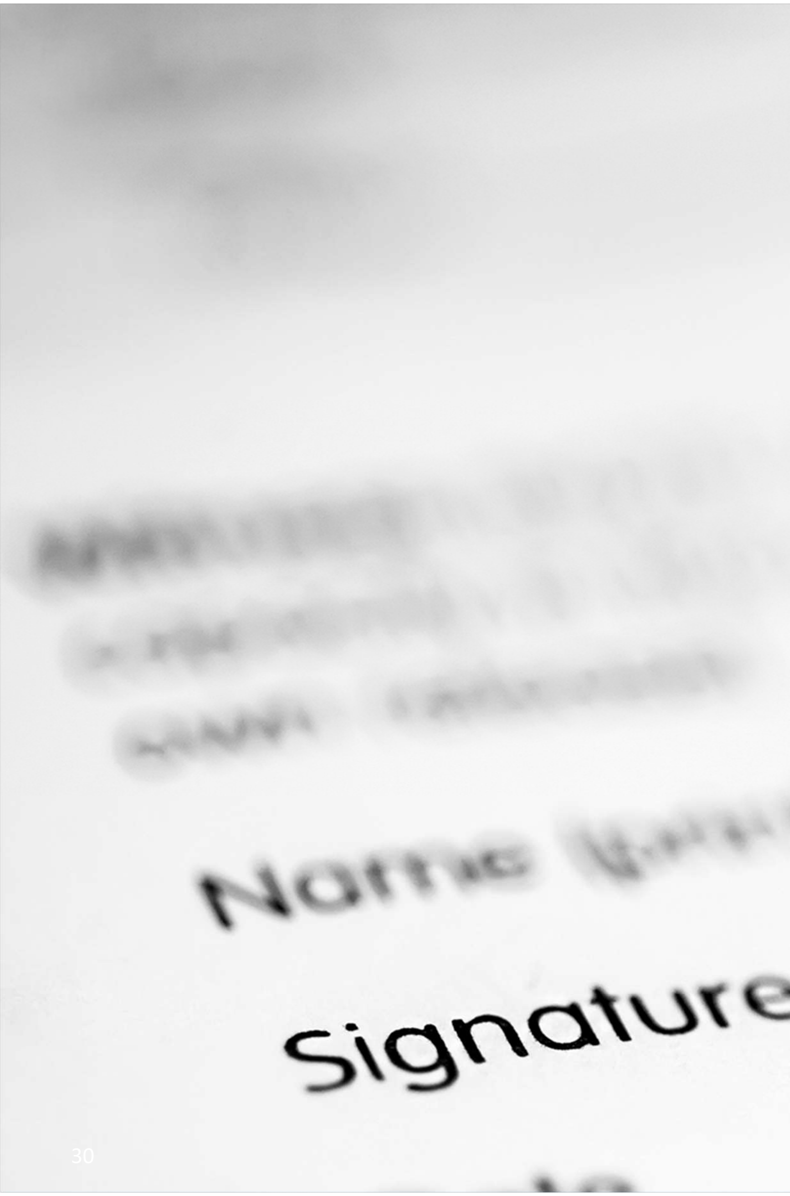
# Labour Rate Comparison

| Particulars | Original Standard | Revised Standard | Actual |
|---|---|---|---|
| **Units** | 3,000 units | 3,000 units | 3,600 units |
| **Labour Rate/hour** | ₹ 30 | ₹ 30 | ₹ 25 |

# Technical Services Engagement – Implementation of New Technology



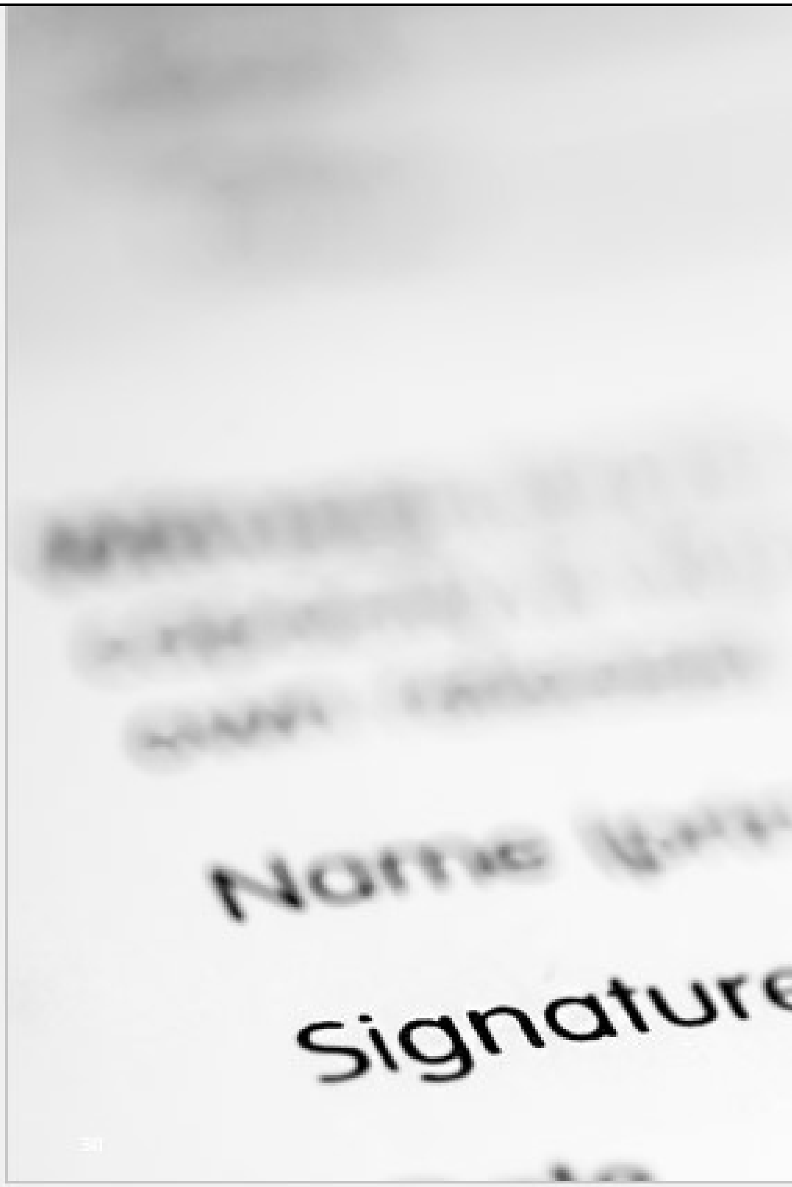
| | |
|---|---|
| **Service Provider:** | Mark Ltd., UK |
| **Nature of Service:** | Technical support for implementing new production technology |
| **Date of Engagement:** | 20th December, 2023 |
| **Invoice Raised:** | 28th December, 2023 |
| **Invoice Amount:** | GBP 1,00,000 |
| **Payment Date:** | 22nd January, 2024 |




# Government Contract – Supply of 'SAT' to KSEB

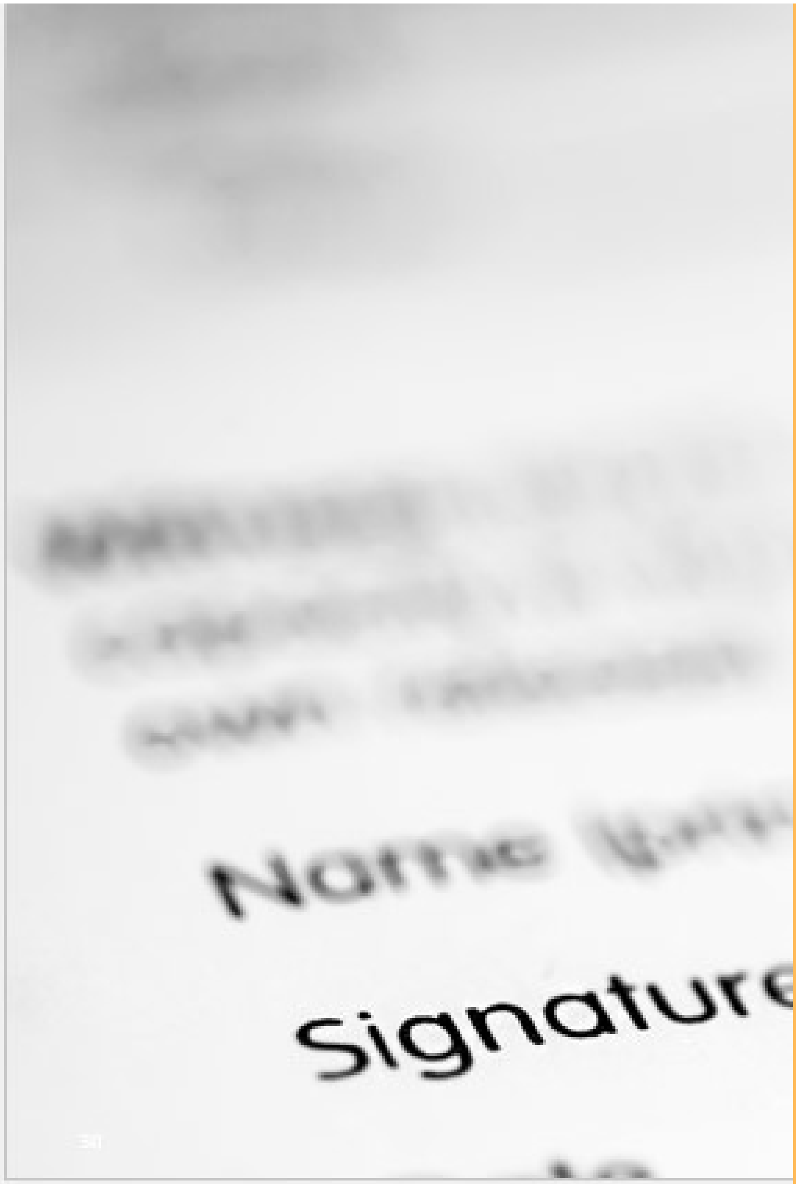
**Post-Efficiency Phase:** GEL matched pricing with competitors for government tenders.

**Quotation Filed With:** Kerala State Electricity Board (KSEB)




# Engagement Details

| | |
|---|---|
| **Contract Facilitated By:** | Raman (Rishi's friend) – Head of Purchase, KSEB |
| **Units Ordered:** | 20 lakh units |
| **Contract Value:** | ₹ 20 Crores |
| **Terms of Payment - 1** | ₹ 2 Crores withheld – payable **after 12 months** |
| **Terms of Payment -2** | Balance to be paid after statutory deductions (TDS under Income-tax & GST) |



# Performance & Outcome

| | |
|---|---|
| **Timely Delivery:** | GEL fulfilled contract **before deadline** |
| **Profit Earned:** | ₹ 2 Crores (Net) |
| **Compliance Handled:** | Income-tax and GST TDS deducted as per norms |

# Vijay's Passion for Stock Market Operations

**Deep Passion:** Always enthusiastic about **stock market operations**.

**Learning Perspective:** Believes studying markets helps.

Understand **macro-economic indicators**.

Sharpen **business acumen** and financial instincts.

# Vijay’s Passion for Stock Market Operations

**FOMO Triggered by Bull Market**

- Rapid rise in stock indices created **fear of missing out** (FOMO).
- Inclination towards making **quick money** through stock investments.

# Vijay’s Share & Commodity Trading Activities – FY 2023-24

| Type of Transaction | Exchange | Aggregate Value | Profit / (Loss) |
|---|---|---|---|
| Day Trading in Shares | BSE | ₹ 85,00,000 | ₹ 7,00,000 |
| Day Trading in Shares | NSE | ₹ 67,00,000 | ₹ (6,00,000) |
| Commodity Derivatives Trading | Recognized Exchange | ₹ 52,00,000 | ₹ 2,00,000 |

# Professional Portfolio Management Proposal

| | |
|---|---|
| After gaining experience in stock and commodity trading, **Vijay concluded**: | • Markets are **complex and volatile**.<br>• Investments should be **professionally managed** to avoid losses. |
| **Utilize GEL's Profits** from: | • **KSEB contract**<br>• Other successful business operations |
| **Create an Investment Portfolio** | • To be managed by a qualified professional<br>• Aim: Long-term value creation with managed risk |
| **Portfolio Manager Appointed** | • **Name:** CA. Kiran<br>• **Expertise:** Capital markets, portfolio strategies, risk-adjusted returns |

# Professional Portfolio Management Proposal

| Component | Rate | Basis |
|---|---|---|
| **Fixed Management Fee** | 0.20% | On the **portfolio value** |
| **Incentive Fee** | 1% | On **gross return in excess** of max value (₹ 2.20 Cr) since inception |