



**OEG**  
**OPERATIONAL EXCELLENCE**

# OPERATIONAL ENERGY GROUP INDIA LIMITED



**ANNUAL REPORT**



**2017 - 2018**

A World Class Operations & Maintenance Company  
in the field of Power and Process Industries



**OEG**

**OPERATIONAL EXCELLENCE**

# **OPERATIONAL ENERGY GROUP INDIA LIMITED**

**ANNUAL REPORT**

**2017 - 2018**

A, Gokul Arcade, East Wing, 5th Floor, No.2 & 2A,  
Sardar Patel Road, Adyar, Chennai, Tamil Nadu 600 020.

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

|                |   |  |
|----------------|---|--|
| S. Ramesh      | - | Executive Chairman & Managing Director |
| Usha Ramesh    | - | Non - Executive Woman Director         |
| P. Swaminathan | - | Independent Director                   |
| B. Viswanathan | - | Independent Director                   |

### CHIEF EXECUTIVE OFFICER

S.V. Natarajan

### CHIEF FINANCIAL OFFICER

V. Ramabhadran

### COMPANY SECRETARY

S. Srinath

### STATUTORY AUDITORS

M/s. Padmanabhan Ramani & Ramanujam  
Flat No.1.C, G.K.N. Villa, No.1.94th Street,  
Ashok Nagar, Chennai -600 083

### SECRETARIAL AUDITOR

VKS & Associates

### BANKERS

Axis Bank Limited  
Indian Overseas Bank  
HDFC Bank

### REGISTERED OFFICE

A, 5th Floor, Gokul Arcade - East Wing  
No. 2 & 2A, Sardar Patel Road, Adyar, Chennai -600 020  
Ph : 044- 4394 9300 Fax : 044- 2442 4156  
E.mail : investors@oegindia.com

### CORPORATE IDENTITY NUMBER

U40100TN1994FLC028309

### WEBSITE

[www.oegindia.com](http://www.oegindia.com)

### LISTING OF SHARES AT

Metropolitan Stock Exchange of India limited, Mumbai

### REGISTRAR AND SHARE TRANSFER AGENTS

Cameo Corporate service Limited,  
"Subramanian building "No. 1,  
Club House Road, Chennai - 600002.  
Tel.: 044-28460390  
Email. investor@cameoindia.com

## **OPERATIONAL ENERGY GROUP INDIA LIMITED**

**(Formerly Sri Balaganapathy Mills Limited)**

**CIN: U40100TN1994FLC028309**

**A, 5<sup>TH</sup> FLOOR, GOKUL ARCADE - EAST WING,  
NO.2&2A, SARDAR PATEL ROAD,  
ADYAR, CHENNAI - 600020**

### **NOTICE**

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of OPERATIONAL ENERGY GROUP INDIA LIMITED will be held at the Registered office of the company A, 5<sup>th</sup> Floor, Gokul Arcade - East Wing, No.2& 2A, Sardar Patel Road, Adyar, Chennai - 600 020 in the state of Tamil Nadu on Friday, 21st day of September 2018 at 02.00 P.M. to transact the following businesses:

#### **ORDINARY BUSINESS:**

**1. To receive, consider and adopt:**

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 together with the Report of Auditors thereon.

**2. To appoint Auditors and fix their remuneration and in this regard, to consider and if though fit, to pass the following as an Ordinary Resolution:**

“RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s Padmanabhan Ramani & Ramanujam, Chartered Accountants, be and are hereby appointed as the Statutory Auditor of the Company in place of Mr. S. Srinivasulu Chartered Accountant Membership No. 0008553, Chennai, to hold office for a term of five consecutive financial years, from the conclusion of this twenty fourth Annual General Meeting of the Company till the conclusion of the twenty ninth Annual General Meeting on such remuneration plus GST as applicable and reimbursement of out-of-pocket expenses in connection with the audit as may be mutually agreed upon by the Board of Directors and the Auditors.”

**3. To appoint a Director in place of Mrs. Usha Ramesh who retires by rotation and being eligible, offers herself for re-appointment.**

## SPECIAL BUSINESS:

### 4. ALTERATION OF OBJECT CLAUSE OF THE MEMORANDUM

**To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:**

1. "RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, the Objects Clause of the Memorandum of Association of the Company be altered by adding Clause III (A)(4) and Clause III (A) (5) and renumbered accordingly.
  - 4) To carry on the business as manufacturer, exporters, importers, contractor, subcontractor, seller buyer, agent of renewal energy systems like solar, biomass, solid waste, by product gases and gases components etc.
  - 5) To carry on the business of setting up industrial plants, project consultancy, product marketing and management consultants. To provide consultancy regarding installations of all types of projects and plant & machinery and business management regarding distribution, marketing and selling and to collect, prepare, distribute, information and statistics relating to any type of business or industry relating to solar systems and solar energy.
2. Sub Clause 1-30 "Clause III (B) of the objects as appearing under the sub-heading III(C) i.e. "OTHER OBJECTS", be shifted under the new sub-heading III(B) i.e. "MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)"

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, Mr. S.Ramesh, Executive Chairman and Managing Director of the Company be and is hereby authorised on behalf of the Company, to do all acts, deeds, matters and things as deemed necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary e-form(s) with the Registrar of Companies, Chennai."

/By Order of the Board of Directors/

For Operational Energy Group India Limited

Place: Chennai

Date: 10.08.2018

(S. RAMESH)

EXECUTIVE CHAIRMAN & MANAGING  
DIRECTOR

DIN: 00052842

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing proxy, in order to be effective should be duly completed, stamped, signed and must be received at the registered office of the company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/ authority, as applicable. A blank proxy form is enclosed with this notice.

A person can act as a proxy on behalf of members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorised representatives to attend the meeting are required to send a certified copy of the Board resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representatives to attend and vote on their behalf at the meeting.
3. Members, proxies and authorised representatives are requested to bring to the meeting the attendance slip enclosed herewith, duly completed and signed mentioning therein the details of their DP ID and Client ID/ Folio No.
4. Explanatory statement under section 102 of the Companies Act, 2013, is enclosed herewith.
5. The documents relating to any of the items mentioned in the notice and explanatory statement are available for inspection at the Registered Office of the Company during normal working hours (10AM-5PM) from Monday to Friday up to the date of meeting.
6. The registered members and share transfer books of the company will remain closed from Saturday, 15<sup>th</sup> September, 2018 to Friday, 21<sup>st</sup> September, 2018 (both days inclusive)
7. Members desiring to have any clarification on Accounts are requested to write to the Company at an early date to enable the company to keep the information ready.
8. Members holding Shares in Physical form are requested to notify/send the following information by quoting their Folio Number to the company/Registrar and Share Transfer Agents to facilitate better Servicing.
  - i. Any change in their address/mandate/bank account details with phone numbers, Fax numbers and E-mail Id for speedy disposal of letters on various issues; and payment of Dividend.

ii. Share Certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.

**9. Voting through electronic means:**

- i. In compliance with provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Company is pleased to provide to its the members the facility to exercise their right to vote at the AGM by electronic means and the businesses may be transacted through e-voting services provided by Central Securities Depository Limited (CSDL).
- ii. The facility for voting, through ballot paper shall be made available at the AGM and members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM. The company has appointed Mr. Krishnamoorthy, Practicing Company Secretary, Chennai as Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
- iii. The “cut-off date” for determining the eligibility for voting either through electronic voting system or ballot is fixed as Friday, September 14, 2018. The e-voting period commences on Tuesday, September 18, 2018 at 9.00 a.m. IST and ends at 5.00 p.m. IST on Thursday, September 20, 2018. During this period, a person whose name is recorded in the Register of Members or in the Register of Beneficiary Owners maintained by the depositories (either in physical form or in dematerialized form), as on the cut-off date, i.e., Friday, September 14, 2018, shall be entitled to avail the facility of remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- iv. **The instructions for shareholders voting electronically are as under:**
  - (i) The voting period begins on 18<sup>th</sup> September 2018 at 9.00 A.M. (IST) and ends at 5.00 P.M. (IST) on 20<sup>th</sup> September, 2018. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 14<sup>th</sup> September 2018 of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the Meeting date would not be entitled to vote at the Meeting venue
  - (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on Shareholders tab.
  - (v) Now, Select the “Company Name” from the drop-down menu and click on “submit”



- (vi) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (ix) If you are a first-time user follow the steps given below:

|                       | <b>For Members holding shares in Demat Form and Physical Form</b>   |
|-----------------------|---|
| PAN                   | <p>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name in capital letter and the 8 digits of the Sequence Number in the PAN Field. In case the sequence number is less than 8 digits enter the applicable no of 0's before the number after the two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence no 1 then enter RA00000001 in PAN Field (sequence number has been providing as SI. NO in the address label).</li> </ul> |
| DOB                   | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>  |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the member id/folio number in the Dividend Bank Details' field as mentioned in instruction (vi). Dividend Bank Details means bank account number which is recorded in the demat account.</p>   |

- (x) After entering these details appropriately, click on “SUBMIT” tab.
- (xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xiii) Click on the EVSN for the relevant <Company Name> on which you choose to vote. In this case, it would be Operational Energy Group India Limited.
- (xiv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xvi) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xix) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & entering the details as prompted by the system.
- (xx) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xxi) Note for Non - Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 18002005533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Deputy Manager, (CDSL, ) Central Depository Services (India) Limited, 16<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001, or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 18002005533.

*/By Order of the Board/*

**For OPERATIONAL ENERGY GROUP INDIA LIMITED**

**Place: Chennai**

**Date: 10.08.2018**

**(S. RAMESH)**

**Executive Chairman & Managing Director**

**DIN: 00052842**

## **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

### **Item No. 2**

In terms of Section 139(8) a casual Vacancy in the office of auditor has arisen due to the untimely death of our Company's Statutory Auditor CA. Srinivasalu. The casual vacancy has been filled by the Board in the Board Meeting held on 10.08.2018 by appointing M/s Padmanabhan Ramani & Ramanujam, Chartered Accountants to hold office until the conclusion of this Annual General Meeting.

This resolution is being tabled to appoint M/s Padmanabhan Ramani & Ramanujam, Chartered Accountants, as the Statutory Auditor of the company for a period of five years commencing from the conclusion of this AGM until the conclusion of the Twenty Ninth Annual General Meeting.

The Board of Directors recommends the resolution at item no.2 of the Notice for approval by the members by way of an ordinary resolution.

None of the Directors/Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise in the resolution.

### **Item No. 4**

The company is presently engaged primarily in the field of Operations and maintenance of Power Plants. Due to market conditions and opportunities, the board decided to expand its business in the area of Renewable energy as detailed in the new object clause to expand the business activities in all the areas of Energy sector.

The Existing Memorandum of Association ("MOA") was framed pursuant to the provisions of the Companies Act, 1956. The provisions of the Companies Act, 2013 which have come into force with effect from 1st April, 2014 require stating of the Object Clause of MOA in a different manner. In view of these requirements, the Objects Clause is proposed to be amended as follows:

The sub-heading III(B) "THE OBJECTS INCIDENTAL OR ANCILLARY TO THE MAIN OBJECTS" be substituted by the new sub-heading "MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)", with existing objects appearing under sub clauses 1 to 30 thereof".

The Board of Directors recommends the resolution at item no.4 of the Notice for approval by the members by way of a special resolution.

None of the Directors/Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise in the special resolution.

**/By Order of the Board/**

**For OPERATIONAL ENERGY GROUP INDIA LIMITED**

**Place: Chennai**

**Date: 10.08.2018**

**(S. RAMESH)**

**Executive Chairman & Managing Director**

**DIN: 00052842**

**DIRECTORS REPORT**

To

The Members of  
Operational Energy Group India Limited  
A, 5<sup>th</sup> Floor, Gokul Arcade – East Wing,  
No.2 & 2A, Sardar Patel Road,  
Adyar, Chennai - 600020

Your Directors have pleasure in presenting the Twenty Fourth Board’s Directors Report of your Company together with the audited financial statements for the financial year ended, 31st March 2018 and auditors report thereon.

**FINANCIAL HIGHLIGHTS:**

Your Company’s performance during the year is summarized below:

(Rs. In Lakhs)

| Particulars   | Consolidated | Stand Alone | Consolidated | Stand Alone |
|---|--------------|-------------|--------------|-------------|
|   | 2017-18      | 2017-18     | 2016-17      | 2016-2017   |
| Gross Income  | 15,675.99    | 11,079.95   | 15,615.62    | 14,779.12   |
| Profit Before Interest and Depreciation                         | 1103.38      | 492.03      | 788.42       | 620.60      |
| Finance Charges   | (294.94)     | (280.02)    | (268.00)     | (266.94)    |
| Profit before depreciation and taxes                            | 808.44       | 212.01      | 520.42       | 353.65      |
| Provision for Depreciation                                      | (79.40)      | (72.27)     | (71.26)      | (71.26)     |
| Net Profit Before Tax   | 729.04       | 139.74      | 449.15       | 282.38      |
| Provision for Tax   | (53.43)      | (36.10)     | (102.64)     | (102.29)    |
| Other Comprehensive Income                                      | (11.94)      | -           | (3.33)       | -           |
| Net Profit After Tax  | 663.66       | 103.34      | 343.16       | 180.09      |
| Balance of Profit brought forward                               | 1,319.47     | 1,160.48    | 949.80       | 980.39      |
| Adjustment due to change in Composition of a Subsidiary company | -            | -           | 26.49        | -           |
| Balance available for appropriation                             | -            | -           | -            | -           |

|                                    |          |          |          |          |
|------------------------------------|----------|----------|----------|----------|
| Proposed Dividend on Equity Shares | -        | -        | -        | -        |
| Tax on proposed Dividend           | -        | -        | -        | -        |
| Transfer to General Reserve        | -        | -        | -        | -        |
| Surplus carried to Balance Sheet   | 1,983.14 | 1,264.12 | 1,319.46 | 1,160.48 |

**Ind AS:**

As per Ministry of Corporate Affairs (MCA) notification dated 16.02.2015, presentation of accounts as per the Indian Accounting Standards (Ind AS) are mandatory for the Company. The date of transition to Ind As is 1st April, 2016. As it is the first time the Company is adopting Ind AS standard, the accounts for the years 2015-16, 2016-17, 2017-18 have been prepared under Ind AS guidelines. Various guidelines given in the Ind As inter alia on Depreciation, Amortization and impairment of assets were considered to represent assets at their fair value as well as liabilities.

**DIVIDEND:**

For the year under review, the Board of Directors have not recommended any dividend to conserve resources for future expansion and working capital requirements.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

Since there was no unpaid/unclaimed Dividend declared and paid for the previous years, the provisions of Section 125 of the Companies Act, 2013 do not apply.

**PERFORMANCE REVIEW:****Consolidated:**

The consolidated net revenue from the operations increased from Rs.156.15 Crores to Rs.156.75 Crores an increase of 0.38% over the previous year. Earnings before interest, depreciation, tax and amortization (EBITDA) was higher at Rs.11.03 Crores as compared to Rs.7.88 Crores in the previous year. Profit before tax was up by 62.36% at Rs.7.29 Crores against Rs.4.49 Crores in the previous year. Profit after tax was at Rs.6.76 Crores against Rs.3.46 Crores in the previous year, up by 95.37%

**Standalone:**

The net revenue from the operations of the Company decreased from Rs.147.79 Crores to Rs.110.79 Crores, registering a decline of 25% over the previous year. EBITDA was down at Rs4.92 Crores compared to Rs.6.21 Crores earned in the previous year. Profit before tax was Rs.2.12 Crores against Rs3.54 Crores in the previous year, down by 41.15%. Profit after tax was at Rs.1.03 Crores against Rs.1.80 Crores in the previous year, down by 42.77%.

Although on a standalone basis, the profitability declined on account of loss of a few contracts in domestic segment as well as operational loss in Saudi operations, the new overseas contracts in

Bangladesh and Lebanon (which commenced in later part of financial year 2016-17) executed through overseas subsidiary, improved profits on a consolidated basis.

**PERFORMANCE REVIEW OF BUSINESS OPERATIONS IS AS UNDER:**

The Company faced serious challenges during the year under review. Due to low offtake of power by state utilities, the plant load factors have fallen drastically and our customers have reduced the equipment's under Operation and Maintenance (O&M) and in some cases the entire power plants were shut. In addition to this, the GST rate on the O & M Services was fixed at 18% compared to 15% service tax earlier. As Electricity is exempt from GST, the GST on the inputs have become additional cost and hence the cost of generation electricity has gone up. To partially offset this, some of the Independent Power Producers (**IPPs**) are resorting to handling the O & M services themselves as they could save on the GST. On account of this, sales revenue in domestic sector has started declining and the impact of the same was pronounced in the FY 2017-18. The Company is taking active steps to reduce the cost of operations for improving the profitability.

However, your Directors take pleasure in informing that our Middle East operations are expanding, and our Dubai Subsidiary secured an order for O&M of 272 Mw Heavy duty furnace oil fired power plant in Lebanon for five years commencing from Jan 2017. The financial results of the upcoming years will reflect this. Further, our Bangladesh power plant operations have also commenced and hence our overseas revenues for the FY 2017-18 was much better and improved the profitability on consolidated basis.

**STATE OF COMPANY'S AFFAIRS AND OUTLOOK:**

**Power plant capacities under O & M Scope of Operational Energy Group India Limited O & M:**

| <b>GROWTH IN TERMS OF MW (Mega Watts)</b> |                        |                 |                        |                 |
|---|------------------------|-----------------|------------------------|-----------------|
| <b>Period</b>                             | <b>MWs In Domestic</b> | <b>Growth %</b> | <b>MWs In Overseas</b> | <b>Growth %</b> |
| As on 31 <sup>st</sup> March 2018         | 3351.61                | -31.64%         | 606.00                 | 3.58%           |
| As on 31 <sup>st</sup> March 2017         | 4903.16                |                 | 585.00                 |                 |

The revenue generation of Operational Energy Group India Ltd. is not necessarily linear to the capacity of power generation.

**INDIA OPERATIONS:**

The power sector in India is facing serious challenges such as excess supply situation, reduction in demand and new low-cost renewable power sources such as solar. Added to this, is the lack of infrastructure facility on power transmission lines.

As a result of the above factors our O & M operations are running on a reduced level and has affected the turnover and profitability of the company in the Year 2017-18.

As no new power projects are in pipeline in the domestic sector, as well as in view of excess availability over demand, the Company is turning its focus on taking maintenance contract of process industries. It has started bidding for these projects. This is in addition to actively pursuing to gain and spread into overseas contracts.

#### **OVERSEAS OPERATIONS:**

The overseas operations in Bangladesh and Lebanon are progressing well as planned. The initial teething troubles such as recovering dues are being overcome by taking active steps. The operations in Saudi Arabia are not progressing as well as expected. Owing to the low oil prices, the client is exercising pressure to reduce O&M costs. Lebanon and Bangladesh operations added significantly to the turnover and bottom-line of the company during 2017-18 and the Company is actively trying to increase its presence in these countries.

The emerging opportunities are in the continent of Africa and Far East. The Company is taking a cautious approach in entering projects in Africa as there are potential risks such as country, currency, credit risk etc.

#### **FINANCE:**

During the year under review, the company has arranged with Axis bank for renewal of existing working capital facilities amounting to 24.52 Crores.

#### **RELATED PARTY TRANSACTION:**

The Company has transactions with related parties as per Section 188 of the Companies Act, 2013 as defined under Section 2 (76) of the said Act. However these related party transactions are within the limits prescribed by the explanation to Regulation 23 (1) of SEBI (LODR) Regulation, 2015 as well as Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014. The CEO and CFO have confirmed the arm's length nature of these transactions. Further all the necessary details of transactions entered with the related parties are in **Form No. AOC-2** and is attached as **Annexure 1** to this Report.

#### **RISK MANAGEMENT:**

Pursuant to Section 134(3) n of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulation, 2015, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and mitigation thereof.

Risk assessment update is provided to the Risk Management Committee on a periodical basis. The Committee assists the Audit Committee and the Board of Directors in overseeing the Company's risk management processes and controls. Some of the risks identified are set out in the Management Discussion and Analysis which forms part of the Annual Report.

#### **DEPOSITS:**

The company has not accepted any deposits from public during the year under review.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Although CSR is non-mandatory as per provisions of Section 135 of the Companies Act, 2013, the company has constituted a Corporate Social Responsibility Committee and supports educational



cause in rural areas through giving donations to Yashas English School Foundation in Malli village, Srivilliputhur, Virudhunagar district, Tamil Nadu. The school has earned a good reputation in the local area. The School has applied for obtaining approval from the Educational Authorities. Operational Energy Group India limited has contributed Rs. 10,90,410 during the year under review.

The Annual Report on CSR activities is attached as **Annexure 2** to this Report.

**WHISTLEBLOWER POLICY AND VIGIL MECHANISM:**

The Company has always been encouraging its employees to give constructive criticism and suggestions, which will enhance the overall prospects of the Company and its various stakeholders. The company will continue to adopt this as a corner stone of its Personnel Policy.

The Company has created vigil mechanism by setting up a “We care for you” portal at our company website to enable people including staff to communicate with the management.

**PREVENTION OF SEXUAL HARASSMENT (POSH):**

The Company has in place an anti-sexual harassment policy in line with the requirements of the captioned Act and Rules made thereunder.

No complaint of sexual harassment was received during the year.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

The Company has following Loans, Guarantee given and Investments made under section 186 of the Companies Act, 2013 as on 31st March, 2018:

| S. No. | Name of Party                                   | Particulars of Loans, Guarantee & Investments | Nature   | Purpose for which it shall be used | Amount (in Rs.) |
|--------|---|---|--|------------------------------------|-----------------|
| 1      | Maxitech Engineering Private Limited            | Equity Shares                                 | Trading, Installation and Maintenance of all types of Electronic security products, fire safety and Protection Engineering solutions | Nil                                | 2,53,500        |
| 2      | South Ganga Waters Technologies Private Limited | Preference Shares                             | Desalination of sea water and selling to lpower process plants.  | Nil                                | 11,25,00,000    |

The Company has not given any loans, guarantees during the year, which attracts provisions of section 185 of Companies Act 2013.

**CONSOLIDATED FINANCIAL STATEMENTS:**

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rules, the Audited Consolidated Financial Statement of the Company and of all the Subsidiary and Associate Companies is enclosed. A separate statement containing the salient features of the Audited financial statement of all the Subsidiary and Associate Companies is also enclosed in **Form AOC-1** in **Annexure 3** as prescribed under the Companies Act, 2013 and the Rules made thereunder.

**SUBSIDIARY COMPANIES, ASSOCIATE AND JOINT VENTURES COMPANIES:****SUBSIDIARY:**

The company's policy on material subsidiaries, as approved by the Board, is uploaded on the Company's website at the [www.oegindia.com](http://www.oegindia.com)

**M/s. Pacific Technical Services India Private Limited:**

(Rs. in Lakhs)

| PARTICULAR             | CONSOLIDATED AMOUNT | OEG INDIA LIMITED | PACIFIC TECHNICALS SERVICE INDIA (P) LTD. CONSOLIDATED |
|------------------------|---------------------|-------------------|--|
| REVENUE FROM OPERATION | 15,563              | 10,967            | 4,595  |
| OTHER INCOME           | 113                 | 112               | 1  |
| TOTAL TURNOVER         | 15,676              | 11,079            | 4,596  |
| PERCENTAGE             | 100%                | 70.67%            | 29.33%   |

(Rs. in Lakhs)

| PARTICULAR         | CONSOLIDATED AMOUNT | OEG INDIA | PACIFIC TECHNICALS SERVICE INDIA (P) LTD. |
|--------------------|---------------------|-----------|---|
| SHARE CAPITAL      | 1,304               | 1,304     | 1   |
| RESERVES & SURPLUS | 2,002               | 1,264     | 748                                       |
| NETWORTH           | 3,306               | 2,568     | 749                                       |
| PERCENTAGE         | 100%                | 77.68%    | 22.66%                                    |

The Company has been exploring the possibilities of various business opportunities overseas. Pacific Technical Services India Private Limited has a subsidiary company incorporated in Dubai named as Operational Energy Generation FZE, which has obtained O&M contracts in Bangladesh and Lebanon. Based on the consolidated financial results for the year ended 31.03.2018, Pacific Technical Services India Private Limited's income stands at 29% of the consolidated income. Hence Pacific Technical Services has become a material Subsidiary as per regulation 16(1)(c) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

## ASSOCIATES:

### a) **M/s. Thoothukudi Renew Waters Private Limited:**

M/s. Thoothukudi Renew Waters Private Limited could not secure the firm water supply agreements from the prospective customer. Hence, the construction activities did not commence even during the Financial Year 2017-18. Citing this as reason, the Tuticorin Municipality has cancelled the concessional agreement vide their letter no: E3/111512/2007 dated 27<sup>th</sup> July 2016. The Company is in discussions with the authorities to revoke this cancellation.

### b) **M/s. Maxitech Engineering Private Limited:**

Maxitech Engineering Pvt. Ltd. with its second year of partnering with M/s Operational Energy Group India Ltd. has gained notable presence & reputation in the market by securing Rs.5.3 Crores worth MEP work order with M/s TVS Emerald Haven Realty Ltd "Lighthouse" at Chennai and 15 Lakhs worth with M/s Larsen & Toubro Ltd Substation at, Chennai. Further the company has extended our vendor registration with M/s. C.R.N Consultant, M/s. FL Smidth, and M/s. Texvalley etc

With its widened footprints in the engineering services market the Company is currently negotiating with various prospective clients for service contracts worth Rs.18.48 Crores.

The company has become subsidiary of operational Energy Group India Limited with 70% holding as on 29.06.2018.

## JOINT VENTURE:

M/s. Shapoorji Pallonji and OEG Services Private Limited:

The Company engaged in carrying on the business of Operation and Maintaining electricity generating station and other industrial establishment of all types and their ancillary facilities like; waste & water treatment facilities, distribution systems, sub-stations and switchgears, associated coal mines, roads, highways, airlines, bridges, airports, seaports, water supply projects, project for providing telecommunication services or other infrastructure facilities.

At present there is no significant activity and the company is confident of making a turn around. The Company's management is in the process of making strategic investments in certain assets / projects, when fructified, would result in turnaround of the Company.

## SHARES:

The Company has not bought back any of its securities during the year under review.

### a. **Sweat Equity:**

The Company has not issued any Sweat Equity Shares during the year under review.

### b. **Bonus Shares:**

No Bonus Shares were issued during the year under review.

### c. **Employees Stock Option Plan:**

The Company has not provided any Stock Option Scheme to the employees.

**DETAILS OF SIGNIFICANT MATERIAL ORDERS:**

No significant and material orders were passed by the regulators or the Courts or Tribunals impacting the going concern status and Company's operations in future.

**INTERNAL FINANCIAL CONTROLS:**

The Company has put in place adequate system of internal controls commensurate with its size and the nature of its operations. The Company's internal control system covers the following aspects:

1. Financial Propriety of business transactions.
2. Safeguarding the assets of the company.
3. Compliance with prevalent statutes, regulations, management authorisation, policies and procedures.

The Audit committee of the Board periodically reviews audit plans, observations and recommendations of the internal and external auditors, with reference to the significant risk areas and adequacy of internal controls and keeps the Board of Directors informed of their observations, if any, from time to time

**FINANCIAL RESULTS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

As on 31st March, 2018, the Company has one subsidiary, two associate companies and one joint venture company.

**Subsidiary Company:**

**M/s. Pacific Technical Services India Private Limited.** The consolidated Revenue for the year ended 31st March, 2018 was Rs.45.95 Crores as against Rs.7.78 Crores for the previous year with a consolidated Net Profit after Tax of Rs.5.71 Crores as against Rs.1.66 Crores of the previous year. The Stand-Alone Revenue from operations for the year ended 31st March, 2018 was Rs.64.10 Lakhs as against Rs.19.91 Lakhs for the previous year. The profit for the period was Rs.41.68 Lakh as against Rs.0.80 lakhs of the previous year.

**Associate Companies:**

**a) M/s. Thoothukudi Renew Waters Private Limited:**

The Company has not taken off and has not commenced operations.

**b) M/s. Maxitech Engineering Private Limited:**

The company has recorded a revenue of Rs.18.44 Lakhs from operations for the year ended 31.03.2018 as against Rs.9.89 lakhs in the previous year. The Company has recorded a loss of Rs.33.61 Lakhs for the financial year 2017-18 as against a loss of Rs.15.86 Lakhs for the previous financial year.

**Joint Venture Company:**

**M/s. Shapoorji Pallonji and OEG Services Private Limited.**

The operations of the Company are yet to take off.

The company has not recorded any income for the year under consideration as well as in the previous financial year.

A report on the performance and financial position of each of the subsidiary, associates and joint venture Company as per the Act is provided in Form AOC-1 attached to the Financial Statements.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

##### **Directors:**

##### **Appointment/Re-appointment:**

During the year the following appointments took place.

Mrs. Usha Ramesh who retired by rotation was re-appointed as a Non-Executive Women Director.

##### **Retirement/Resignation:**

Mr. George Jameidas resigned from the board on 15.06.2017

#### **INDEPENDENT DIRECTORS:**

A declaration given by Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 has been received by the Company. The details of familiarization programmes for independent directors can be had from the Company's website [www.oegindia.com](http://www.oegindia.com).

#### **FAMILIARIZATION PROCESS:**

Senior management personnel of the Company, on a structured basis, interact with directors from time to time to enable them to understand the Company's strategy, business model, operations, service product offerings markets, organization structure, finance, human resources, technology and risk management and such other areas.

#### **KEY MANAGERIAL PERSONNEL (KMP):**

Mr. S.V. Natarajan -Chief Executive Officer

Mr. V. Ramabhadran - Chief Financial Officer

Mr. S. Srinath - Company Secretary.

Were appointed under Section 2(51) and Section 203 of the Act with effect from 16.09.2016.

#### **GOVERNANCE GUIDELINES:**

The Company has adopted Governance Guidelines on Board Effectiveness. The Governance Guidelines cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board. It also covers aspects relating to nomination, appointment, induction and development of Directors, Director Remuneration, and subsidiary oversight, code of conduct, Board effectiveness review and mandates of Board committees.

#### **NOMINATION AND REMUNERATION POLICY:**

The Board has on the recommendation of Nomination and Remuneration Committee (NRC) framed a policy for selection and appointment of Directors, Senior Management Personnel and

their remuneration. The Nomination and Remuneration Policy adopted by the Board is available on the Company's website at [www.oegindia.com](http://www.oegindia.com).

#### **CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR.**

The NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and the Listing Regulations. The relevant information is available on the Company's website at [www.oegindia.com](http://www.oegindia.com).

#### **BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 read with Rule 8(4) of the Companies (Accounts) Rules, 2014 and SEBI LODR, the Board of Directors during the year carried out an annual performance evaluation of its own performance, the directors including independent directors individually (without participation of the relevant director) and the Chairman.

The evaluation was done on various parameters covering corporate governance and the Independent Directors expressed their satisfaction on the performance and effectiveness of the Board.

On a similar evaluation, the Board expressed satisfaction at the performance and contributions of the Independent Directors and confirmed the continuance of their terms of appointment for effective board deliberations as required by Schedule IV of the Companies Act, 2013.

#### **REMUNERATION POLICY**

Your Company has a Nomination and Remuneration Policy as required under Section 178(3) of the Act and the Listing Regulations. The Remuneration policy of the Company with respect to appointments and remuneration of the Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the website of the company - [www.oegindia.com](http://www.oegindia.com).

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions contained in Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and belief and according to information and explanations obtained from the management confirm:

- (a). in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b). for the financial year ended March 31, 2018, such accounting policies as mentioned in the Notes to the financial statements have applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the Company at the end of the financial year and of the profit of the Company for the financial year ended March 31, 2018.

- (c). that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d). the annual financial statements have been prepared on a going concern basis;
- (e). that proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f). that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORTS:**

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis and the Corporate Governance Report are presented in a separate section forming part of the Annual Report.

**INFORMATION TECHNOLOGY (IT):**

The Company’s IT infrastructure is continuously reviewed and renewed in line with the business requirements and technology enhancements. The Company has completed the implementation of ERP programmer (SAP) and is constantly reviewing and modifying the same.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) Conservation of energy and Technology absorption:**

As per company’s policy to conserve energy the Company has been actively involved with the Clients for reducing the heat rate and auxiliary consumption of the power generating stations of the clients. Measures such as introduction of VFD, blending of fuel etc. are being constantly pursued by the Company, thereby contributing towards energy conservation and reducing carbon footprint. The Company also encourages the client energy audit to identify potential areas scans the environment for innovative and reliable solutions. Efforts are continuously being taken to reduce energy consumption in the plants.

The Company is in active discussion with the technology providers for reducing the emission from the power generating stations.

**(B) Foreign exchange earnings and Outgo:**

There were foreign exchange earnings and outgo during the year under review.

|                 |                            |
|-----------------|----------------------------|
| <b>Earnings</b> | <b>Rs. 28,14,30,112.00</b> |
| <b>Outgo</b>    | <b>Rs. 25,98,88,916.00</b> |

### **PARTICULAR OF EMPLOYEES :**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure 4 to this Report.

This Report and financial statements are being sent to the members. In terms of Section 136 of the Companies Act, 2013, the said statements are open for inspection at the Registered Office of your Company. Any member(s) interested in obtaining such particulars may write to the Chief Executive Officer at the Registered Office of the Company.

### **STATUTORY AUDITORS :**

The statutory auditors of the company Mr. Srinivasulu a Chartered Accountant (M.No.0008553) was appointed as statutory auditor of the company at the AGM held on 22<sup>nd</sup> September 2017 to hold office for the period of 5 year until the conclusion of 28<sup>th</sup> AGM.

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Mr. Srinivasalu Chartered Accountant, the Statutory Auditors of the Company has been appointed for the terms of 5 years. However, the appointment as Statutory Auditors of the Company shall be required to be ratified by the Members at the ensuing Annual General Meeting. The Company has received a confirmation from the said Auditor that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company.

Further, the report of the Statutory Auditors along with notes to Schedules is enclosed to this Report. We received unmodified report from auditor.

However, the said Statutory Auditor passed away on 11.07.2018. In view of that, the Board of Directors, in their meeting held on 10th August 2018, appointed Mr. M/s Padmanabhan Ramani & Ramanujam, Chartered Accountants as Statutory Auditor, to fill the casual vacancy, till the conclusion of this AGM.

M/s Padmanabhan Ramani & Ramanujam, Chartered Accountants, being eligible to the appointed as statutory Auditor of the company, the Board of Directors recommend that the aforesaid firm be appointed as statutory Auditor in the ensuing AGM by the members, for a period of 5 years.

### **COST AUDIT**

The requirement of Cost Audit under The Companies (Cost Record and Audit) Rules 2014 is not applicable to the Company

### **SECRETARIAL AUDIT:**

In terms of Section 204 of the Act and Rules made there under, Mr. Shankaramann of VKS & Associates, Practicing Company Secretaries has been appointed as Secretarial Auditor of the Company for the financial year ended 31.03.2018. The report of the Secretarial Auditor is enclosed as Annexure 5 to this Report. The report is self-explanatory and do not call for any further comments.



**DISCLOSURES:**

**i. Details of Board meetings:**

During the year, 6 (six) Board meetings were held and the details of which are provided in the Corporate Governance Report.

**ii. Composition of Audit Committee:**

The Audit Committee comprises 3 (three) Members of which two are Independent Directors. During the year, 6 (six) Audit Committee meetings were held and the details of which are provided in the Corporate Governance Report.

**iii. Composition of Corporate Social Responsibility Committee:**

The Committee comprises 2 (two) Members. During the year, 1 (one) CSR Committee meeting was held and the details of which are provided in the Corporate Governance Report.

**iv. Details of material changes and commitments affecting financial position of the company occurring after balance sheet date – NIL**

**v. The company has neither bought its own share nor provided any loan for purchase to its own shares as contemplated by section 67(3) read with rule 16 of companies (share capital and debentures) rules, 2014.**

**EXTRACT OF ANNUAL RETURN:**

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return in Form MGT 9 is enclosed as Annexure 6 to this Report.

**ACKNOWLEDGEMENT:**

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation of the committed services of the Executives, staff and employees of the Company.

**For & on behalf of the Board of Directors**  
**(S. Ramesh)**  
**Executive Chairman & Managing Director**

**Place: Chennai**

**Date: 10.08.2018**

## Annexure 1 to the Board's Report

FORM NO. AOC.2

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis

| S. No | Particulars   | Details   |
|-------|---|---|
| a)    | Name(s) of the related party and nature of relationship   | During the financial year 2017-18, Operational Energy Group India Limited has not entered into any contracts or arrangements or transactions that are not at arm's length basis |
| b)    | Nature of contracts/arrangements/transactions   |   |
| c)    | Duration of the contracts/arrangements/transactions   |   |
| d)    | Salient terms of the contracts or arrangements or transactions including the value, if any                        |   |
| e)    | Justification for entering into such contracts or arrangements or transactions                                    |   |
| f)    | date(s) of approval by the Board  |   |
| g)    | Amount paid as advances, if any   |   |
| h)    | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |   |

2. Details of material contracts or arrangement or transactions at arm's length basis. The contracts mentioned below are below the limits of Regulation 23 (1) of SEBI ( LODR) Regulation ,2015

| S. No | Particulars   | Details                      |   |  |
|-------|---|------------------------------|---|--|
|       |   | a)                           | Name(s) of the related party and nature of relationship   | Mr. S. Ramesh (Executive Chairman & Managing Director) |
| b)    | Nature of contracts/arrangements/transactions   | Leasing of Property for Rent | Normal Employment With Operational Energy Group India Private Limited erstwhile company since 22/06/ 2009 | Leasing of Property for Rent                           |
| c)    | Duration of the contracts/arrangements/transactions   | Five Years from 01.01.2017   | Until retirement / resignation/termination/ whichever is earlier  | Five Year From 01.01.2017                              |
| d)    | Salient terms of the contracts or arrangements or transactions including the value, if any: | As per Lease Agreement       | Formal Letter of Employment   | As per Rental Agreement                                |
| e)    | Date(s) of approval by the Board, if any:   | 16/09/2016                   | 16/09/2016  | 16/09/2016   |
| f)    | Amount paid as advances, if any:  | Nil                          | N.A   | Nil  |

The above transactions are within the limits prescribed in Section 188 of the Act and falls below the limit of 10% of the consolidated turnover as prescribed in Explanation to Regulation 23(1) of LODR.

For and on Behalf of the Board

Place: Chennai

Date: 10.08.2018

**(S. RAMESH)**

Executive Chairman & Managing Director

## Annexure 2 to the Board's Report

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(Pursuant to Section 135 of the Act & Rules made thereunder)

| Si No. | Particular   | Details  |
|--------|--|--|
| 1      | A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs                                     | Even though non-mandatory, the company has constituted a Corporate Social Responsibility Committee and has evolved a principle to promote English based Education at Malli Village where the company started its corporate activities. |
| 2      | The Composition of the CSR Committee.  | i. Mr. S. Ramesh (Chairman)<br>ii. Mrs. Usha Ramesh  |
| 3      | Average net profit of the Company for last three financial years   | Rs. 6,66,09,115  |
| 4      | Prescribed CSR Expenditure (two percent of the amount as in item 3 above)  | N.A ( As not mandatory)  |
| 5      | Details of CSR spent for the financial year:   |  |
|        | a. Total amount spent for the financial year   | Rs. 10,90,410/-  |
|        | b. Amount unspent, if any:   | NA   |
|        | c. Manner in which the amount spent during the financial year is detailed below:   | DONATION   |
| 6      | In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report. | The Company is not obliged to carry out CSR activities. However we have undertaken CSR activity and reported thereon.  |
| 7      | A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.  | The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.  |

### Annexure 3 to the Board’s Report

#### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. in Lakhs)

| S.No | Particulars   | Details   |
|------|---|---|
| 1    | Name of the subsidiary  | PACIFIC TECHNICAL SERVICE INDIA PRIVATE LIMITED |
| 2    | Reporting period for the subsidiary concerned, if different from the holding company’s reporting period                     | 2017-18   |
| 3    | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Rupees  |
| 4    | Share capital   | 1.00  |
| 5    | Reserves & Surplus  | 53.71   |
| 6    | Total Assets  | 98.83   |
| 7    | Total Liabilities   | 44.11   |
| 8    | Investments   | 15.80   |
| 9    | Turnover  | -   |
| 10   | Profit Before Taxation  | 59.02   |
| 11   | Provision for Taxation  | 17.34   |
| 12.  | Profit After Taxation   | 41.68   |
| 13.  | Proposed Dividend   | -   |
| 14.  | % of Shareholding   | 98%   |

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations - NA
- Names of subsidiaries which have been liquidated or sold during the year - NA

**For and on behalf of the board of Directors**

Place: Chennai  
Date:10.08.2018

**(S. RAMESH)**  
Executive Chairman & Managing Director

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| S.No | Particulars   | Joint Venture                                     | Associate Company                        | Associate Company                    |
|------|---|---|--|--------------------------------------|
| 1    | Name  | Shapoorji Pallonji & OEG Services Private Limited | Thoothukudi Renew Waters Private Limited | Maxitech Engineering Private Limited |
| 2    | Latest Audited Balance Sheet Date   | 31.03.2018  | 31.03.2018                               | 31.03.2018                           |
| 3    | Shares of Associate/Joint Ventures held by the Company on the year end                                  |   |  |                                      |
|      | No. of shares   | 72,500  | 4,800                                    | 3,20,000                             |
|      | Amount of Investment in Associates / Joint Venture (Rs.)  | 8,81,000  | 48,000                                   | 2,53,500                             |
|      | Extending of Holding  | 50%   | 48%                                      | 40%                                  |
| 4    | Description of how there is significant influence   | Represented on Board                              | Represented on Board                     | Represented on Board                 |
| 5    | Reason why the associate/joint venture is not consolidated  | N.A   | N.A                                      | N.A                                  |
| 6    | Net Worth attributable to shareholding as per latest audited Balance Sheet (Rs.)                        | 13,933  | -33678                                   | -15,91,214                           |
| 7    | Profit/Loss for the year<br>i. Considered in Consolidation (Rs.)<br>ii. Not Considered in Consolidation | -15763  | -10553                                   | -13,44,648                           |

**For and on behalf of the board of Directors**

Place: Chennai  
Date: 10.08.2018

**(S.RAMESH)**

Executive Chairman & Managing Director

## Annexure 4 to the board's report

### Particulars of employees

#### Salary Ratios for the Directors' Report

| Sl No                           | Directors         | Designation                              | Nature of earning  | 2017-18<br>Rs | Ratio<br>to<br>Median<br>Salary | 2016-17<br>Rs | Ratio<br>to<br>Median<br>Salary | % Inc  |
|---------------------------------|-------------------|--|--------------------|---------------|---------------------------------|---------------|---------------------------------|--------|
| 1                               | Mr S.Ramesh       | Executive Chairman and Managing Director | Salary/ Commission | 33,30,321     | 17.35                           | 31,98,706     | 22.21                           | 4.1    |
| 2                               | Mr J. George      | Executive Director                       | Salary             | *87,500       | 0.46                            | 4,33,120      | 3.01                            | -79.8  |
| 3                               | Mr P.Swaminathan  | Independent Director                     | Sitting fees       | 85,000        | 0.44                            | 60,000        | 0.42                            | 41.7   |
| 4                               | Mr B. Viswanathan | Independent Director                     | Sitting fees       | 1,25,000      | 0.65                            | 55,000        | 0.38                            | 127.3  |
| 5                               | Mrs Usha Ramesh   | Non-Executive Director                   | Sitting fees       | 85,000        | 0.44                            | 40,000        | 0.28                            | 112.5  |
| <b>Key Managerial Personnel</b> |                   |  |                    |               |                                 |               |                                 |        |
| 1                               | Mr S V Natarajan  | Chief Operating Officer                  | Salary             | 25,00,369     | 13.02                           | 17,86,332     | 12.41                           | 40     |
| 2                               | Mr V Ramabhadran  | Chief Financial Officer                  | Salary             | 12,91,973     | 6.73                            | 8,23,529      | 5.72                            | 56.9   |
| 3                               | Mr S Srinath      | Company Secretary                        | Salary             | 6,68,159      | 3.48                            | **1,75,000    | 1.22                            | 281.80 |

\* Resigned as Director as on 15<sup>th</sup> June 2017

\*\* Salary for part of the year

## **Annexure 5 to the Board's Report**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

OPERATIONAL ENERGY GROUP INDIA LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by OPERATIONAL ENERGY GROUP INDIA LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by OPERATIONAL ENERGY GROUP INDIA LIMITED ("the Company") for the financial year ended on 31<sup>st</sup> March 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable;
- (iii) SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The Board Met 6 times in the financial year 2017-18 Viz., on

|            |
|------------|
| 15/06/2017 |
| 05/08/2017 |
| 22/09/2017 |
| 20/10/2017 |
| 07/11/2017 |
| 05/02/2018 |

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has:

- (i) Resignation of MR. GEORGE JAMEIDAS, director from the board with effect from 15.06.2017

FOR VKS & ASSOCIATES

Company Secretaries

Place: Chennai

Date: 31.07.2018

V K Shankaramann

F.C.S No. 5592

C.P. No.5255

## Annexure 6 to the Board's Report

FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31<sup>st</sup> March 2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

#### I. REGISTRATION & OTHER DETAILS:

|   |  |  |
|---|--|--|
|   | CIN  | U40100TN1994FLC028309  |
| 1 | Registration Date  | 09/08/1994   |
| 2 | Name of the Company  | OPERATIONAL ENERGY GROUP INDIA LIMITED   |
| 3 | Category/Sub-category of the Company                                       | Company Limited by Shares / IndianNon- Govt company  |
| 4 | Address of the Registered office & contact details                         | A, 5 <sup>th</sup> Floor, Gokul Arcade - East Wing, No. 2 & 2A, Sadar Patel Road, Adyar, Chennai - 600020. |
| 5 | Whether listed company   | listed - Public Limited Company  |
| 6 | Name, Address & Contact details of the Registrar & Transfer Agent, if any. | Cameo Corporate Service Limited<br>No.1, Club House Road,<br>Chennai - 600 002.                            |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated):

| S. No. | Name and Description of main products / services            | NIC Code of the Product/service | % to total turnover of the company |
|--------|---|---------------------------------|------------------------------------|
| 01     | Electric power generation by coal based thermal power plant | 35102                           | 100%                               |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S. No. | Name and Address of the Company          | CIN/GLN               | Holding/subsidiary/associate | % of shares held | Applicable Section |
|--------|--|-----------------------|------------------------------|------------------|--------------------|
| 1      | Pacific technical Services India Limited | U74900TN1993PTC024165 | Subsidiary                   | 98%              | 2(87)              |

|   |  |                       |               |     |      |
|---|--|-----------------------|---------------|-----|------|
| 2 | Maxitech Engineering Private Limited             | U74900KA2012PTC065818 | Associate     | 40% | 2(6) |
| 3 | ShapoorjiPallo nji& OEG Services Private Limited | U45209GJ2008PTC054828 | Joint Venture | 50% | 2(6) |
| 4 | Thoothukudi Renew Waters Private Limited         | U41000TN2013PTC092363 | Associate     | 48% | 2(6) |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### Category - Wise Share Holding

| Category Code | Category of Shareholder                     | Number of shares held at the beginning of the year 1st April, 2017 |          |           |                   | Number of shares held at the end of the year 31st March, 2018 |          |           |                   | % Change during the year |
|---------------|---|--|----------|-----------|-------------------|---|----------|-----------|-------------------|--------------------------|
|               |   | Demat  | Physical | Total     | % of Total Shares | Demat   | Physical | Total     | % of Total Shares |                          |
| <b>(A)</b>    | <b>Promoters (Including Promoter Group)</b> |  |          |           |                   |   |          |           |                   |                          |
| <b>(1)</b>    | <b>Indian</b>                               |  |          |           |                   |   |          |           |                   |                          |
| (a)           | Individuals/Hindu Undivided Family          | 56,98,100  | -        | 56,98,100 | 43.69             | 56,98,100   | -        | 56,98,100 | 43.69             | -                        |
| (b)           | Central Government                          | -  | -        | -         | -                 | -   | -        | -         | -                 | -                        |
| (c)           | State Government                            | -  | -        | -         | -                 | -   | -        | -         | -                 | -                        |
| (d)           | Bodies Corporate                            | -  | -        | -         | -                 | -   | -        | -         | -                 | -                        |
| (e)           | Banks/Financial Institutions                | -  | -        | -         | -                 | -   | -        | -         | -                 | -                        |
| (f)           | Any Other (Specify)                         | -  | -        | -         | -                 | -   | -        | -         | -                 | -                        |
|               | <b>SUB TOTAL:(A) (1)</b>                    | 56,98,100  | -        | 56,98,100 | 43.69             | 56,98,100   | -        | 56,98,100 | 43.69             | -                        |
| <b>(2)</b>    | <b>Foreign</b>                              |  |          |           |                   |   |          |           |                   |                          |
| (a)           | NRI- Individuals                            | 12,500   | -        | 12,500    | 0.10              | 12,500  | -        | 12,500    | 0.10              | -                        |

|            |  |           |           |           |       |           |           |           |       |   |
|------------|--|-----------|-----------|-----------|-------|-----------|-----------|-----------|-------|---|
| (b)        | Other Individuals  | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (c)        | Bodies Corp.   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (d)        | Banks/FI   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (e)        | Any other...   | -         | -         | -         | -     | -         | -         | -         | -     | - |
|            | <b>SUB TOTAL (A)<br/>(2)</b>   | 12,500    | -         | 12,500    | 0.10  | 12,500    | -         | 12,500    | 0.10  | - |
|            | <b>Total<br/>Shareholding of<br/>Promoter (A)=<br/>(A)(1)+(A)(2)</b> | 57,10,600 | -         | 57,10,600 | 43.79 | 57,10,600 | -         | 57,10,600 | 43.79 | - |
| <b>(B)</b> | <b>Public Shareholding</b>   |           |           |           |       |           |           |           |       |   |
| <b>(1)</b> | <b>Institutions</b>  |           |           |           |       |           |           |           |       |   |
| (a)        | Mutual Funds   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (b)        | Banks / FI   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (c)        | Central Govt   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (d)        | State Govt(s)  | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (e)        | Venture Capital<br>Funds   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (f)        | Insurance<br>Companies   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (g)        | Foreign<br>Institutional<br>Investors                                | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (h)        | Foreign Venture<br>Capital Funds                                     | -         | -         | -         | -     | -         | -         | -         | -     | - |
| (i)        | Others (specify)   | -         | -         | -         | -     | -         | -         | -         | -     | - |
|            | <b>Sub - total (B)(1)-</b>   | -         | -         | -         | -     | -         | -         | -         | -     | - |
| <b>(2)</b> | <b>Non -Institutions</b>   |           |           |           |       |           |           |           |       |   |
| (a)        | Bodies Corp.   |           |           |           |       |           |           |           |       |   |
| i          | Indian   | 26,05,200 | 53,400    | 26,58,600 | 20.39 | 26,05,200 | 53,400    | 26,58,600 | 20.39 | - |
| ii         | Overseas   | -         | 14,91,800 | 14,91,800 | 11.44 | -         | 14,91,800 | 14,91,800 | 11.44 | - |

|     |  |                    |                  |                    |               |                    |                  |                    |               |          |
|-----|--|--------------------|------------------|--------------------|---------------|--------------------|------------------|--------------------|---------------|----------|
| (b) | Individuals  |                    |                  |                    |               |                    |                  |                    |               |          |
| i   | Individual shareholders holding nominal share capital up to Rs. 1 lakh       | -                  | 3,26,920         | 3,26,920           | 2.51          | 500                | 3,25,100         | 325600             | 2.50          | (0.01)   |
| ii  | Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 27,43,500          | 52,480           | 27,95,980          | 21.44         | 27,96,480          | 820              | 27,97,300          | 21.44         | (0.00)   |
| (c) | c) Others (specify)  |                    |                  |                    |               |                    |                  |                    |               |          |
|     | Non Resident Indians   | 57,900             | -                | 57,900             | 0.44          | 57,900             |                  | 57,900             | 0.44          | -        |
|     | Overseas Corporate Bodies  | -                  | -                | -                  | -             | -                  | -                | -                  | -             | -        |
|     | Foreign Nationals  | -                  | -                | -                  | -             | -                  | -                | -                  | -             | -        |
|     | Clearing Members   | -                  | -                | -                  | -             | -                  | -                | -                  | -             | -        |
|     | Trusts   | -                  | -                | -                  | -             | -                  | -                | -                  | -             | -        |
|     | Foreign Bodies - DR  | -                  | -                | -                  | -             | -                  | -                | -                  | -             | -        |
|     | <b>Sub-total (B)(2)-</b>   | <b>54,06,600</b>   | <b>19,24,600</b> | <b>73,31,200</b>   | <b>56.21</b>  | <b>54,60,080</b>   | <b>18,71,120</b> | <b>73,31,200</b>   | <b>56.21</b>  | <b>-</b> |
|     | <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                          | <b>54,06,600</b>   | <b>19,24,600</b> | <b>73,31,200</b>   | <b>56.21</b>  | <b>54,60,080</b>   | <b>18,71,120</b> | <b>73,31,200</b>   | <b>56.21</b>  | <b>-</b> |
| (C) | Shares held by Custodian for GDRs & ADRs                                     |                    |                  |                    |               |                    |                  |                    |               |          |
|     | <b>Grand Total (A+B+C)</b>   | <b>1,11,17,200</b> | <b>19,24,600</b> | <b>1,30,41,800</b> | <b>100.00</b> | <b>1,11,70,680</b> | <b>18,71,120</b> | <b>1,30,41,800</b> | <b>100.00</b> | <b>-</b> |

**B) Shareholding of Promoter-**

| S. No | Shareholder's Name | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|-------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|       |                    | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1.    | S.Ramesh           | 50,81,800                                 | 38.97                            | NIL  | 50,81,800                           | 38.97                            | NIL  | -  |
| 2.    | R. Sudarshan       | 6,16,300                                  | 4.73                             | NIL  | 6,16,300                            | 4.73                             | NIL  | -  |
| 3.    | S.Swaminathan      | 12,500                                    | 0.10                             | NIL  | 12,500                              | 0.10                             | NIL  | -  |

**C) Change in Promoters' Shareholding (please specify, if there is no change):**

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year (as on 1st April, 2017) |                                  | Date       | Reason                 | Increase/decrease in shareholding |                                  | Cumulative Shareholding during the year |                                  |
|--------|-------------------------|---|----------------------------------|------------|------------------------|-----------------------------------|----------------------------------|---|----------------------------------|
|        |                         | No of Share   | % of total shares of the Company |            |                        | No of Share                       | % of total shares of the Company | No of Share                             | % of total shares of the Company |
| 1      | S. Ramesh               | 50,81,800   | 38.97                            | 01.04.2017 | No Change              | -                                 | -                                | 5,081,800                               | 38.97                            |
|        |                         |   |                                  | 31.03.2018 | At the end of the year | -                                 | -                                | 5,081,800                               | 38.97                            |
| 2      | R. Sudarshan            | 616300  | 4.73                             | 01.04.2017 | No Change              | -                                 | -                                | 616,300                                 | 4.73                             |
|        |                         |   |                                  | 31.03.2018 | At the end of the year | -                                 | -                                | 616,300                                 | 4.73                             |

|   |                |       |      |            |                        |   |   |        |      |
|---|----------------|-------|------|------------|------------------------|---|---|--------|------|
| 3 | S. Swaminathan | 12500 | 0.10 | 01.04.2017 | No Change              | - | - | 12,500 | 0.10 |
|   |                |       |      | 31.03.2018 | At the end of the year | - | - | 12,500 | 0.10 |

**D) Shareholding Pattern of Top Ten Shareholders:****(Other than Directors, Promoters and Holders of GDRs and ADRs): No Change**

| SI No. | Name of Shareholders                               | Shareholding at the beginning of the year as on 1st April, 2017) |                                  | Cumulative Shareholding during the year |                                  |
|--------|--|--|----------------------------------|---|----------------------------------|
|        |  | No of Shares   | % of total Shares of the Company | No. of Shares                           | % of total Shares of the Company |
| 1      | <b>M/s. South Ganga Water Technologies Pvt Ltd</b> |  |                                  |   |                                  |
|        | At the beginning of the year                       | 26,05,200  | 19.98                            | 26,05,200                               | 19.98                            |
|        | Bought during the year                             | -  | -                                | 26,05,200                               | 19.98                            |
|        | Sold during the year                               | -  | -                                | 26,05,200                               | 19.98                            |
|        | At the end of the year                             | 26,05,200  | 19.98                            | 26,05,200                               | 19.98                            |
| 2      | <b>M/s. Premier International Limited</b>          |  |                                  |   |                                  |
|        | At the beginning of the year                       | 14,91,800  | 11.44                            | 14,91,800                               | 11.44                            |
|        | Bought during the year                             | -  | -                                | 14,91,800                               | 11.44                            |
|        | Sold during the year                               | -  | -                                | 14,91,800                               | 11.44                            |
|        | At the end of the year                             | 14,91,800  | 11.44                            | 14,91,800                               | 11.44                            |
| 3      | <b>Mrs. Usha Ramesh</b>                            |  |                                  |   |                                  |
|        | At the beginning of the year                       | 9,25,200   | 7.09                             | 9,25,200                                | 7.09                             |
|        | Bought during the year                             | -  | -                                | 9,25,200                                | 7.09                             |
|        | Sold during the year                               | -  | -                                | 9,25,200                                | 7.09                             |
|        | At the end of the year                             | 9,25,200   | 7.09                             | 9,25,200                                | 7.09                             |



|   |                              |          |      |          |      |
|---|------------------------------|----------|------|----------|------|
| 4 | <b>Mr. R. Surendar</b>       |          |      |          |      |
|   | At the beginning of the year | 1,50,600 | 1.15 | 1,50,600 | 1.15 |
|   | Bought during the year       | -        | -    | 1,50,600 | 1.15 |
|   | Sold during the year         | -        | -    | 1,50,600 | 1.15 |
|   | At the end of the year       | 1,50,600 | 1.15 | 1,50,600 | 1.15 |
|   |                              |          |      |          |      |
| 5 | <b>Mr. R. Vijay</b>          |          |      |          |      |
|   | At the beginning of the year | 2,02,680 | 1.55 | 2,02,680 | 1.55 |
|   | Bought during the year       | 500      | -    | 2,03,180 | 1.56 |
|   | Sold during the year         | -        | -    | 2,03,180 | 1.56 |
|   | At the end of the year       | 2,03,180 | 1.56 | 2,03,180 | 1.56 |
|   |                              |          |      |          |      |
| 6 | <b>Mr. K. Balaguru</b>       |          |      |          |      |
|   | At the beginning of the year | 1,50,000 | 1.15 | 1,50,000 | 1.15 |
|   | Bought during the year       | -        | -    | 1,50,000 | 1.15 |
|   | Sold during the year         | -        | -    | 1,50,000 | 1.15 |
|   | At the end of the year       | 1,50,000 | 1.15 | 1,50,000 | 1.15 |
|   |                              |          |      |          |      |
| 7 | <b>Mr. M. Subramanian</b>    |          |      |          |      |
|   | At the beginning of the year | 1,50,000 | 1.15 | 1,50,000 | 1.15 |
|   | Bought during the year       | -        | -    | 1,50,000 | 1.15 |
|   | Sold during the year         | -        | -    | 1,50,000 | 1.15 |
|   | At the end of the year       | 1,50,000 | 1.15 | 1,50,000 | 1.15 |

|   |                              |          |      |          |      |
|---|------------------------------|----------|------|----------|------|
| 8 | <b>Mr. P. Murugantham</b>    |          |      |          |      |
|   | At the beginning of the year | 1,50,000 | 1.15 | 1,50,000 | 1.15 |
|   | Bought during the year       | -        | -    | 1,50,000 | 1.15 |
|   | Sold during the year         | -        | -    | 1,50,000 | 1.15 |
|   | At the end of the year       | 1,50,000 | 1.15 | 1,50,000 | 1.15 |
|   |                              |          |      |          |      |
| 9 | <b>Mr. S. Saravanan</b>      |          |      |          |      |
|   | At the beginning of the year | 1,50,160 | 1.15 | 1,50,160 | 1.15 |
|   | Bought during the year       | -        | -    | 1,50,160 | 1.15 |
|   | Sold during the year         | -        | -    | 1,50,160 | 1.15 |
|   | At the end of the year       | 1,50,160 | 1.15 | 1,50,160 | 1.15 |

|    |                              |          |      |          |      |
|----|------------------------------|----------|------|----------|------|
| 10 | <b>Mr. R. Rangarajan</b>     |          |      |          |      |
|    | At the beginning of the year | 1,49,600 | 1.15 | 1,49,600 | 1.15 |
|    | Bought during the year       | -        | -    | 1,49,600 | 1.15 |
|    | Sold during the year         | -        | -    | 1,49,600 | 1.15 |
|    | At the end of the year       | 1,49,600 | 1.15 | 1,49,600 | 1.15 |

## E) Shareholding of Directors and Key Managerial Personnel:

| SI No. | Name of Directors/KMP   | Shareholding at the beginning of the year as on 1st April, 2017) |                                  | Cumulative Shareholding during the year |                                  |
|--------|---|--|----------------------------------|---|----------------------------------|
|        |   | No of Shares   | % of total Shares of the Company | No. of Shares                           | % of total Shares of the Company |
| 1      | <b>Mr. S. Ramesh (Executive Chairman &amp; Managing Director)</b> |  |                                  |   |                                  |
|        | At the beginning of the year                                      | 50,81,800  | 38.97                            | 50,81,800                               | 38.97                            |
|        | Bought during the year  | -  | -                                | 50,81,800                               | 38.97                            |
|        | Sold during the year  | -  | -                                | 50,81,800                               | 38.97                            |
|        | At the end of the year  | 50,81,800  | 38.97                            | 50,81,800                               | 38.97                            |

|   |   |          |      |          |      |
|---|---|----------|------|----------|------|
| 2 | <b>Mrs. Usha Ramesh (Non - Executive Director)</b>  |          |      |          |      |
|   | At the beginning of the year                        | 9,25,200 | 7.09 | 9,25,200 | 7.09 |
|   | Bought during the year                              | -        | -    | 9,25,200 | 7.09 |
|   | Sold during the year                                | -        | -    | 9,25,200 | 7.09 |
|   | At the end of the year                              | 9,25,200 | 7.09 | 9,25,200 | 7.09 |
| 3 | <b>Mr.S. V. Natarajan (Chief Executive Officer)</b> |          |      |          |      |
|   | At the beginning of the year                        | 1,260    | 0.01 | 1,260    | 0.01 |
|   | Bought during the year                              | -        | -    | 1,260    | 0.01 |
|   | Sold during the year                                | -        | -    | 1,260    | 0.01 |
|   | At the end of the year                              | 1,260    | 0.01 | 1,260    | 0.01 |
| 4 | <b>Mr. V. Ramabhadran (Chief Financial Officer)</b> |          |      |          |      |
|   | At the beginning of the year                        | 1,04,200 | 0.80 | 1,04,200 | 0.80 |

|  |                        |          |      |          |      |
|--|------------------------|----------|------|----------|------|
|  | Bought during the year | 0        | -    | 1,04,200 | 0.80 |
|  | Sold during the year   | 0        | -    | 1,04,200 | 0.80 |
|  | At the end of the year | 1,04,200 | 0.80 | 1,04,200 | 0.80 |

Notes

1. Mr. George Jameidas, Mr. P. Swaminathan and B. Viswanathan did not hold any share of the Company during 2017-18
2. Mr. S. Srinath Company Secretary did not hold any share of the company during 2017-18

V) **INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs.)

| Particulars   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial Year |                                  |                 |          |                    |
| i) Principal Amount                                 | 12,84,91,808.77                  | 7,48,80,233.27  | -        | 20,33,72,042.04    |
| ii) Interest due but not paid                       |                                  |                 |          |                    |
| iii) Interest accrued but not due                   |                                  |                 |          |                    |
| <b>Total (i+ii+iii)</b>                             | 12,84,91,808.77                  | 7,48,80,233.27  | -        | 20,33,72,042.04    |
| Change in Indebtedness during the financial Year    |                                  |                 |          |                    |
| • Addition  | 4,56,84,344.46                   |                 | -        | 4,56,84,344.46     |
| • Reduction   | 87,59,371.47                     | 66,57,925.39    | -        | 1,54,17,296.86     |
| <b>Net Change</b>                                   | 3,69,24,972.99                   | (66,57,925.39)  | -        |                    |
| Indebtedness at the end of the financial Year       |                                  |                 |          |                    |
| i) Principal Amount                                 | 16,54,16,781.76                  | 6,82,22,307.88  | -        | 23,36,39,089.64    |
| ii) Interest due but not paid                       |                                  |                 |          |                    |
| iii) Interest accrued but not due                   |                                  |                 |          |                    |
| <b>Total (i+ii+iii)</b>                             | 16,54,16,781.76                  | 6,82,22,307.88  | -        | 23,36,39,089.64    |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:**

(Rs.)

| S.No | Particulars of Remuneration   | Name of MD/WTD/ Manager   |  | Total Amount |
|------|---|---|--|--------------|
| 1    | Gross salary  | Mr.S. Ramesh<br>Executive<br>Chairman &<br>Managing<br>Director | Mr. George<br>Jameidas<br>Executive Director |              |
|      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 33,30,321.00  | 87,500.00                                    | 33,30,321.00 |
|      | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0   |  | 0            |
|      | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | 0   | 0  | 0            |
| 2    | Stock Option  | 0   | 0  | 0            |
| 3    | Sweat Equity  | 0   | 0  | 0            |
| 4    | Commission<br>- as % of profit<br>- others, specify...                              | 0   | 0  | 0            |
| 5    | Others, please specify  | 0   | 0  | 0            |
|      | Total (A)   | 33,30,321.00  | 87,500.00                                    | 33,30,321.00 |
|      | Ceiling as per the Act  |   |  |              |

**B. REMUNERATION TO OTHER DIRECTORS:**

(Rs.)

| SI No. | Particulars           | Fee for attending Board/ Committee Meetings | Commis sion | Others, Please Specify | Total Amount |
|--------|-----------------------|---|-------------|------------------------|--------------|
| I)     | Independent Directors |   |             |                        |              |
| 1      | Mr. B. Viswanathan    | 1,25,000.00                                 | -           | -                      | 1,25,000.00  |
| 2      | Mr. P. Swaminathan    | 85,000.00                                   | -           | -                      | 85,000.00    |

|     |                               |             |   |   |             |
|-----|-------------------------------|-------------|---|---|-------------|
|     | Total (1)                     | 2,10,000.00 | - | - | 2,10,000.00 |
| II) | Other Non-Executive Directors |             |   |   |             |
| 1   | Mrs. Usha Ramesh              | 85,000.00   | - | - | 85,000.00   |
|     | Total (2)                     | 85,000.00   | - | - | 85,000.00   |
|     | Total (B) = (1+2)             | 2,95,000.00 | - | - | 2,95,000.00 |
|     | Total Managerial Remuneration |             |   |   |             |
|     | Ceiling as per Act            |             |   |   |             |

**REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:** (Rs.)

| S. No. | Particulars of Remuneration   | Key Managerial Personnel |                    |                |              |
|--------|---|--------------------------|--------------------|----------------|--------------|
|        |   | CEO                      | CFO                | CS             | Total        |
| 1      | Gross salary  | Mr. S.V. Natarajan       | Mr. V. Ramabhadran | Mr. S. Srinath |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 24,78,769.00             | 12,91,973.00       | 6,68,159.00    | 44,38,901.00 |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 21,600.00                | -                  | -              | 21,600.00    |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                        | -                  | -              | -            |
| 2      | Stock Option  | -                        | -                  | -              | -            |
| 3      | Sweat Equity  | -                        | -                  | -              | -            |
| 4      | Commission  | N.A                      | N.A                | N.A            | N.A          |

|   |                        |              |              |             |              |
|---|------------------------|--------------|--------------|-------------|--------------|
|   | - as % of profit       |              |              |             |              |
|   | others, specify...     |              |              |             |              |
| 5 | Others, please specify | 0            | 0            | 0           | 0            |
|   | Total                  | 25,00,369.00 | 12,91,973.00 | 6,68,159.00 | 44,38,901.00 |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                              |                                    |
| Penalty                             |                              |                   | <b>None</b>   |                              |                                    |
| Punishment                          |                              |                   |   |                              |                                    |
| Compounding                         |                              |                   |   |                              |                                    |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                              |                                    |
| Penalty                             |                              |                   | <b>None</b>   |                              |                                    |
| Punishment                          |                              |                   |   |                              |                                    |
| Compounding                         |                              |                   |   |                              |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                    |
| Penalty                             |                              |                   | <b>None</b>   |                              |                                    |
| Punishment                          |                              |                   |   |                              |                                    |
| Compounding                         |                              |                   |   |                              |                                    |

For and on Behalf of the Board

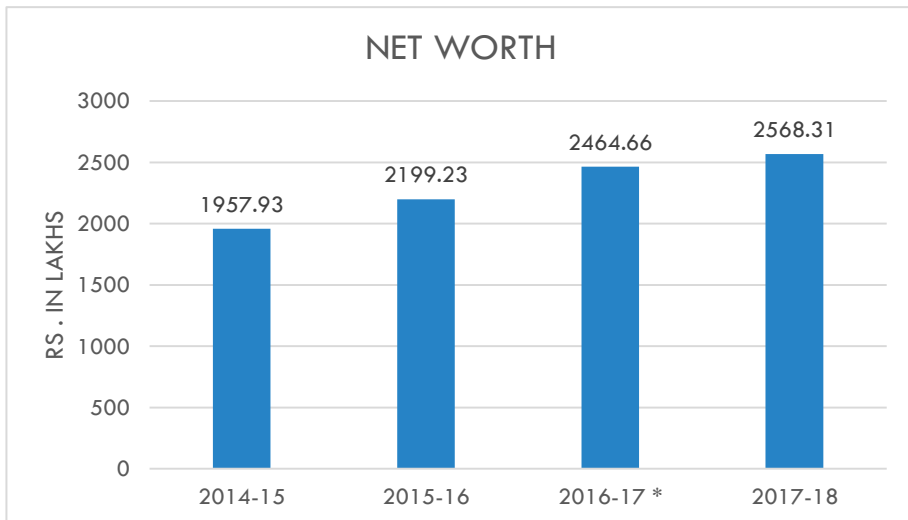
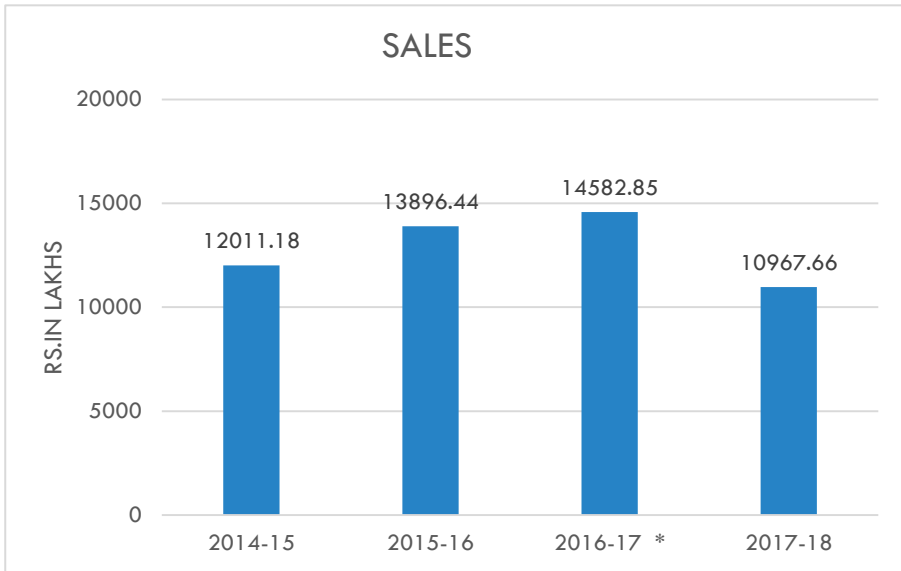
**(S.RAMESH)**

DIN: 00052842

Executive Chairman &amp; Managing Director

Place: Chennai  
Date: 10.08.2018

**FINANCIALS HIGHLIGHTS 2014 -2017**



\* Reconciled on account of adoption of Ind -AS

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE:

Your Company operates primarily in the O&M (Operations and Maintenance) segment in the power sector and is primarily focused on coal and oil-based power plants

India is the fourth largest consumer of energy in the World after USA, China and Russia but is not endowed with abundant energy resources. India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, and agricultural and domestic waste. Renewable energy is fastest growing energy source accounting for 40% of the increase in primary energy. The energy mix will be most diversified by 2040.

The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy. Power transmission lines exposes the inadequacy of infrastructure.

The government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use. A total of 16,064 villages out of 18,452 non-electrified villages in India have been electrified up to December, 2017 as part of the target to electrify all villages by May 1, 2018.

### (a) DEVELOPMENTS

The Government of India continues its strategy of increasing the renewable energy generation such as wind and solar. The Government of India is taking several steps and initiatives. The Renewable Purchase Obligations (RPO) stipulated by the Government waiving off of Transmission System changes and losses for inter-state sale of solar wind power for projects to be commissioned by March, 2019 are also the major driving force in India to promote the renewable energy sector.

India added nearly 115 Giga-watt of coal-based capacity over since FY11. Phenomenal growth in addition to coal-based capacity in last few years overtook the pace of demand growth. Hence, there is a power surplus. However, this may not translate into a situation where there is no power cut, since that depends on transmission capacity/constraints. In theory, there is enough capacity to meet entire power demand of the country. Simply put, the transmission infrastructure is insufficient. However, transmission grid congestion is easing due to commissioning of new lines. By end of 2020, the country is likely to have a robust transmission grid. Major schemes include Green Energy Corridor and Raigarh-Pugalur HVDC line

In the past, availability of coal and discom financial health were the two key constraints. Now poor discom performance and power transmission have added to the supply problems. The power sector is undoubtedly facing huge stress due to fuel issues, statutory obligations, emission levels, water scarcity, power theft, lesser power demand growth, poor quality of coal, availability of transmission corridor, lower performance of old power plants, financial crisis of private power generators/IPP's.

Stressed assets remain a key concern for power sector in India. Since the last few years, power sector has been under crisis as the demand has seen slowdown. Non-availability of long term



Purchasing Power Agreements (PPA), non-availability of domestic gas and unviable tariffs have led to almost 60,000 MW of stressed thermal power assets in the country

Due to decline in demand from existing consumers and surplus power at various centers, many independent power producers have either shut down or scaled down their operations substantially. This has resulted in the loss of O&M contracts with independent power producers and as at the end the fiscal year all our O&M contracts are primarily with the captive consumers.

The Company critically reviewed all the overheads and reduced them in order to be cost competitive in the market. Also, the Company continues its policy of marketing its services overseas and has successfully concluded O&M contract in Philippines and the operations of the same is about to commence shortly. Also, the Company has signed an O&M agreement with the Shapoorji Pallonji Group for their upcoming 220Mw combined cycle power plant in Bangladesh. It is expected to be operational in the third quarter of the next financial year

**(b). OPPORTUNITIES AND THREATS:**

Opportunities : The Government of India's ambitious initiatives have thrown the power sector market wide open. The Market size offers scope for widening the O & M operations in renewable energy sector.

**Market Size:**

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. Total installed capacity of power stations in India stood at 3,44,002 Megawatt (MW) as of 31<sup>st</sup> March, 2018.

The Ministry of Power has set a target of 1,229.4 billion units (BU) of electricity to be generated in the financial year 2017-18, which is 50 BU's higher than the target for 2016-17. The annual growth rate in renewable energy generation has been estimated to be 27 per cent and 18 per cent for conventional energy.

The Market Size indicates that despite current tepid growth in Demand, there are still vast opportunities for O&M companies in the power sector. Coal continues to occupy a significant role in the power sector.

The Government of India has also planned to achieve 175 GW capacity in renewable energy by 2022 which includes 100GW of solar power and 60 GW of wind power and is also preparing a rent a roof policy for supporting its target of generating 40 GW of power through solar roof top projects by 2022.

**Threats:**

Increasing fuel prices poses a serious threat for the survival of thermal power plants. The increase fuel price, one of the major cost components in thermal power generation, has affected the viability of the operations of the thermal power plant. Apart from that as Electricity is exempt from GST, the GST on the inputs to generate electricity cannot be set off and hence the cost of generating electricity has gone up for the IPPs. As the GST has been set at 18% on the inputs, compared the

earlier service tax rate of 15%, the IPPs are examining the option undertaking O & M themselves to avoid the GST on the input (O & M Services)

**(c) SEGMENT -WISE OR PRODUCT -WISE PERFORMANCE:**

| <b>OEG PROJECTS LIST for 2017-2018</b> |                                    |                         |               |                         |              |
|--|------------------------------------|-------------------------|---------------|-------------------------|--------------|
| <b>OEG - DOMESTIC PROJECTS</b>         |                                    | <b>31'st March 2018</b> |               | <b>31'st March 2017</b> |              |
| <b>Si. No.</b>                         | <b>Type of Plants</b>              | <b>No of Plants</b>     | <b>in MWs</b> | <b>No of Plants</b>     | <b>in MW</b> |
| 1                                      | Thermal Projects (TPP)             | 23                      | 3095.2        | 30                      | 4602         |
| 2                                      | Diesel Generators (DGPP)           | 2                       | 115.66        | 2                       | 114.16       |
| 3                                      | Combined Cycle Power Plants (CCPP) | 2                       | 110.75        | 2                       | 114          |
| 4                                      | Solar PV Power Plants (SPVPP)      | 1                       | 30            | 4                       | 73           |
| <b>OEG - OVERSEAS PROJECTS</b>         |                                    | <b>31'st March 2018</b> |               | <b>31'st March 2017</b> |              |
| <b>Sl. No.</b>                         | <b>Type of Plants</b>              | <b>No of Plants</b>     | <b>in MWs</b> | <b>No of Plants</b>     | <b>in MW</b> |
| 1                                      | Thermal Projects (TPP)             | 1                       | 25            | 1                       | 4            |
| 2                                      | Diesel Generators (DGPP)           | 1                       | 200           | 1                       | 200          |
| 3                                      | Combined Cycle Power Plants (CCPP) | 2                       | 381           | 2                       | 381          |

**(d) OUTLOOK:**

The Indian power sector has an investment potential of Rs.15 trillion (US\$ 225 billion) in the next 4-5 years, thereby providing immense opportunities in power generation, distribution, transmission, and equipment, according to Union Minister Mr. Piyush Goyal..

The government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

**(e) RISKS AND CONCERNS:**

Our risks and concerns are discussed and covered at the Risk Management Committee.

Operational Energy Group India Limited (OEG) is engaged in the Business of Operations and Maintenance of Power plants both in India and abroad. The dependence of the business is primarily on Coal fired plants in India and oil-fired plants overseas.

In view of the international restrictions on environment preservation, the fossil-based fuel plants will face threats from the Governmental authorities in the next 3-5 years. Added to that is the

economical running of these plants will become a challenge, as the tariff rates of the renewable energy power are coming down significantly. (Tariff rates in the region of Rs.3 to 4 per KWh).

Keeping these in view your company has identified the following areas for expansion:

- a) Solar Projects - rooftop
- b) Electrical and Mechanical projects

The Company is hopeful that these divisions will augment the revenue in the coming years and compensate for the loss of business in the O&M sectors. Also, the Company is continuing its aggressive marketing for O&M business in overseas market and hopeful of getting, a few more orders.

**(f) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

**Internal Controls:**

The Company has a sound system of Internal Audit, risk assessment and mitigation and has an independent Internal Audit Department headed by an independent chartered accountant with well-established internal control and risk management processes both at the site and corporate levels. The Internal Auditor reports directly to the Chairman of the Audit Committee of the Board of Directors, which ensures independence of audit function. Internal Audit function plays a key role in providing to both the operating management and to the Audit Committee of the Board, an objective view and reassurance of the overall control systems and effectiveness of the Risk Management processes across the Company and its subsidiaries. Internal Audit also assesses opportunities for improvement in business processes, systems and controls and provides recommendations designed to add value to the operations.

The internal audit department operates on a continuous basis in monitoring the adequacy and effectiveness of the internal control environment across the Company and the status of compliance with operating systems, internal policies and regulatory requirements.

The Audit Committee meets on a quarterly basis to review and discuss the reports submitted by the Internal Auditor and review closure of all agreed actions. The Audit Committee also meets the Statutory Auditors separately to ascertain their views on the adequacy, efficacy and efficiency of the internal control systems

**(g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

Rs. in Lakhs

|               | 2017-18   | 2016-17   | Inc/(Dec)% | Remarks   |
|---------------|-----------|-----------|------------|---|
| <b>INCOME</b> |           |           |            |   |
| Sales         | 10,967.66 | 14,582.85 | (24.79)    | Loss of contracts in Domestic segment primarily on account of low |

|                               |                  |                  |                |   |
|-------------------------------|------------------|------------------|----------------|---|
|                               |                  |                  |                | PLF a well as exemption of GST on electricity                         |
| Other Income                  | 112.28           | 196.27           | (42.79)        |   |
| <b>Total</b>                  | <b>11,079.94</b> | <b>14,779.12</b> | <b>(25.03)</b> |   |
| <b>Expenditure</b>            |                  |                  |                |   |
| Material cost                 | 1,666.39         | 1,338.92         | 24.46          | Significant Expenses on the reconditioning of engines in Saudi Arabia |
| Employee benefits expense     | 7,828.06         | 10,421.82        | (24.89)        | Drop in contracts in domestic segment                                 |
| Finance costs                 | 280.02           | 266.94           | 4.90           | Delay in collection from clients because of low demand/PLF            |
| Depreciation and amortisation | 72.27            | 71.26            | 1.42           |   |
| Other expenses                | 1,093.45         | 2,397.78         | (54.40)        | Drop in contracts, less fuel expenses in overseas sites               |
| <b>Total</b>                  | <b>10,940.19</b> | <b>14,496.72</b> | <b>(24.53)</b> |   |
| Profit before tax             | 139.75           | 282.40           | (50.51)        |   |
| Tax expenses                  | 36.10            | 102.29           | (64.71)        | Drop in profit  |
| Profit after tax              | 103.65           | 180.11           | (42.45)        |   |
| Basic earning per share       | 0.79             | 1.38             | (42.45)        |   |

|                         | 31/03/2018 | 31/03/2017 | Inc/(Dec)% | Remarks                                       |
|-------------------------|------------|------------|------------|---|
| <b>SOURCES OF FUNDS</b> |            |            |            |   |
| Shareholder's funds     | 2,568.31   | 2,464.66   | 4.21       |   |
| Non-current liabilities | 906.49     | 1,071.99   | (15.44)    | Repayment of Long Term Loans                  |
| Current Liabilities     | 3,651.16   | 4,123.85   | (11.46)    | Drop in volume of business in domestic market |

|                                  |          |          |        |                            |
|----------------------------------|----------|----------|--------|----------------------------|
| Total                            | 7,125.96 | 7,660.50 | (6.98) |                            |
| <b>APPLICATION OF FUNDS</b>      |          |          |        |                            |
| Fixed Assets                     | 482.89   | 515.41   | (6.31) |                            |
| Investments                      | 1,139.61 | 1,140.13 | (0.05) |                            |
| Loans & Other non-current assets | 337.22   | 356.90   | (5.51) |                            |
| Current Assets                   | 5,166.24 | 5,648.06 | (8.53) | Drop in volume of business |
| Total                            | 7,125.96 | 7,660.50 | (6.98) |                            |

**(h) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

**HUMAN RESOURCES:**

Operational Energy Group India Limited recognized that key assets to its growth is human resources. Human Resources department focuses on development of performance related cultures thus paving way for long term business growth to live up to the aspirations of stakeholders.

Your company has invested in a state of the art training Centre “OPTRA” for skills development in O & M operations as a part of strategy to enhance the employee’s productivity and skills.

The company has taken steps to develop a very strong HR Process and strategy to improve the overall organizational effectiveness and has performance appraisal system in place. A continuous review of monitoring process is undertaken.

The Company has in place “BUILD SUPER FAST” BSF a HR software package for enabling efficient and cost-effective HR system to provide a platform for quality analysis of data to guide a sound decision making.

Focus on right manpower in overseas operations to spread organizations global HR activity foot print is the prime aim of the company. The company had a total of 1859 work force in March 2018 as against 2760 in March 2017.

**CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis Report describing the company objectives, projections, estimates and expectations may be “forward looking” within the ambit of applicable laws and regulations.

Actual results, performance and achievements might differ substantially or materially from those expressed or implied. The company’s performance could be affected by global and domestic supply and demand conditions, change in government regulations tax laws economic development within the country and other factors such as litigation and industrial relations.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE:

It is the basic philosophy of Operational Energy Group India Limited (OEGIL) to promote a responsive and responsible business culture by adopting best practices in corporate governance.

OEG emphasizes fairness, transparency accountability and integrity at all levels of management and is guided by these principles in fostering a healthy relationship amongst all stakeholders.

The Company constantly strives to upgrade management practices for ideal corporate governance.

### 2. BOARD OF DIRECTORS:

On 31<sup>st</sup> March 2018, the Board of Directors of the Company consisted of 4 (Four) Directors. During the financial year 2017-18, 6 (Six) Board meetings were held on 15<sup>th</sup> June 2017, 5<sup>th</sup> August 2017, 22<sup>nd</sup> September 2017, 20<sup>th</sup> October 2017, 7<sup>th</sup> November 2017, 5<sup>th</sup> February 2018.

#### COMPOSITION, DIRECTORS' ATTENDANCE AND OTHER DIRECTORSHIPS HELD:

| Name of the Director                   | Category of the Director               | Number of Board Meeting attended during the year 2017-18 | Whether Attended AGM Held on 22 <sup>nd</sup> September 2017 | Number of directorships in other public limited Companies # |              | Number of Committee positions held in other public limited Companies |                  |
|--|--|--|--|---|--------------|--|------------------|
|  |  |  |  | Chair of the Board  | Board Member | Chairman of the Committee  | Committee Member |
| Mr. S. Ramesh<br>DIN - 00052842        | Executive Chairman & Managing Director | 06   | Yes  | -   | -            | -  | -                |
| Mrs. Usha Ramesh<br>DIN - 00053451     | Non-Executive Director                 | 06   | Yes  | -   | -            | -  | -                |
| #Mr. George Jameidas<br>DIN - 06777068 | Executive Director                     | 01   | NA   | -   | -            | -  | -                |

|                                      |                      |    |     |   |   |   |   |
|--------------------------------------|----------------------|----|-----|---|---|---|---|
| Mr. P. Swaminathan<br>DIN - 02603984 | Independent Director | 04 | Yes | - | - | - | - |
| Mr. B. Viswanathan<br>DIN - 00702802 | Independent Director | 06 | Yes | - | - | - | - |

#Mr. Goerge Jameidas has since resigned from the Board on 15.06.2017.

# Directorships held in private companies, foreign companies and companies registered under section 8 of the Companies Act, 2013 are excluded.

a. Shareholding of Directors as on 31st March 2018 is as under:

| Name of the Director | Category of the Director               | No of Ordinary Shares Held | % of Paid-Up Capital |
|----------------------|--|----------------------------|----------------------|
| Mr. S. Ramesh        | Executive Chairman & Managing Director | 5,081,800                  | 38.97                |
| Mrs. Usha Ramesh     | Non-Executive Director                 | 925,000                    | 7.09                 |

- b. No other Director holds any shares in the Company. The Company has not issued any convertible instruments.
- c. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the public companies in which he/she is a Director. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.
- d. None of the Directors of the Company is related to each other except the woman director who is related to the Executive Chairman and Managing director.
- e. The Details of familiarization programs conducted for the independent directors are disclosed in website of the Company at <http://oegindia.com/ir-idal.php>.

#### BOARD PROCEDURES

- a. The annual calendar of the Board Meeting is agreed at the beginning of the year.
- b. The agenda is circulated well in advance to the Board members taking into account the requirements of the Companies Act and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.
- c. The item in the Agenda is determined with full communication at responsible levels to enable the Board to take appropriate decisions and to discharge its responsibilities effectively.

- d. The Managing Director, CEO and CFO apprise the board on the overall performance of the Company.
- e. The Board provides strategic direction in improving the performance of the Company. Quarterly results, minutes of the sub-committees & subsidiary, general notices of interest received from directors, annual budgets, legal compliance report, authorizations for various business purposes are also placed and reviewed by the Board along with the senior management team of the Company.

### CODE OF CONDUCT

The Board of directors of the Company has laid down Code of Conduct for the Directors and senior Management Personnel (SMP) of the Company. The Code is available on the website of the Company at the given link - <http://oegindia.com/ir-cp.php>. All the Directors and senior managerial Personnel have re-affirmed compliance with the Code of Conduct on March 31, 2018. A declaration to this effect signed by the Executive Chairman & Managing Director forms part of this report.

### 3. AUDIT COMMITTEE:

- **Brief description of terms of reference:**

The terms of Reference of Audit Committee cover the matters specified for Audit Committee under Regulation 18 of the SEBI Listing Regulations as well as in Section 177 of the Companies Act, 2013. The role of Audit Committee is as prescribed under Part C of Schedule II of the SEBI (LODR) Regulations.

- **Composition, Names of Members and Chairman**

| Name of the Member            | Category                               |
|-------------------------------|--|
| Mr. B. Viswanathan (Chairman) | Independent Director                   |
| Mr. P. Swaminathan            | Independent Director                   |
| Mr. S. Ramesh                 | Executive Chairman & Managing Director |

- **Meetings and the attendance during the year**

**Six Meetings of the Audit Committee were held during the year**

| Si. No | Date       | Mr. Viswanathan | Mr. P. Swaminathan | Mr. S. Ramesh |
|--------|------------|-----------------|--------------------|---------------|
| 1      | 15-06-2017 | Yes             | No                 | Yes           |
| 2      | 05-08-2017 | Yes             | No                 | Yes           |
| 3      | 22-09-2017 | Yes             | Yes                | Yes           |
| 4      | 20-10-2017 | Yes             | Yes                | Yes           |
| 5      | 07-11-2017 | Yes             | Yes                | Yes           |
| 6      | 05-02-2018 | Yes             | Yes                | Yes           |
| Total  |            | 6               | 4                  | 6             |



#### 4. NOMINATION AND REMUNERATION COMMITTEE (NRC):

- Brief description of terms of reference:**

The terms of reference of Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013. The role of the Nomination and Remuneration Committee is as prescribed under part D of the Schedule II of the Listing Regulations.

- Composition, Names of Members and Chairman**

| Name of the Member            | Category                 |
|-------------------------------|--------------------------|
| Mr. B. Viswanathan (Chairman) | Independent Director     |
| Mr. P. Swaminathan            | Independent Director     |
| Mrs. Usha Ramesh              | Non – Executive Director |

- Meetings and the attendance during the year**

**Four Meetings of the Nomination & Remuneration Committee were held during the year**

| Si No | Date       | Mr. Viswanathan | Mr. P. Swaminathan | Mrs. Usha Ramesh |
|-------|------------|-----------------|--------------------|------------------|
| 1.    | 15-06-2017 | Yes             | No                 | Yes              |
| 2.    | 05-08-2017 | Yes             | No                 | Yes              |
| 3.    | 22-09-2017 | Yes             | Yes                | Yes              |
| 4.    | 20-10-2017 | Yes             | Yes                | Yes              |
| Total |            | 4               | 2                  | 4                |

- Performance evaluation criteria for independent directors:**

The Criteria for evaluation of the performance of Independent Directors include their qualification, experience, competency, knowledge, understanding of respective roles (as Independent Director and as a member of the Committees of which they are Members/Chairpersons), adherence to Codes and ethics, conduct, attendance and participation in the meetings etc.

#### 5. REMUNERATION OF DIRECTORS:

| Name of the Director                                   | Salary & Perquisites (Rs) | Special Allowance Paid/Payable (Rs) | Performance Pay (Rs) | Sitting Fee (Rs) | Total Remuneration (Rs) |
|--|---------------------------|-------------------------------------|----------------------|------------------|-------------------------|
| Mr. S. Ramesh - Executive Chairman & Managing Director | 33,30,321.00              | -                                   | -                    | -                | 33,30,321.00            |
| Mr. George Jameidas - Executive Director               | 87,500.00                 | -                                   | -                    | -                | 87,500.00               |

|   |   |   |   |             |             |
|---|---|---|---|-------------|-------------|
| Mrs. Usha Ramesh – Non-Executive Director | - | - | - | 85,000.00   | 85,000.00   |
| Mr. B. Viswanathan – Independent Director | - | - | - | 1,25,000.00 | 1,25,000.00 |
| Mr. P. Swaminathan – Independent Director | - | - | - | 85,000.00   | 85,000.00   |

The Non – Executive Directors are paid sitting fees for attending meeting of the Board.

Mr. S. Ramesh, Executive Chairman – Managing Director is under contract employment with the Company which stipulates a notice period of Six Month from either side for early separation. No severance fee is payable to Executive Directors.

There was no pecuniary relationship or transactions of the Non-Executive Director vis-à-vis the Company.

The criteria for making payment to the Non-executive Directors is disclosed in the Website of the Company under the weblink: <http://oegindia.com/pdf/cp/REMUNERATION-POLICY.pdf>

The Company does not have a scheme for grant of stock options either to the Directors or to its employees.

#### 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

- **Brief description of terms of reference:**

In compliance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Board has constituted Stakeholders’ Relationship Committee.

- To monitor the work relating to transfer, transmission, dematerialization, dematerialization, sub-division / consolidation of share
- To issue duplicate share certificates and
- To ensure that all the investors’ grievances and complaints are redressed expeditiously to strengthen the investors’ relations.

- **Composition, Names of Members and Chairman**

| Name of the Member            | Category                               |
|-------------------------------|--|
| Mr. B. Viswanathan – Chairman | Independent Director                   |
| Mr. S. Ramesh                 | Executive Chairman & Managing Director |

- **Meetings and the attendance during the year**

One Meeting of the Stakeholders’ Relationship Committee was held during the year

| Si No | Date       | Mr. Viswanathan | Mr. S. Ramesh |
|-------|------------|-----------------|---------------|
| 1.    | 05-02-2018 | Yes             | Yes           |
| Total |            | 1               | 1             |

- **Investor Complaints**

|  |   |     |
|--|---|-----|
| No. of compliants pending at the beginning of the year | - | Nil |
| No. of complaints received during the year             | - | Nil |
| No. of complaints redressed during the year            | - | Nil |
| No. of compliants pending at the end of the year       | - | Nil |

- **Compliance Officer**

|             |   |                          |
|-------------|---|--------------------------|
| NAME        | : | <b>S. Srinath</b>        |
| DESIGNATION | : | <b>Company Secretary</b> |

#### 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

- **Brief description of terms of reference:**

Although non-mandatory in terms of Section 135(1) of the companies Act, 2013, the board has constituted a Corporate Social Responsibility Committee to review the existing CSR policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

- **Composition, Names of Members and Chairman**

| Name of the Member              | Category  |
|---------------------------------|---|
| <b>Mr. S. Ramesh - Chairman</b> | <b>Executive Chairman &amp; Managing Director</b> |
| <b>Mrs. Usha Ramesh</b>         | <b>Non - Executive Director</b>                   |

- **Meetings and the attendance during the year**

One Meeting of the Stakeholders' Relationship Committee was held during the year

| Si No | Date       | Mr. S. Ramesh | Mr. Usha Ramesh |
|-------|------------|---------------|-----------------|
| 1.    | 05-02-2018 | Yes           | Yes             |
| Total |            | 1             | 1               |

#### 8. RISK MANAGEMENT COMMITTEE (RMC):

- **Brief description of terms of reference:**

In Compliance with Section 134 of the Companies Act, 2013 and Regulation 21 of the Listing Regulations, the Board has constituted Risk Management Committee.

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

- **Composition, Names of Members and Chairman**

| Name of the Member       | Category                               |
|--------------------------|--|
| Mr. S. Ramesh - Chairman | Executive Chairman & Managing Director |
| Mr. B. Viswanathan       | Independent Director                   |
| Mr. P. Swaminathan       | Independent Director                   |
| Mr. S.V. Natarajan       | Chief Executive Officer                |
| Mr. V. Ramabhadran       | Chief Financial Officer                |

- **Meetings and the attendance during the year**

Two Meeting of the Risk Management Committee was held during the year

| Si No | Date       | Mr. S. Ramesh | Mr. B. Viswanathan | Mr. P. Swaminathan | Mr. S.V. Natarajan | Mr. V. Ramabhadran |
|-------|------------|---------------|--------------------|--------------------|--------------------|--------------------|
| 1.    | 22-09-2017 | Yes           | Yes                | Yes                | Yes                | Yes                |
| 2.    | 20-10-2017 | Yes           | Yes                | Yes                | Yes                | Yes                |
| Total |            | 2             | 2                  | 2                  | 2                  | 2                  |

## 9. SUBSIDIARY COMPANIES:

Regulation 16 (1) (c) of the Listing Regulations defines a 'material subsidiary' as subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

The subsidiary of the Company functions independently, with an adequately empowered Board of Directors and sufficient resources. For more effective governance, the Minutes of Board Meetings of subsidiaries of the Company are placed before the Board of the Company for its review on quarterly basis and a statement of all significant transactions and arrangements entered into by the subsidiary companies are also placed before the Board.

Pursuant to the explanation under Regulation 16 (1) (c) of the Listing Regulations, the Company has formulated a policy for determining material subsidiaries which is disclosed on the Company's website at the following web link: [www.oegindia.com](http://www.oegindia.com)

## 10. GENERAL BODY MEETINGS:

Location, day, date and time of AGMs held during the last 3 year and special resolution passed are given as below:

| YEAR    | LOCATION   | DAY, DATE AND TIME                                    | SPECIAL RESOLUTIONS  |
|---------|--|---|--|
| 2016-17 | A, 5th Floor, Gokul Arcade - East Wing, No. 2 & 2A, Sardar Patel Road, Adyar, Chennai - 600 020. | Friday, 22 <sup>nd</sup> September 2017 at 2.00 P.M.  | Nil  |
| 2015-16 | A, 5th Floor, Gokul Arcade - East Wing, No. 2 & 2A, Sardar Patel Road, Adyar, Chennai - 600 020. | Friday, 16th September 2016 at 2.00 P.M.              | 1. Appointment of Mr. S. Ramesh as Executive Chairman & Managing Director. |
| 2014-15 | 37/2a1, Sivakasi Main Road, Malli Village, Srivilliputtur - 626141                               | FRIDAY, 18 <sup>TH</sup> SEPTEMBER 2015 AT 12.00 P.M. | Nil  |

#### 11. MEANS OF COMMUNICATION:

As stipulated under Regulation 33 read with Regulation 47, the Quarterly Results are intimated to the Stock Exchanges and published in one English National Newspaper (Business Standard) and One Tamil Newspaper (Makkal Kural). The results are also displayed in the website of the company viz., <http://oegindia.com/ir-adv.php>. The information stipulated under Regulation 46 of the Regulations are also available in the website of the company. In additional, official press/news releases and several other details/information of interest to various stakeholders are submitted to the Stock Exchanges/made available in the website.

#### 12. GENERAL SHAREHOLDER INFORMATION:

##### Annual General Meeting

- i. **Date and Time** : 21.09.2018 02.00 PM
- ii. **Venue** : A, 5<sup>th</sup> Floor Gokul Arcade - East Wing, No. 2 & 2A Sardar Patel Road adyar Chennai - 600020
- iii. **Financial Year** : April, 2017 to March, 2018
- iv. **ISIN Code** : INE239V01012 (Listed Shares: 33,00,000 Unlisted Shares: 97,41,800)
- v. **Dividend payment date** : Not Applicable
- vi. **Listing Details and Stock Code**

| Name and Address of Exchange   | Stock Code | Remarks  |
|--|------------|--|
| Metropolitan Stock Exchange India Limited<br>4 <sup>TH</sup> Floor, Vibgyor Tower, Plot No. C-62, OPP Trident Hotel, BKC, Bandra East Mumbai, Maharashtra 400098 India | OEGIL      | A portion of the Company's Ordinary Shares (33,00,000 Nos) are Listed. |

**vii. Market Price Data & Share price performance vis a vis indices**

Trading in shares has not taken place during the year.

**viii. Registrar and Share Transfer Agent:**

All share registry work in respect of both physical and demat segments are handled by a single common agency M/s Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai – 600 002, as the Registrar and Share Transfer Agent (RTA) of the Company for all aspects of investor servicing relating to the shares

**ix. Share Transfer System**

Requests for share transfer, transmissions, transpositions etc., are processed by the RTA and returned within the stipulated time, if the documents are found to be in order. The routine requests from shareholders like transfer, transmission, change of name etc., are approved by share transfer committee headed by Mr. S. Ramesh Chairman and the details are placed before the Stakeholders Relationship Committee and the Board.

**Composition, Names of Members and Chairman**

| Name of the Member       | Category                               |
|--------------------------|--|
| Mr. S. Ramesh – Chairman | Executive Chairman & Managing Director |
| Mrs. Usha Ramesh         | Non-Executive Director                 |

**Meetings and the attendance during the year**

Two Meeting of the share transfer Committee was held during the year and minutes of proceeding of the same had been placed before the stakeholders committee

| Sl No | Date       | Mr. S. Ramesh | Mrs. Usha Ramesh |
|-------|------------|---------------|------------------|
| 1.    | 24.10.2017 | Yes           | Yes              |
| 2.    | 06.12.2017 | Yes           | Yes              |
| Total |            | 2             | 2                |

**x. Distribution of Shareholding as on March 31, 2018**

| Range of Holdings | Number of Shares | Amount (Rs) | % to Capital | Number of Shareholders | % of Shareholders |
|-------------------|------------------|-------------|--------------|------------------------|-------------------|
| 1 to 500          | 1,01,020         | 10,10,200   | 0.77         | 334                    | 65.62             |
| 501 to 1000       | 82,300           | 8,23,000    | 0.63         | 90                     | 17.68             |
| 1001 to 2000      | 46,700           | 4,67,000    | 0.36         | 30                     | 5.89              |
| 2001 to 3000      | 66,100           | 6,61,000    | 0.51         | 27                     | 5.30              |
| 3001 to 4000      | 17,400           | 1,74,000    | 0.13         | 5                      | 0.98              |

|               |             |              |        |     |        |
|---------------|-------------|--------------|--------|-----|--------|
| 4001 to 5000  | 4,300       | 43,000       | 0.03   | 1   | 0.20   |
| 5001 to 10000 | 8,600       | 86,000       | 0.07   | 1   | 0.20   |
| Above 10000   | 1,27,15,380 | 12,71,53,800 | 97.50  | 21  | 4.13   |
| Total         | 1,30,41,800 | 13,04,18,000 | 100.00 | 509 | 100.00 |

**xi. Dematerialization of shares and liquidity**

Out of 3300000 listed in the metropolitan stock Exchange India Limited 29,20,680 share have been dematerialized. Efforts are being made to dematerialize the remaining share

**xii. The Company had not issued any convertible instruments**

**xiii. Foreign Exchange Risk and Hedging Activities:**

The Company is primarily in service industry and hence is not subject to commodity price risk. However we have receipts in forex from our projects in Srilanka and Saudi Arabia. We have limited import of spare parts. We have natural hedging on our imports as import payments are routed through EEFC Account. We also have limited forex loan of US\$ 4,43,721 (about Rs. 2.93 Crores). The overseas billings for the year 2017-18 is Rs. 28.14 Crores. As overseas billings are significantly higher than the forex outflow, we have not resorted to hedging.

**xiv. Location of Plants:**

The Company is an Operations and maintenance service provider catering to various Power and Industrial Plants situated in India and overseas. The Company does not by itself own any manufacturing plant.

**xv. Address for Correspondence**

Operational Energy Group India Limited, A 5<sup>th</sup> Floor Gokul Arcade No. 2 & 2A Sardar Patel Road Adyar Chennai - 600020.

**13. OTHER DISCLOSURES:**

- a. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large. Transactions in the ordinary course of business with the related parties are disclosed in the Notes to Financial Statements.
- b. The Company has complied with all the requirements of regulatory authorities and no penalties / strictures were imposed on the Company by the Stock Exchanges or SEBI, or any Statutory Authority on any matter related to capital Markets, during the last three years.
- c. The Company has adopted a Vigil Mechanism and Whistle Blower Policy and has not denied access to any personnel to approach the Management or the Audit Committee on any issue. The Committee consisting of Mr. P. Swaminathan, Chairman and Mr. S. Ramesh, Member met on 05.02.2018.
- d. Details of compliance with Mandatory Requirements:
  - I. Code of Conduct: The Company has laid down procedure to be followed by Member of the Board and Senior Management Personnel for ethical professional conduct.

- II. CEO/CFO Certification: The CEO / CFO Certification of the Financial Statements and the Cash Flow Statement for the year under review forms part of Annual Report.
- III. A Certificate from Practicing Company secretary confirming compliance with the conditions of Corporate Governance as stipulated in 34(3) of SEBI (LODR) Regulations, 2015 forms part of this Report.
- e. The policy for determining material subsidiaries is disclosed in the website of the Company under link - <http://oegindia.com/ir-cp.php>.
- f. The Internal auditor of the Company directly submits his report to the Audit Committee every quarter.
- g. The Company has duly complied with the requirements of Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulation, 2015.
14. All the requirements of corporate governance report specified in Sub-paras (2) to (10) of Para C of Schedule V to the Regulations have been complied with.
15. The details of adoption of discretionary requirements as stipulated in Part E of Schedule II are as follows:
- a) the Company does not have non-executive Chairman.
  - b) the Company's quarterly/half yearly results are published in leading English Newspapers and in Tamil Newspaper and also in the Company's Website, the same are not sent to the Shareholders of the Company. There is no publication of second half yearly results as the annual results are approved by the Board and then published in the newspapers and also communicated to the shareholders through the Annual Report.
  - c) There have been no modified opinions on the financial statements and the Company is under a regime of unmodified audit opinions
  - d) The Company has appointed separate persons for the post of Executive Chairman & Managing Director and Chief Executive Officer.
  - e) The internal Auditors of the Company report directly to the Audit Committee.
16. The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46 (2) (b) to (i) of the Regulations.

#### **DECLARATION BY THE MANAGING DIRECTOR**

I, S. Ramesh, Executive Chairman & Managing Director of Operational Energy Group India Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors, in terms of Regulation 26(3) of the Listing Regulations for the year ended 31<sup>st</sup> March 2018.

Place: Chennai

Date: 10.08.2018

For Operational Energy group India limited

**(S. RAMESH)**

Executive Chairman & Managing Director



## AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

TO THE MEMBER OF

OPERATIONAL ENERGY GROUP INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by OPERATIONAL ENERGY GROUP INDIA LIMITED ("the Company"), for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2018.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Thanking you.

Yours faithfully,

Chennai

Date: 28.05.2018

**S. Srinivasulu**

Membership No: 0008553

## CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, S.V. Natarajan, Chief Executive Officer and V. Ramabhadran Chief Financial Officer of Operational Energy Group India Limited certify that:

- A. We have reviewed financial statements, cash flow and equity statement, for the year and that to the best of our knowledge and belief:
  - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2. these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
- D. We have indicated to the auditors and the Audit committee
  - 1. that there are no significant changes in internal control over financial reporting during the year;
  - 2. that there are no significant changes in accounting policies during the year;
  - 3. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

Chennai

(S.V. Natarajan)

(V. Ramabhadran)

28.05.2018

Chief Executive Officer

Chief Financial Officer

**INDEPENDENT AUDITORS' CERTIFICATE TO THE MEMBERS OF  
OPERATIONAL ENERGY GROUP INDIA LIMITED**

Report on the Standalone **Ind AS** Financial Statements

I have audited the accompanying standalone Ind AS financial statements of OPERATIONAL ENERGY GROUP INDIA LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (**Ind AS**) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone **Ind AS** financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

My responsibility is to express an opinion on these standalone Ind AS financial statements based on my audit

In conducting my audit, I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

I conducted my audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

I believe that the audit evidence obtained by me, is sufficient and appropriate to provide a basis for my audit opinion on the standalone financial statements

### **Opinion**

In my opinion, and to the best of my information and according to the explanations given to me, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, cash flows and the changes in equity for the year ended on that date.

My opinion on the standalone Ind AS financial statements and my report on Other Legal and Regulatory Requirements below is not modified in respect of this matter with respect to my reliance on the work done.

### **Report on Other Legal and Regulatory Requirements**

- 1 As required by Section 143(3) of the Act, based on my audit, I report, to the extent applicable that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In my opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to my report in "**Annexure A**", which is based on my audit. My report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

- g) With respect to the other matter to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in my opinion and to the best of my information and according to the explanations given to me :
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, I give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For and on behalf of  
For S.Srinivasulu  
Chartered Accountant

CA.Srinivasulu  
Sole proprietor  
Mem No. 008553

Place: Chennai

Date: 28.05.2018

## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of my report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

I have audited the internal financial controls over financial reporting of Operational Energy Group India Limited (“the Company”) as of March 31, 2018 in conjunction with my audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

My responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence obtained by me, is sufficient and appropriate to provide a basis for my audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In my opinion, to the best of my information and according to the explanations given to me, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For and on behalf of  
For S.Srinivasulu  
Chartered Accountant

CA.Srinivasulu  
Sole proprietor  
Mem No. 008553

Place: Chennai

Date: 28.05.2018

**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of my report of even date on the accounts of OPERATIONAL ENERGY GROUP INDIA LIMITED (“the Company”) for the year ended March 31, 2018)

**I. In respect of its fixed assets:**

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets
  - b. The fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification, which, in my opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company, nature and value of its assets. According to the information and explanation given to me, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to me and the records examined by me and based on the examination of the registered sale deeds/ transfer deeds/ conveyance deeds provided to me, I report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings, whose title deeds have been pledged as security for loans, guarantees, etc., are held in the name of the Company based on the confirmations directly received by me from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed under other non-current and other current assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement
- II. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- III. According to the information and explanations given to me, the Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
- a. The terms and conditions of the grant of such loan are, in my opinion, prima facie, not prejudicial to the Company’s interest.
  - b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations
  - c. There is no overdue amount remaining outstanding as at the year-end



- IV. In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- V. According to information and explanations given to me, the Company has not accepted any deposit during the year and there are no unclaimed deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 are applicable.
- VI. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company
- VII. According to the information and explanations given to me, and the books of account examined by me, in respect of statutory dues: The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable
- VIII. In my opinion and according to the information and explanations given to me, the Company has not defaulted in the repayment of loans or borrowings to banks and government and dues to debenture holders. There are no loans or borrowings from the financial institutions
- IX. In my opinion according to the information and explanation given to me, term loans have been applied by the Company during the year for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- X. In my opinion and according to the information and explanation given to me, term loans have been applied by the Company during the year for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- XI. To the best of my knowledge and belief, and according to the information and explanations given to me, and considering the size and nature of the Company's operations, no fraud by the Company and no fraud of material significance on the Company by its officers or employees has been noticed or reported during the year
- XII. In my opinion and according to the information and explanations given to me, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

- XIII. The Company is not a Nidhi Company and, hence, reporting under clause (xii) of the Order is not applicable.
- XIV. In my opinion and according to the information and explanations given to me, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- XV. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and, hence, reporting under clause (xiv) of the Order is not applicable to the Company
- XVI. In my opinion and according to the information and explanations given to me and, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him, and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- XVII. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

For and on behalf of  
For S.Srinivasulu  
Chartered Accountant

CA.Srinivasulu  
Sole proprietor  
Mem No. 008553

Place: Chennai

Date: 28.05.2018

**BALANCE SHEET AS ON 31ST MARCH 2018**

| Particulars                               | Note  | As at 31-03-2018      | As at 31-03-2017      | As at 01-04-2016      |
|---|-------|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                             |       |                       |                       |                       |
| Non-Current Assets                        |       |                       |                       |                       |
| Property Plant and Equipment              | 2     | 39,733,958.40         | 44,524,656.37         | 42,901,256.37         |
| Investment Property                       | 2(A)  | 6,550,010.60          | 6,989,702.00          | 7,352,583.00          |
| Intangible Assets                         | 2(B)  | 2,005,703.00          | 26,874.00             | 85,013.00             |
| Financial Assets                          |       |                       |                       |                       |
| Non-Current Investments                   | 3     | 113,961,328.00        | 114,013,252.00        | 124,898,082.07        |
| Loans and Advances                        | 4     | 11,330,118.00         | 11,738,447.00         | 5,200,000.00          |
| Other Long Term Loans and Advances        | 4(A)  | 11,001,193.00         | 10,897,068.00         | 11,720,854.00         |
| Deferred Tax Assets (Net)                 | 5     | 7,110,000.00          | 8,720,000.00          | 7,896,000.00          |
| Other Non-Current Assets                  | 6     | 4,280,710.00          | 4,334,728.00          | 1,570,000.00          |
| Current Assets                            |       |                       |                       |                       |
| Financial Assets                          |       |                       |                       |                       |
| Trade Receivables                         | 7     | 363,713,276.46        | 361,297,984.51        | 364,898,119.41        |
| Cash and Cash Equivalents                 | 8     | 68,304,216.85         | 80,754,629.03         | 57,165,593.83         |
| Loans and Advances                        | 9     | 12,200,819.37         | 25,539,521.53         | 16,490,048.64         |
| Other Loans and Advances                  | 9(A)  | 11,145,206.32         | 28,064,061.68         | 31,649,596.24         |
| Current Tax Asset                         | 10    | 56,222,376.95         | 61,275,596.69         | 60,118,434.26         |
| Other Current Assets                      | 10(A) | 5,038,324.00          | 7,874,025.00          | 14,600,635.00         |
| <b>TOTAL</b>                              |       | <b>712,597,240.95</b> | <b>766,050,545.81</b> | <b>746,546,215.82</b> |
| <b>EQUITY AND LIABILITIES</b>             |       |                       |                       |                       |
| Shareholder's Fund                        |       |                       |                       |                       |
| Share Capital                             | 11    | 130,418,000.00        | 130,418,000.00        | 33,000,000.00         |
| Reserves and Surplus                      | 12    | 126,412,838.64        | 116,048,490.13        | 98,039,138.94         |
| Share Application Money pending Allotment | 13    | -                     | -                     | 97,418,000.00         |
| Non-Current Liabilities                   |       |                       |                       |                       |
| Financial Liabilities                     |       |                       |                       |                       |
| Long Term Borrowings                      | 14    | 65,292,830.46         | 74,174,899.30         | 80,098,993.42         |
| Other Long Term Liabilities               | 15    | -                     | -                     | -                     |
| Long Term Provisions                      | 16    | 17,453,969.00         | 18,585,884.00         | 13,373,831.00         |
| Current Liabilities                       |       |                       |                       |                       |
| Financial Liabilities                     |       |                       |                       |                       |
| Short Term Borrowings                     | 17    | 160,443,218.28        | 114,758,873.82        | 159,403,517.48        |
| Trade Payables                            | 18    | 61,606,757.22         | 91,064,094.50         | 61,833,638.50         |
| Current Liabilities                       | 19    | 7,903,040.90          | 14,438,268.92         | 12,897,199.94         |
| Other Current Liabilities                 | 19(A) | 123,068,315.45        | 180,574,994.14        | 168,196,572.54        |
| Short Term Provisions                     | 20    | 19,998,271.00         | 25,987,041.00         | 22,285,324.00         |
| <b>TOTAL</b>                              |       | <b>712,597,240.95</b> | <b>766,050,545.81</b> | <b>746,546,215.82</b> |

Significant Accounting Policies

Notes on Financial Statements

For Operational Energy Group India Limited

As per our Report of even date

Chartered Accountant

**S. RAMESH**

Executive Chairman & Managing Director  
Din No:00052842

**Usha Ramesh**

Director  
Din No: 00053451

**B.Viswanathan**

Director  
Din No 00702802

**S Srinivasulu**

Member Ship No. No 008553

**P. Swaminathan**

Director  
Din No: 02603984

**S.V. Natarajan**

Chief Executive Officer

**V. Ramabhadran**

Chief Financial Officer

**S. Srinath**

Company Secretary

Chennai  
28-05-18

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2018

| Particulars  | Note | Year ended<br>31-03-2018 | Year ended<br>31-03-2017 |
|--|------|--------------------------|--------------------------|
| <b>Income</b>  |      |                          |                          |
| Revenue from Operations  | 21   | 1,096,766,221.81         | 1,458,285,441.07         |
| Other Income   | 22   | 11,228,951.49            | 19,627,367.70            |
| <b>Total Revenue</b>   |      | <b>1,107,995,173.30</b>  | <b>1,477,912,808.77</b>  |
| <b>Expenses</b>  |      |                          |                          |
| Purchase of Stock in Trade   | 23   | 166,639,913.39           | 133,892,150.82           |
| Changes in Stock in Trade  | 24   | -                        | -                        |
| Employee Benefit Expenses  | 25   | 782,806,264.46           | 1,042,182,322.10         |
| Finance Cost   | 26   | 28,002,183.68            | 26,694,910.22            |
| Depreciation and Amotisation Expenses  | 27   | 7,227,106.87             | 7,126,824.00             |
| Other Expenses   | 28   | 109,345,356.39           | 239,778,160.05           |
| <b>Total Expenses</b>  |      | <b>1,094,020,824.79</b>  | <b>1,449,674,367.19</b>  |
| <b>Profit before Exceptional and Extraordinary items and Tax</b>                 |      | <b>13,974,348.51</b>     | <b>28,238,441.58</b>     |
| Exceptional Items  |      |                          |                          |
| <b>Profit after Exceptional and Extraordinary items and Tax</b>                  |      | <b>13,974,348.51</b>     | <b>28,238,441.58</b>     |
| Excess Provision reversed during the year  |      | -                        | -                        |
| <b>Profit Before Tax</b>   |      | <b>13,974,348.51</b>     | <b>28,238,441.58</b>     |
| <b>Tax Expenses</b>  |      |                          |                          |
| (1) Current Tax  |      | 2,000,000.00             | 11,053,090.39            |
| (2) Deferred Tax   |      | 1,610,000.00             | 824,000.00               |
| <b>Profit for the Year</b>   |      | <b>10,364,348.51</b>     | <b>18,009,351.19</b>     |
| <b>Other Comprehensive Income</b>  |      |                          |                          |
| A i) Items that will not be reclassified to Profit or Loss                       |      |                          |                          |
| ii) Income Tax relating to items that will not be reclassified to Profit or Loss |      |                          |                          |
| B i) Items that will be reclassified to Profit or Loss                           |      |                          |                          |
| ii) Income Tax relating to items that will reclassified to Profit or Loss        |      |                          |                          |
| <b>Total Other Comprehensive Income</b>  |      | <b>-</b>                 | <b>-</b>                 |
| <b>Total Comprehensive Income for the Year</b>                                   |      | <b>10,364,348.51</b>     | <b>18,009,351.19</b>     |
| Earning Per equity Share of face value of Rs.10/- each<br>Basic & Diluted        | 29   | 0.79                     | 1.38                     |

For Operational Energy Group India Limited

As per our Report of even date  
Chartered Accountant

**S. RAMESH**  
Executive Chairman & Managing Director  
Din No:00052842

**Usha Ramesh**  
Director  
Din No: 00053451

**B.Viswanathan**  
Director  
Din No 00702802

**S Srinivasulu**  
Member Ship No. 008553

**P. Swaminathan**  
Director  
Din No: 02603984

**S.V. Natarajan**  
Chief Executive Officer

**V. Ramabhadran**  
Chief Financial Officer

**S. Srinath**  
Company Secretary

Chennai  
28-05-18

**CASH FLOW STATEMENT-STAND ALONE**

|   | 2017-18        | 2016-17       |
|---|----------------|---------------|
| Annexure to Clause 32 of the listing Agreement              |                |               |
| <b>CASH FLOW STATEMENT</b>                                  |                |               |
| <b>A.CASH FLOW FROM OPERATIONS</b>                          |                |               |
| Profit before Tax   | 13,974,349     | 28,238,441    |
| Less:- Provision for Taxation                               | 3,610,000      | 10,229,090    |
| Net Profit after Tax and extra ordinary items.              | 10,364,349     | 18,009,351    |
| Adjustments for   |                |               |
| Depreciation  | 7,227,107      | 7,126,824     |
| Profit on sale of fixed assets                              |                |               |
| Interest/Dividend   |                |               |
| Operating profit before working capital                     | 17,591,456     | 25,136,175    |
| Increase/(Decrease) in Sundry Debtors                       | -2,415,292     | 3,600,135     |
| Increase/(Decrease) in Inventories and other current assets | 8,809,487      | 5,569,448     |
| Increase/(Decrease) in Loans and Advances                   | 29,336,991     | -5,463,939.00 |
| Decrease in preoperation expenses                           |                |               |
| (Increase)/Decrease in current liabilities                  | -53,803,669.53 | 2,207,019.92  |
| SUB TOTAL   | -18,072,484    | 5,912,664     |
| Cash generated from Operating activities                    | -481,028       | 31,048,839    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>               |                |               |
| Purchase of Fixed Assets                                    | -3,975,547     | -8,329,204    |
| Sale of Fixed Assets  |                |               |
| Purchase/Sale of Investments                                | 51,924         | 10,884,830    |
| Long term Loans and Advances                                | 1,968,222      | -9,303,389    |
| Net cash generated/Used from/in Investing Activities        | -1,955,401     | -6,747,763    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>               |                |               |
| Proceeds from issue of share capital                        |                |               |
| Proceeds from long term borrowings (net)                    | -10,013,984    | -712,041      |
| Proceeds from working capital Loan                          |                |               |
| Repayment of finance lease liabilities                      |                |               |
| Dividend paid   |                |               |
| Net cash generated/used in Financing activities             | -10,013,984    | -712,041      |
| Net increase in cash and cash equivalents                   | -12,450,413    | 23,589,035    |
| Cash and cash Equivalents (Opening Balance)                 | 80,754,629     | 57,165,594    |
| Cash and cash Equivalents (Closing Balance)                 | 68,304,216     | 80,754,629    |

For Operational Energy Group India Limited

As per our Report of even date  
Chartered Accountant

**S. RAMESH**  
Executive Chairman & Managing Director  
Din No:00052842

**Usha Ramesh**  
Director  
Din No: 00053451

**B.Viswanathan**  
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Chief Executive Officer

**V. Ramabhadran**  
Chief Financial Officer

**S. Srinath**  
Company Secretary

Chennai  
28-05-18

**PART- I**

| ABRIDGED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018 |                  |   |                          |   |                  |   |
|--|------------------|---|--------------------------|---|------------------|---|
| A. Equity Share Capital  |                  |   |                          |   |                  |   |
| Particulars  | As at 01.04.2017 |   | Movement during the year |   | As at 31.03.2018 |   |
|  | No. of Shares    | Equity Share Capital par Value (? in crore) | No. of Shares            | Equity Share Capital par Value (? in crore) | No. of Shares    | Equity Share Capital par Value (? in crore) |
| Equity Share Capital   | 13041800         | 13.0418                                     | -                        | -   | 13041800         | 13.0418                                     |

**B. Other Equity**

| Particulars   | Retained earnings and other Reserves |                     |                 |                         |                            |                   |                     | Total               |
|---|--------------------------------------|---------------------|-----------------|-------------------------|----------------------------|-------------------|---------------------|---------------------|
|   | KfW interest differential Reserve    | Contingency Reserve | General Reserve | Bond Redemption Reserve | Capital Redemption Reserve | PRMA Reserve Fund | Retained Earnings   |                     |
| Balance as at 01.04.2017                            | -                                    | -                   | -               | -                       | -                          | -                 | 116048490.13        | 116048490.13        |
| Charges in accounting policy or prior period errors |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| <b>Total Comprehensive Income for the year</b>      |                                      |                     |                 |                         |                            |                   |                     |                     |
| Profit or Loss                                      |                                      |                     |                 |                         |                            |                   | 10364348.51         | 10364348.51         |
| Other Comprehensive income                          |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| <b>Total Comprehensive Income</b>                   |                                      |                     |                 |                         |                            |                   | 126412838.64        | 126412838.64        |
| Dividend including dividend Tax                     |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| Appropriations                                      |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| Any other changes (Remeasurement Loss)              |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| Other changes                                       |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| <b>Balance as at 31.03.2018</b>                     | <b>0.00</b>                          | <b>0.00</b>         | <b>0.00</b>     | <b>0.00</b>             | <b>0.00</b>                | <b>0.00</b>       | <b>126412838.64</b> | <b>126412838.64</b> |

For and on behalf of the Board

As per our Report of even date  
Chartered Accountant

**S. RAMESH**  
Executive Chairman & Managing Director  
Din No:00052842

**Usha Ramesh**  
Director  
Din No: 00053451

**B.Viswanathan**  
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Chief Executive Officer

**V. Ramabhadran**  
Chief Financial Officer

**S. Srinath**  
Company Secretary

Chennai  
28-05-18

### **1.A - General Information:**

Operational Energy Group India Limited (the Company), is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 of India. Its shares are listed in one recognised stock exchange in India. The registered office of the Company is located at A,5<sup>th</sup> Floor, Gokul Arcade – East Wing, 2 & 2A Sardar Patel Road, Adyar, Chennai – 600 020.

The Company is primarily engaged in the business of operation & maintenance of power plants.

### **1.B - Statement of compliance:**

a). The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, notified under section 133 of Companies Act, 2013 (the Act), and other relevant provisions of the Act.

b) These are the Company's first Ind AS Financial Statements prepared adopting the Ind ASs notified under the Companies Act, 2013 and are in full compliance with such notified Ind ASs. The date of transition to Ind AS is 1st April, 2016. As these are the Company's first financial statements prepared in accordance with Ind ASs, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 31 read with Note 32.

c). Up to the year ended 31st March 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

### **1.C - Significant accounting policies:**

#### **a). Basis of preparation of financial statements**

i). In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its Financial Statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act (the Act), 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1st April, 2016 and other relevant provisions of the Act.

ii). Pursuant to the above said requirements, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended 31st March, 2018, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements"). The figures for the previous year ended 31st March, 2017 and Opening Balance Sheet as on 1st April, 2016 have also been restated by the Management as per the requirements of Ind AS.

iii). The financial statements of the Company are prepared on the accrual basis of accounting and historical cost convention except for certain material items that have been measured at fair value

as required by the relevant Ind AS and explained in the ensuing policies below.

iv). The financial statements are presented in Indian Rupees ('INR') and all values are reported in full value without rounding off except otherwise indicated.

**b). Use of estimates and judgements**

i). The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements are made relying on these estimates.

ii). The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on past experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. The critical accounting judgements and key estimates followed by the Company for preparation of financial statements is described in Note 1(C) (s) herein.

The Financial Statements have been prepared on the historical cost basis except for certain Financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS-17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS-2 or value in use in Ind AS-36 .

In addition, for Financial reporting purposes, fair value measurements are categorised into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows :

- Level 1 inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the asset or liability.



All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule III to the Companies Act. Based on the nature of Supplies and the time involved in realization of the cash and cash equivalents for the same, the Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

The significant accounting policies are detailed below.

**c). Property, Plant and Equipment**

i) . Cost model is adopted for Property, Plant and Equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if (a) it is probable that future economic benefits associated with the item will flow to the entity and (b) the cost of the item can be measured reliably.

ii). The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any non-refundable import duties and other taxes, any directly attributable expenditure on making the asset ready for its intended use by the Management, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning.

iii). Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to Statement of Profit and Loss in the period in which the costs are incurred.

iv). An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

v). Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the financial statements at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold or Lease hold land is stated historical cost.

**d). Intangible Assets**

i). An intangible asset is recognised if, and only if (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and (b) the cost of the asset can be measured reliably as per the assessment of the management.

ii). Intangible assets with finite useful lives that are acquired separately are initially recognized at Cost which comprises of the purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use, and subsequently carried at cost less accumulated amortization and accumulated impairment losses.

iii). Computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year.

iv). An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

**e). Depreciation/Amortisation**

i). Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The useful life of an asset is the period over which an asset is expected to be available for use by an entity.

ii). Amortisation is recognised on a straight- line basis over the estimated useful lives.

iii). Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

iv). Depreciation and amortization methods, useful lives and residual values are reviewed periodically as appropriate in the views of the management and also at the end of each reporting period and adjusted if required.

v). Operating Software are amortised over a period of 3 years being their estimated useful life.

vi). There are no assets under Financial Lease during the Financial year

vii). Estimated useful lives of the assets, based on technical assessment by the Management, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

| <b>Class of Property, Plant and Equipment</b> | <b>Useful Life Estimated by Management</b> | <b>Useful Life as per Schedule II</b> |
|---|--|---------------------------------------|
| Buildings                                     | 5-60 years                                 | 60 Years                              |
| Plant and Equipment                           | 15 years                                   | 15 Years                              |
| Furniture and Fixtures                        | 1-10 years                                 | 10 Years                              |
| Motor Cars and Scooters                       | 4-10 years                                 | 8 Years                               |
| Office Equipment                              | 2 -10 years                                | 5 Years                               |
| Computers                                     |  |                                       |
| Servers & Networks                            | 6 Years                                    | 6 Years                               |
| End Users Devices                             | 3 Years                                    | 3 Years                               |

**f). Impairment of tangible and intangible assets other than goodwill**

i). At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

ii). There are no Intangible Assets with indefinite useful lives.

iii). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised immediately in Statement of Profit and Loss.

iv). When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

**g). Borrowing Cost**

i). Borrowing costs comprises of interest and other costs that are incurred by the Company in connection with the borrowing of funds and also includes exchange differences to the extent regarded as an adjustment to the finance costs.

ii). Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Qualifying Asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expenses in the Statement of Profit and Loss in the period in which they are incurred.

**h). Cash and Cash Equivalents and Cash Flow Statement**

Cash and cash equivalents in the balance sheet comprises of cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank Cash Credits repayable on demand, as they are considered an integral part of the Company's cash management.

Cash flow statements are reported using indirect method and the cash flows from operating, investing and financing activities of the Company are segregated.

**i). Inventories**

- i). Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- ii). Inventories of stores, spare parts and loose tools are stated at the lower of cost under FIFO method and net realizable value.
- iii). Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

**j). Revenue Recognition**

- i). Revenue is measured at the fair value of the consideration received or receivable.
- ii). The Company is engaged in the business of providing Operations and Maintenance ('O&M') services to various power plants and the revenues are governed by the Operations and Maintenance agreements entered with the owners of these power plants. Revenue from Operation and maintenance (O&M) services rendered by the Company to Power Plants Operators are recognised over the period of the contract on straight line method (vide Ind AS 18.25) and unrecognized revenue (received in advance) is shown as unearned revenue.
- iii). Revenue from sale of spares and consumables relevant for the O&M services are being incidental to the O&M Services and are recognised on delivery of the same to the customers and no significant uncertainty exists as to its realization.
- iv). Other revenues from ancillary activities incidental to the main operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.
- v). Dividend and interest income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

**k). Foreign currency transactions**

- i). The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR). The Financial Statements are presented in INR.
- ii). In preparing the financial statements of the Company transactions in currencies other than the entity's functional currency (i.e,foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

iii). At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date (closing rate). Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

iv). Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

v). Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise.

## 1). Employee Benefits

### i) Defined Contribution Plan

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company as the employer makes monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up by the Government. The Contributions to the Provident fund by the Company are recognized as expenses and included in "Contribution to Provident and Other Fund" under employee benefit expenses in the Statement of Profit and Loss.

### ii) Defined Benefit Plan

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The defined benefit plan for gratuity is unfunded. The liabilities for the gratuity obligations are recognized as expenses in the Statement of Profit and Loss as per the actuarial valuation at the end of the reporting period.

The principal assumption used for Actuarial valuations of gratuity obligations are :

|   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---|------------------------------|------------------------------|
| Discount Rate   | 6.88%                        | 6.45%                        |
| Expected Salary Increment rate                          | 5%                           | 5%                           |
| Average longevity at retirement age-<br>Past services   | 2.92                         | 3.52                         |
| Average longevity at retirement age-<br>Future services | 1.58                         | 1.58                         |

The expenses recognized towards the defined contribution and defined benefit plan, by the Company are:

|                           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------|------------------------------|------------------------------|
| Defined Contribution Plan | Rs.61,58,173                 | Rs.78,08,302                 |
| Defined Benefit Plan      | Rs.1,74,53,969               | Rs.1,85,85,884               |

**m). Taxation**

Income Tax expenses represents the aggregate amount included in the determination of Profit or Loss for the period in respect of Current Tax and Deferred Tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive

income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**i) Current Tax**

Current tax is determined on the Taxable Profits for the year chargeable to Income Tax, as per the provisions of Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted, at the applicable tax rates prescribed by said Income Tax laws.

**ii) Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and same taxation authority.

Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in

which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**iii). Minimum Alternative Tax**

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period allowed by the prevailing tax laws for adjustments of the credit with normal tax liabilities. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the said specified period.

**n). Earning Per Share**

Basic earnings per share is calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

Diluted earnings per share is computed by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**o). Provisions, contingent liabilities and commitments**

i). Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

ii). The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

iii). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

iv). A disclosure for contingent liabilities is made where there is-

- a. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

or

- b. a present obligation that arises from past events but is not recognized because 1). it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or 2). the amount of the obligation cannot be measured with sufficient reliability.

v). A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

vi). Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

vii). Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

vii). Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

## **p). Financial Instruments**

### **i. Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company measures a financial asset or financial liability at its fair value. In the case of a financial asset or financial liability measured not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are adjusted in the value of financial asset or financial liability

### **ii. Classification and subsequent measurement**

#### **a. Financial assets:**

On initial recognition, a financial asset is classified as measured at: - amortised cost; or

- Fair value through other comprehensive income (FVOCI)

- Fair value through profit and Loss (FVTPL)



Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. A financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

***b. Financial liabilities: Classification, subsequent measurement and gains and losses:***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**iii. Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**v. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**q). Leases**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

A lease is classified at the inception date as an operating lease. The Company does not have financial lease.

The Company as lessor:

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee:

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (discounted at the interest rate implicit in the lease or at the entity's incremental borrowing rate). The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments under an operating lease shall be recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**r) Operating segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about

resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Executive and Managing Director of the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators. The Company is primarily engaged in "Operation and Maintenance (O&M) of power plants" in domestic and overseas.

The O&M operations of the Company are carried out both at Domestic and Foreign countries. The CODM for the purpose of allocation of resources, operating performance assessment and for efficient control purposes has identified the O&M services at the domicile of the Company and at foreign locations as different operating segments. In line with the decision of the CODM, the following information regarding the segments are furnished.

(Rs. in lakhs)

| S.No.   | Particulars                             | As at 31-03-2018 | As at 31-03-2017 |
|---|---|------------------|------------------|
| 1.  | Revenue from segments                   |                  |                  |
|   | - Domestic                              | 8265.65          | 11237.32         |
|   | - Overseas                              | 2814.30          | 3541.80          |
| <b>Revenue from Operation</b>                         |   | <b>11079.95</b>  | <b>14779.12</b>  |
| 2.  | <b>Profit before Interest and Taxes</b> |                  |                  |
|   | Segment Results                         |                  |                  |
|   | - Domestic                              | 516.71           | 724.85           |
| - Overseas  | -96.95                                  | -175.53          |                  |
| <b>Total Segment Profit before Interest and Taxes</b> |   | <b>419.76</b>    | <b>549.32</b>    |
| Interest Expenses                                     |   | 280.02           | 266.94           |
| <b>Profit Before Tax (PBT)</b>                        |   | <b>139.74</b>    | <b>282.38</b>    |
| Tax Expenses  |   | 36.10            | 102.29           |
| <b>Profit after Tax</b>                               |   | <b>103.64</b>    | <b>180.09</b>    |
| 3.<br>Assets  | Segment Assets                          |                  |                  |
|   | - Domestic                              | 6351.85          | 6828.35          |
|   | - Overseas                              | 774.11           | 832.16           |
| <b>Total Segment Assets</b>                           |   | <b>7125.96</b>   | <b>7660.51</b>   |
| 4.<br>Liabilities                                     | Segment Liabilities                     |                  |                  |
|   | - Domestic                              | 3448.38          | 3894.82          |
|   | - Overseas                              | 202.79           | 229.03           |
| <b>Total Segment Liabilities</b>                      |   | <b>3651.17</b>   | <b>4123.85</b>   |

### s) Critical estimates and judgements in applying accounting policies

#### **Key sources of estimation uncertainties:**

Useful life and residual value of property, plant and equipment: Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

#### **Impairment of property plant and equipment:**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

#### **Contingent Liabilities:**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. The Claim against the company in respect of service tax is Rs.5,22,00,029/-. The Company has won the first case at CESTAT and hence there is no requirement of contingent liability for this in the future period. Then other cases are similar in nature and hence it is expected to be in favour of the company.

#### **Fair value measurements:**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

#### **Defined benefit plans:**

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in

the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Lease:**

The Company has offered its immovable property at Srivilliputhur on long term lease to a educational Trust. The said lease is treated as Operating lease as the tenure of the Lease is significantly lesser than the economic life of the Assets leased out, as per the estimate made by the Management.

**Tax:**

The Company is subject to tax, principally in India. The amount of tax payable in respect of any period is dependent upon the interpretation of the relevant tax rules. Whilst an assessment must be made of deferred tax position of each entity within the Company, these matters are inherently uncertain until the position of each entity is agreed with the relevant tax authorities

The Company's pending litigations comprise mainly claims against the Company, property disputes, proceedings pending with Tax and other Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements.

**Operational Energy Group India Limited, Chennai**  
**Notes to Financial Statements for the Year ended 31-03-2018**  
**2 & 2(A) Property, Plant and Equipment**

| Description of Property, Plant and Equipments | Gross Carrying Amount |                     |                     |                       | Depreciations        |                     |                      | Net Carrying Amount as at 31-03-2018 | Net Carrying Amount as at 31-03-2017 | Net Carrying Amount as at 31-03-2016 |
|---|-----------------------|---------------------|---------------------|-----------------------|----------------------|---------------------|----------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | 01-04-2017            | Additions           | Disposals           | 31-03-2018            | Charged for the year | Disposals           | 31-03-2018           |                                      |                                      |                                      |
| Land  | 191,563.00            | -                   | 13,150.00           | 178,413.00            | -                    | -                   | -                    | 178,413.00                           | 191,563.00                           | 191,563.00                           |
| Buildings                                     | 27,199,768.00         | -                   | -                   | 27,199,768.00         | 1,911,911.03         | -                   | 11,590,070.03        | 15,609,697.97                        | 17,521,609.00                        | 17,963,639.00                        |
| Investment Properties (Ref. Note 12.2)        |                       |                     |                     |                       |                      |                     |                      |                                      |                                      |                                      |
| Land  | 94,954.00             | -                   | -                   | 94,954.00             | -                    | -                   | -                    | 94,954.00                            | 94,954.00                            | 94,954.00                            |
| Buildings                                     | 18,393,902.00         | -                   | 382,065.00          | 18,011,837.00         | 314,272.13           | 256,645.63          | 11,556,780.50        | 6,455,056.50                         | 6,894,748.00                         | 7,257,629.00                         |
| Plant and Machinery                           | 41,756,719.00         | 107,043.40          | -                   | 41,863,762.40         | 404,797.90           | -                   | 26,578,905.53        | 15,284,856.87                        | 15,582,611.37                        | 12,098,563.37                        |
| Tools & Equipment (Ref. Note 12.1)            | 3,418,278.00          | 55,288.01           | -                   | 3,473,566.01          | 1,452,880.82         | -                   | 2,935,290.82         | 538,275.19                           | 1,935,868.00                         | 1,814,987.00                         |
| Furniture and Fittings                        | 5,247,824.00          | 33,650.00           | -                   | 5,281,474.00          | 66,266.16            | -                   | 4,849,187.16         | 432,286.84                           | 464,903.00                           | 3,783,790.00                         |
| Office Equipment                              | 6,165,484.00          | 256,617.80          | 13,000.00           | 6,409,101.80          | 350,003.62           | 6,304.86            | 5,508,448.76         | 900,653.04                           | 1,000,734.00                         | 1,089,341.00                         |
| Computers and Peripherals                     | 13,103,713.00         | 1,231,062.10        | -                   | 14,334,775.10         | 734,798.41           | -                   | 12,144,882.41        | 2,189,892.69                         | 1,693,629.00                         | 1,680,403.00                         |
| Motor Vehicles                                | 19,103,529.00         | -                   | 844,370.00          | 18,259,159.00         | 1,472,311.80         | 782,825.70          | 13,863,129.10        | 4,396,029.90                         | 5,929,886.00                         | 7,432,732.00                         |
| Genset  | 322,157.00            | -                   | -                   | 322,157.00            | 118,305.00           | -                   | 118,305.00           | 203,852.00                           | 203,852.00                           | 248,664.00                           |
| Solar Power Hybrid with Batteries             | 98,018.00             | -                   | -                   | 98,018.00             | 98,018.00            | -                   | 98,018.00            | -                                    | -                                    | 2984.00                              |
| Gym Equipment                                 | 64,012.00             | -                   | -                   | 64,012.00             | 64,011.00            | -                   | 64,011.00            | 1.00                                 | 1.00                                 | 1.00                                 |
| <b>Total</b>                                  | <b>135,159,921.00</b> | <b>1,683,661.31</b> | <b>1,252,585.00</b> | <b>135,590,997.31</b> | <b>6,707,241.87</b>  | <b>1,045,776.19</b> | <b>89,307,028.31</b> | <b>46,283,969.00</b>                 | <b>51,514,358.37</b>                 | <b>50,253,839.37</b>                 |

12.1 Fair Value of the Tools & Equipment are considered as Deemed Cost as per Ind AS 101

12.2 Investment Properties represents the Immovable property used for letting and earning rental income

**2(B) Intangible Assets**

| Description of Intangible Assets | Gross Carrying Amount |                     |           | Amortisation        |                      |           | Net Carrying Amount as at 31-03-2018 | Net Carrying Amount as at 31-03-2017 | Net Carrying Amount as at 31-03-2016 |                  |
|----------------------------------|-----------------------|---------------------|-----------|---------------------|----------------------|-----------|--------------------------------------|--------------------------------------|--------------------------------------|------------------|
|                                  | 01-04-2017            | Additions           | Disposals | 31-03-2018          | Charged for the Year | Disposals |                                      |                                      |                                      | 31-03-2018       |
| Application Softwares            | 300,450.00            | 2,498,694.00        | -         | 2,799,144.00        | 519,865.00           | -         | 793,441.00                           | 2,005,703.00                         | 26,874.00                            | 85,013.00        |
| ERP Software                     | 300,450.00            | 2,498,694.00        | -         | 2,799,144.00        | 519,865.00           | -         | 793,441.00                           | 2,005,703.00                         | 26,874.00                            | 85,013.00        |
|                                  | <b>300,450.00</b>     | <b>2,498,694.00</b> | <b>-</b>  | <b>2,799,144.00</b> | <b>519,865.00</b>    | <b>-</b>  | <b>793,441.00</b>                    | <b>2,005,703.00</b>                  | <b>26,874.00</b>                     | <b>85,013.00</b> |

**Operational Energy Group India  
Limited, Chennai**

| <b>Notes to Financial Statements for the<br/>Year ended 31-03-2018</b>   | <b>As at<br/>31-03-2018</b> | <b>As at<br/>31-03-2017</b> | <b>As at<br/>01-04-2016</b> |
|--|-----------------------------|-----------------------------|-----------------------------|
| <b>3 Non-Current Investments</b>   |                             |                             |                             |
| <b>Investments in Equity Instruments -<br/>Unquoted</b>  |                             |                             |                             |
| <b>Subsidiary</b>  |                             |                             |                             |
| 9,800 Nos. (FY: 2015-16-9,800; 2016-17-<br>9,800) Equity Shares of Pacific<br>Technical Service India Limited of<br>Rs.10/- each                   | 98,000.00                   | 98,000.00                   | 98,000.00                   |
| Share Application Money with OEG<br>International FZE, Dubai   | -                           | -                           | 11,154,345.07               |
| 3,20,000 Nos. (2015-16: NIL, 2016-17-<br>1,40,000) Equity Shares of Investment<br>in Maxitech Engineering Private Ltd of<br>Rs.10/- each           | 253,500.00                  | 253,500.00                  | -                           |
| <b>Associates</b>  |                             |                             |                             |
| 4,800 Nos. (FY: 2015-16-4,800; 2016-17-<br>4,800) Equity Shares of Thoothukudi<br>Renew Waters Private Limited of<br>Rs.10/- each                  | 48,000.00                   | 48,000.00                   | 48,000.00                   |
| <b>Joint Venture</b>   |                             |                             |                             |
| 72,500 Nos. (FY: 2015-16-67,500; 2016-<br>17-67,500) Equity Shares of Shapoorji<br>Pallonji and OEG Services Private<br>Limited of Rs.12.30/- each | 881,000.00                  | 831,000.00                  | 831,000.00                  |
| <b>Others</b>  |                             |                             |                             |
| 1 No. (2017-1 and 2016-1) Equity Share<br>of OEG Singapore... Ltd of SGD 44<br>each  | 44.00                       | 44.00                       | 44.00                       |
| 9,999 Nos. (FY: 2015-16-9,999; 2016-17-<br>9,999) Equity Shares of OEG Solar<br>Energy Private Limited of Rs.10/- each                             | 99,990.00                   | 99,990.00                   | 99,990.00                   |
| <b>Investments in Preference Shares -<br/>Unquoted (FVTOCI)</b>  |                             |                             |                             |
| 1,12,50,000 Nos. Non-Cumulative<br>Preference Shares of South Ganga<br>Waters Technologies Private Limited<br>of Rs.10/- each                      | 112,500,000.00              | 112,500,000.00              | 112,582,303.00*             |

|  |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
| <b>Investments in Government Securities (At Amortised Cost)</b>  |                       |                       |                       |
| National Savings Certificate (Ref.Note 3.1)  | 80,794.00             | 1,39,718 .00          | 41,400.00             |
| Kisav Vikas Patra (Ref.Note 3.1)   | -                     | 43,000.00             | 43,000.00             |
| <b>Total</b>   | <b>113,961,328.00</b> | <b>114,013,252.00</b> | <b>124,898,082.07</b> |
| Investments waiting for allotment of shares  |                       |                       |                       |
| 3.1 Investments in Government Securities are offered as Security Deposit for Labour License and Sales Tax Department   |                       |                       |                       |
| 3.2  |                       |                       |                       |
| Aggregate Book Value of Un-Quoted Investments  | 113,961,328.00        | 114,013,252.00        | 124,898,082.07        |
| Aggregate Impairment in value of Investments   | -                     | -                     | -                     |
| 3.3 Investments are fully paid-up unless otherwise stated  |                       |                       |                       |
| 3.4 In respect of the Investments in Subsidiary, Associate and Joint Venture, the cost as per previous GAAP has been considered as Deemed Cost as per the option provided in Ind AS 101. Aggregate cost of those Investments for which the cost as per previous GAAP has been considered as Deemed Cost comes to Rs.1,21,31,345.07 |                       |                       |                       |
| <b>4 Long Term Loans and Advances - Financial Assets Related Parties</b>   |                       |                       |                       |
| Refundable Rental Advance  | 5,200,000.00          | 5,200,000.00          | 5,200,000.00          |
| Loans & Advance  | 6,130,118.00          | 6,538,447.00          | -                     |
| <b>Total</b>   | <b>11,330,118.00</b>  | <b>11,738,447.00</b>  | <b>5,200,000.00</b>   |
| <b>4(A) Long Term Loans and Advances</b>   |                       |                       |                       |
| Unsecured considered Good  |                       |                       |                       |
| <b>Others</b>  |                       |                       |                       |
| Security Deposits  | 4,034,581.00          | 3,436,356.00          | 3,435,136.00          |
| Rental Advance   | 1,661,407.00          | 1,905,507.00          | 2,185,300.00          |
| Other Advance  | 5,305,205.00          | 5,555,205.00          | 6,100,418.00          |
| <b>Total</b>   | <b>11,001,193.00</b>  | <b>10,897,068.00</b>  | <b>11,720,854.00</b>  |
| <b>5 Deferred Tax Assets (Net)</b>   |                       |                       |                       |
| <b>Deferred Tax Assets</b>   |                       |                       |                       |
| On Provision for Gratuity & Other Employee Benefits  | 8,632,000.00          | 11,152,000.00         | 11,589,000.00         |
| <b>TOTAL</b>   | <b>8,632,000.00</b>   | <b>11,152,000.00</b>  | <b>11,589,000.00</b>  |
| <b>Deferred Tax Liabilities</b>  |                       |                       |                       |
| On Depreciation  | 1,522,000.00          | 2,432,000.00          | 3,693,000.00          |
|  | <b>1,522,000.00</b>   | <b>2,432,000.00</b>   | <b>3,693,000.00</b>   |
| <b>Deferred Tax Assets (Net)</b>   | <b>7,110,000.00</b>   | <b>8,720,000.00</b>   | <b>7,896,000.00</b>   |



|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| 5.1. Deferred Taxes are computed to the nearest '000  |                       |                       |                       |
| <b>6 Other Non-Current Assets</b>   |                       |                       |                       |
| Bank Deposits for a maturity period greater than 12 months (Ref.Note 6.1)   | -                     | 54,018.00             | 70,000.00             |
| Service Tax stay deposit (Ref.Note Contingent Liabilities)  | 4,280,710.00          | 4,280,710.00          | 1,500,000.00          |
| <b>Total</b>  | <b>4,280,710.00</b>   | <b>4,334,728.00</b>   | <b>1,570,000.00</b>   |
| 6.1 The Fixed Deposits is offered as Security Deposit to Sale Tax Department  |                       |                       |                       |
| <b>7 Trade Receivables (Financial Asset)</b>  |                       |                       |                       |
| <b>Unsecured Considered Good</b>  |                       |                       |                       |
| Outstanding for more than 180 days from the date they are due   |                       |                       |                       |
| Related Parties   | -                     | -                     | -                     |
| Others  | -                     | -                     | -                     |
| Outstanding for less than 180 days from the date they are due   |                       |                       |                       |
| Related Parties   | 10,587,070.42         | 1,316,814.00          | -                     |
| Others  | 353,126,206.04        | 359,981,170.51        | 364,898,119.41        |
| <b>Unsecured Considered Doubtful</b>  |                       |                       |                       |
| Related Parties   | -                     | -                     | -                     |
| Others  | -                     | -                     | -                     |
| Less: Allowance for Impairment  | -                     | -                     | -                     |
| <b>Total</b>  | <b>363,713,276.46</b> | <b>361,297,984.51</b> | <b>364,898,119.41</b> |
| <b>8 Cash and Cash Equivalents (Financial Asset)</b>  |                       |                       |                       |
| Balance with Banks  | 10,255,764.10         | 15,773,344.03         | 9,423,940.83          |
| Cash on Hand  | 271,413.00            | 179,384.00            | 157,333.00            |
| Cheques on Hand   | -                     | -                     | -                     |
| Bank Fixed Deposit with maturity of period less than 3 months (Ref.Note 8.1)  | 57,777,040.00         | 64,801,901.00         | 47,584,320.00         |
| <b>Total</b>  | <b>68,304,217.10</b>  | <b>80,754,629.03</b>  | <b>57,165,593.83</b>  |
| 8.1 Fixed Deposits with Banks are as margin money for the Bank Guarantee and Working Capital facilities availed from Banks. The balance includes accrued interest |                       |                       |                       |

|   |                       |                       |                      |
|---|-----------------------|-----------------------|----------------------|
| <b>9. Loans and Advances - Financial Assets</b>                                       |                       |                       |                      |
| Unsecured considered Good   |                       |                       |                      |
| Security Deposits and EMD   | -                     | 250,000.00            | 100,000.00           |
| Retention money and other Job Advances  | 12,200,819.37         | 25,289,521.53         | 16,390,048.64        |
| <b>Total</b>  | <b>12,200,819.37</b>  | <b>25,539,521.53</b>  | <b>16,490,048.64</b> |
| <b>9(A).Other Loans and Advances</b>  |                       |                       |                      |
| Unsecured considered Good   |                       |                       |                      |
| Advances to Related Parties   | 8,078,284.09          | 9,297,620.00          | 15,837,914.00        |
| Advance to Suppliers  | 3,066,922.23          | 18,766,441.68         | 15,811,682.24        |
| <b>Total</b>  | <b>11,145,206.32</b>  | <b>28,064,061.68</b>  | <b>31,649,596.24</b> |
| <b>10 Current Tax Assets</b>  |                       |                       |                      |
| Income Tax (Net of Provision)   | 56,222,376.95         | 61,275,596.69         | 60,118,434.26        |
| <b>Total</b>  | <b>56,222,376.95</b>  | <b>61,275,596.69</b>  | <b>60,118,434.26</b> |
| <b>10(A) Other Current Assets</b>   |                       |                       |                      |
| Prepaid Value Added Taxes   | 5,038,324.00          | 7,874,025.00          | 14,329,377.00        |
| Advance Payment to Credit Cards   | -                     | -                     | 271,258.00           |
| <b>Total</b>  | <b>5,038,324.00</b>   | <b>7,874,025.00</b>   | <b>14,600,635.00</b> |
| <b>11. Share Capital</b>  |                       |                       |                      |
| <b>Equity Share Capital</b>   |                       |                       |                      |
| <b>Authorised</b>   |                       |                       |                      |
| 1,40,00,000/- (2017 : 1,40,00,000 and 2016 : 40,00,000) Equity Shares of Rs.10/- each | 140,000,000.00        | 140,000,000.00        | 40,000,000.00        |
| <b>Issued</b>   |                       |                       |                      |
| 1,30,41,800 (2017 : 1,30,41,800 and 2016 :33,00,000) Equity Shares of Rs.10/- each    | 130,418,000.00        | 130,418,000.00        | 33,000,000.00        |
| <b>Subscribed and fully paid up</b>   |                       |                       |                      |
| 1,30,41,800 (2017 : 1,30,41,800 and 2016 :33,00,000) Equity Shares of Rs.10/- each    | 130,418,000.00        | 130,418,000.00        | 33,000,000.00        |
| <b>Total</b>  | <b>130,418,000.00</b> | <b>130,418,000.00</b> | <b>33,000,000.00</b> |
| <b>11.1 Reconciliation of number of Equity Shares subscribed</b>                      |                       |                       |                      |

|   |                   |                   |                  |
|---|-------------------|-------------------|------------------|
| Balance at the beginning of the year        | 13,041,800        | 3,300,000         | 3,300,000        |
| Add: Shares issued during the year for cash | -                 | 9,741,800         | -                |
| <b>Balance at the end of the year</b>       | <b>13,041,800</b> | <b>13,041,800</b> | <b>3,300,000</b> |

### 11.2 Terms/Rights attached to Equity Shares

The company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors, if any for a year, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 11.3 Shareholders other than the Holding/Associate Company holding more than 5% of the equity share capital

Equity Shares of Rs.10/- each fully paid:

Ramesh.S : 50,81,800 (2017-50,81,800 shares and 2016-3,37,000 Shares) shares aggregating to 38.97% (2017- 38.97% and 2016-10.21%)

Sudarshan.R : 6,16,300 (2017-6,16,300 shares and 2016- 616,300 Shares) shares aggregating to 4.73% (2017- 4.73% and 2016-18.67%)

Usha Ramesh : 9,25,200 (2017-9,25,200 shares and 2016- 25,200..Shares) shares aggregating to 7.09% (2017- 7.09% and 2016- 0.19%)

Premier International Limited : 14,91,800 (2017-14,91,800 shares and 2016-.0.Shares) shares aggregating to 11.44% (2017- 11.44% and 2016-.0.%)

South Ganga Waters Technology Private Limited :26,05,200 (2017-26,05,200 shares and 2016-..0.Shares) shares aggregating to 19.98% (2017- 19.98% and 2016-0%)

|  |                       |                       |                      |
|--|-----------------------|-----------------------|----------------------|
| <b>12 Reserves and Surplus</b>                       |                       |                       |                      |
| <b>Retained Earnings</b>                             |                       |                       |                      |
| Opening Balance                                      | 116,048,490.13        | 98,039,138.94         | 89,504,952.62        |
| Ind AS Adjustments                                   | -                     | -                     | 8,534,186.32         |
| Add : Net Profit for the Year                        | 10,364,348.51         | 18,009,351.19         | -                    |
| <b>Closing Balance</b>                               | <b>126,412,838.64</b> | <b>116,048,490.13</b> | <b>98,039,138.94</b> |
| <b>13. Share Application money pending allotment</b> |                       |                       |                      |
|  |                       |                       |                      |

|  |   |   |                      |
|--|---|---|----------------------|
| Share Application money Pending Allotment<br>(Ref.Note 13.1) | - | - | 97,418,000.00        |
| <b>Total</b>   | - | - | <b>97,418,000.00</b> |

13.1 Share Application money pending allotment represents shares to be allotted to the shareholders of Transferor company in the scheme of demerger

|   |                      |                      |                      |
|---|----------------------|----------------------|----------------------|
| <b>14 Long Term Borrowings (Financial Liabilities)</b>          |                      |                      |                      |
| <b>Secured</b>  |                      |                      |                      |
| Term Loan from Banks (Ref.Note 14.1 & 14.5)                     | 207,393.00           | 286,421.00           | 7,567,611.00         |
| Vehicle Loan from Banks (Ref.Note 14.2 & 14.6)                  | -                    | -                    | -                    |
| Vehicle Loan from Financial Institutions (Ref.Note 14.2 & 14.6) | 3,115,818.95         | 4,766,170.44         | 6,246,513.95         |
| <b>Unsecured</b>  |                      |                      |                      |
| From Related Parties (Ref.Note 14.5)                            | 2,300,000.00         | 3,200,000.00         | 14,184,905.00        |
| Term Loans from Banks (Ref.Note 14.6)                           | 28,114,758.18        | 30,138,046.36        | 12,592,311.56        |
| Term Loans from Financial Institutions (Ref.Note 14.6)          | 31,554,860.33        | 35,784,261.50        | 39,507,651.91        |
| <b>Total</b>  | <b>65,292,830.46</b> | <b>74,174,899.30</b> | <b>80,098,993.42</b> |

#### Nature of Security Offered

14.1 Secured Term Loan from Bank represents Working Capital Term Loan availed from Axis Bank and is secured by hypothecation of lien free movable assets of the Company and by Equitable Mortgage of the immovable property of Mr.S.Ramesh situated at Adyar, Chennai-20 offered by him as collateral security and also Personal Gurantee by Mr.S.Ramesh and Mrs.Usha Ramesh.

14.2 Secured Vehicles loans from Banks and Financial institutions are secured by Hypothecation of the Vehicles bought with the loan proceeds.

#### Repayment Terms

14.3 Working Capital Term Loan from Axis Bank is repayable at 11.15% interest rate in Equated Monthly Installments (EMI).

14.4 Vehicle Loans from Financial Institutions are repayable at 10.25% interest rate (Average) in Equated Monthly Installments (EMI).

14.5 Unsecured Loan from Related Parties are repayable Nil And the applicable interest rate is Nil

14.6 Unsecured Loan from Financial Institutions are repayable at 12.25% interest rate (Average) in Equated Monthly Installments (EMI)

|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| <b>15 Other Long Term Liabilities</b>   |                       |                       |                       |
| <b>Total</b>  | -                     | -                     | -                     |
| <b>16 Long Term Provisions</b>  |                       |                       |                       |
| Provision for Gartuity Liabilities (Ref.Note 16.1)  | 17,453,969.00         | 18,585,884.00         | 13,373,831.00         |
| <b>Total</b>  | <b>17,453,969.00</b>  | <b>18,585,884.00</b>  | <b>13,373,831.00</b>  |
| 16.1 The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.  |                       |                       |                       |
| <b>17 Short Term Borrowings - Financial Liabilities</b>   |                       |                       |                       |
| Over Draft facilities from Banks (Ref.Note 17.1)  | 160,443,218.28        | 114,758,873.82        | 159,403,517.48        |
| <b>Total</b>  | <b>160,443,218.28</b> | <b>114,758,873.82</b> | <b>159,403,517.48</b> |
| 17.1 Over Draft from Banks Represents Overdraft facilities availed from Axis Bank for a limit of Rs 18 Crores (Eighteen Crores Rupees Only), Indian Overseas Bank for a limit of Rs 2 Crore (Two Crores Rupees only) and are secured by hypothecation charge on stocks and receivables of the company and secured by hypothecation of lien free movable assets of the Company and by Equitable Mortgage of the immovable property of Mr.S.Ramesh situated at Adyar, Chennai-20 offered by him as collateral security and also Personal Gurantee by Mr.S.Ramesh and Mrs.Usha Ramesh. |                       |                       |                       |
| <b>18 Trade Payables</b>  |                       |                       |                       |
| Total outstanding dues of micro enterprises and small enterprises (Ref.Note 18.1)   | -                     | -                     | -                     |
| Total outstanding dues of creditors other than micro enterprises and small enterprises  |                       |                       |                       |
| Related Parties   | -                     | 5,978.00              | -                     |
| Others  | 61,606,757.22         | 91,058,116.50         | 61,833,638.50         |
| <b>Total</b>  | <b>61,606,757.22</b>  | <b>91,064,094.50</b>  | <b>61,833,638.50</b>  |
| 18.1 Based on the review of the Company, there are no Trade Payables to Micro and Small Enterprises   |                       |                       |                       |
| <b>19 Other Current Liabilities - Financial Liabilities</b>   |                       |                       |                       |
| Current Maturities of Long Term Borrowings (Ref.Note 14)  | 7,903,040.90          | 14,438,268.92         | 12,897,199.94         |
| <b>Total</b>  | <b>7,903,040.90</b>   | <b>14,438,268.92</b>  | <b>12,897,199.94</b>  |
| <b>19(A) Other Current Liabilities</b>  |                       |                       |                       |
| Statutory Liabilities   |                       |                       |                       |

|                                      |                       |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
|                                      | 25,195,173.08         | 87,544,179.22         | 62,061,149.00         |
| Salary, Bonus & Expenses Payable     | 97,873,142.37         | 92,480,027.92         | 80,597,989.54         |
| Retention Money, Deposits & Advances | -                     | 550,787.00            | 25,537,434.00         |
| <b>Total</b>                         | <b>123,068,315.45</b> | <b>180,574,994.14</b> | <b>168,196,572.54</b> |
| <b>20 Short Term Provisions</b>      |                       |                       |                       |
| Provision for Bonus and Leave Salary | 19,998,271.00         | 25,987,041.00         | 22,285,324.00         |
| <b>Total</b>                         | <b>19,998,271.00</b>  | <b>25,987,041.00</b>  | <b>22,285,324.00</b>  |

|   | As at 31-03-2018        | As at 31-03-2017        |
|---|-------------------------|-------------------------|
| <b>21 Revenue from Operations</b>           |                         |                         |
| <b>From Sales</b>                           |                         |                         |
| Sale of Maintenance Spares & Components     | 171,845,112.45          | 195,283,478.13          |
| <b>From Services</b>                        |                         |                         |
| Operation and Maintenance Fees              | 924,921,109.36          | 1,263,001,962.94        |
| <b>Total</b>                                | <b>1,096,766,221.81</b> | <b>1,458,285,441.07</b> |
| <b>22 Other Income</b>                      |                         |                         |
| <b>Interest Income from</b>                 |                         |                         |
| Bank Deposits                               | 3,710,429.00            | 15,647,084.00           |
| Income Tax on Refunds                       | 714,943.00              | 843,809.61              |
| Others                                      | -                       | -                       |
| <b>Other non-operating Income</b>           |                         |                         |
| Profit on Sale of Fixed Assets              | 4,169,430.63            | 7,585.00                |
| Foreign Exchange Fluctuation Gain           | 2,634,148.86            | 3,090,976.09            |
| Miscellaneous Income                        | -                       | 37,913.00               |
| <b>Total</b>                                | <b>11,228,951.49</b>    | <b>19,627,367.70</b>    |
| <b>23 Purchases of Stock in Trade</b>       |                         |                         |
| Purchase of Maintenance Spares & Components | 166,639,913.39          | 133,892,150.82          |
| <b>Total</b>                                | <b>166,639,913.39</b>   | <b>133,892,150.82</b>   |

|   |                       |                         |
|---|-----------------------|-------------------------|
| <b>24 Changes in Stock in Trade</b>         |                       |                         |
| <b>Opening Stock</b>                        |                       |                         |
| Maintenance Spares & Components             |                       | -                       |
| <b>Closing Stock</b>                        |                       |                         |
| Maintenance Spares & Components             |                       | -                       |
| <b>Total</b>                                | -                     | -                       |
| <b>25 Employee Benefit Expenses</b>         |                       |                         |
| Salaries and Wages                          | 667,405,125.22        | 898,277,605.40          |
| Contribution to Provident and Other Funds   | 46,081,387.00         | 60,174,342.00           |
| Staff Welfare Expenses                      | 69,319,752.24         | 83,730,374.70           |
| <b>Total</b>                                | <b>782,806,264.46</b> | <b>1,042,182,322.10</b> |
| <b>26 Finance Charges</b>                   |                       |                         |
| Interest Expenses                           | 28,002,183.68         | 26,694,910.22           |
| Interest on Income Tax Demand               | -                     | -                       |
| <b>TOTAL</b>                                | <b>28,002,183.68</b>  | <b>26,694,910.22</b>    |
| <b>27 Depreciation and Amortisation</b>     |                       |                         |
| Depreciation                                | 7,227,106.87          | 70,65,785.00            |
| Amortisation                                |                       | 61,039.00               |
| <b>TOTAL</b>                                | <b>7,227,106.87</b>   | <b>71,26,824.00</b>     |
| <b>28 Other Expenses</b>                    |                       |                         |
| <b>Operating Expenses (A)</b>               |                       |                         |
| Consumables & Tools                         | -                     | 20,704,427.18           |
| Diesel Expenses                             | 32,594,065.00         | 65,321,343.78           |
| Testing, Inspection and Calibration Charges | 5,085.00              | ,656,726.00             |
| Other Operating Expenses                    | -                     | -                       |
| <b>Other Expenses (B)</b>                   |                       |                         |
| Power and Fuel Charges                      | 2,741,058.00          | 2,372,859.00            |
| Rent Paid                                   | 6,096,750.00          | 6,804,320.00            |
| Rates and Taxes                             | 3,330,229.86          | 7,694,907.00            |
| Insurance Charges                           | 515,966.00            | 883,870.00              |

|  |                       |                       |
|--|-----------------------|-----------------------|
| Repairs & Maintenance                    |                       |                       |
| -Buildings                               | 1,387,081.75          | 4,320,032.00          |
| -Equipments                              | 8,663,827.66          | 67,283,034.70         |
| -Others                                  | -                     | -                     |
| Security Service Charges                 | 2,629,798.08          | 2,079,073.00          |
| Communication Expenses                   | 4,666,046.29          | 6,050,223.00          |
| Directors' Sitting Fee                   | 295,000.00            | 155,211.00            |
| Printing & Stationery                    | 2,325,162.25          | 3,369,496.61          |
| Professional Charges                     | 3,781,867.00          | 6,313,280.00          |
| Payments to Auditors (Ref. note 28.1)    | 916250.00             | 500,000.00            |
| Subscriptions                            | 273,718.00            | 111,160.00            |
| Books and Periodicals                    | 70,371.00             | 135,688.00            |
| Business Promtion Expenses               | 3,344,236.99          | 2,752,357.00          |
| Advertisement Expenses                   | 705,418.00            | 470,463.00            |
| Bank Charges                             | 457,006.86            | 448,625.11            |
| Donation                                 | -                     | 5,000.00              |
| CSR Expenses (Ref.Note 28.2)             | 1,090,410.00          | 330,000.00            |
| Travelling and Conveyance Expenses       | 24,014,280.27         | 33,101,330.07         |
| Vehicle Repairs and Maintenance Expenses | 3,992,681.35          | 1,163,186.00          |
| Pooja Expenses                           | 884,111.81            | 421,039.00            |
| Miscellaneous Expenses                   | 1,222,734.28          | 1,633,355.60          |
| Loss on Sale of Fixed Assets             | 27,676.94             | 65,327.00             |
| Director remuneration                    | 3,314,524.00          | 3,631,826.00          |
| <b>TOTAL</b>                             | <b>109,345,356.39</b> | <b>239,778,160.05</b> |



### 28.1 Payment to Auditors represents fee for Statutory audits

28.2 Though the Company is not subject to mandatory compliance with the provisions of the Companies Act 2013 on CSR, the company has on its own interest constituted a Corporate Social Responsibility Committee and has a very passionate view of corporate social responsibility. The voluntary CSR spending of the Company during the year are as given under

| CSR Spending   | 31-03-18     | 31-03-17   |
|--|--------------|------------|
| Amount required to be spent during the year as per Section 135 | -            | -          |
| Amount Spent during the year on:                               |              |            |
| (i) Construction/acquisition of any asset                      |              |            |
| (ii) On purposes other than (i) above                          | 1,090,410.00 | 330,000.00 |

| 29. Earning Per Share                        | 31-03-2018    | 31-03-2017    |
|--|---------------|---------------|
| Profit After Tax (PAT)                       | 10,364,348.51 | 18,009,351.19 |
| Weighted average number of shares            | 13,041,800    | 13,041,800    |
| Earning Per Share (Face value Rs.10/- each ) |               |               |
| Basic  | 0.79          | 1.38          |
| Dilluted                                     | 0.79          | 1.38          |

### 30. Operating Lease

Leasing of Immovable properties is treated as Operating lease as the tenure of the Lease is significantly lesser than the economic life of the Assets leased out

**Note No.31- Inventories as at the reporting date:**

Normally the Company procures inventories and other consumables for rendering its O&M services and for sales, being incidental activity in connection with the O&M service contracts, as and when the requirements arises. No inventory was lying with the Company at the year end.

**Note No.32- Business Combinations:**

The company does not have any Business Combinations.

**Note No.33 – Scheme of Arrangements:**

There has been no Scheme of Arrangements entered into between the Company and its Subsidiaries.

**Note No. 34 - Capital management & Risk Management Strategies:**

**Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**i).Capital management**

The Company being in a O&M service industry which requires huge working capital for its operation, its objective is to maintain a strong credit rating healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Company's capital requirement is mainly to fund its working capital, repayment of principal and interest on its borrowings and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding through borrowings from Banks & Financial Institutions.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and align maturity profile of its debt commensurate with life of the asset and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

## Financial risk management

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company. These risks include (i) Credit risk, (ii) Liquidity risk and (iii) Market risk

The Company seeks to minimise the effects of these risks by using periodic monitoring and action plans to cover up risk exposures, wherever required. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. No amount has been recognised in the financial position as financial liabilities.

The carrying amount of following financial assets represents the maximum credit exposure:

### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry.

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers based on which the Company agrees on the credit terms with customers in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience for customers.

| Particulars          | Age of receivables (Rs. in lakhs) |                         |                        |
|----------------------|-----------------------------------|-------------------------|------------------------|
|                      | As at 31st March , 2018           | As at 31st March , 2017 | As at 1st April , 2016 |
| Within credit period |                                   |                         |                        |
| 1-30 days past due   | 2105.76                           | 2023.33                 | 2343.18                |
| 31-60 days past due  | 170.30                            | 423.18                  | 326.30                 |
| 61-90 days past due  | 101.28                            | 226.54                  | 242.82                 |
| 91-180 days past due | 1259.79                           | 939.93                  | 736.68                 |
| <b>Total</b>         | <b>3637.13</b>                    | <b>3612.98</b>          | <b>3648.98</b>         |

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

As of now, the Company have not entered into any sort of derivative contracts, in order to manage market risks.

### Note No.35- Finance Lease Receivable

The Company does not have any finance lease receivable.

### Note No.36 – Related Party Disclosure

#### a).List of Related Parties and nature of relationship

| Related Party    | Nature of Relationship |
|------------------|------------------------|
| Usha Ramesh      | Wife of Mr.S.Ramesh    |
| Sudarshan Ramesh | Son of Mr.S.Ramesh     |

#### b). Transaction with related parties

| Related Party          | Nature of Transaction | 31-03-2018 | 31-03-2017 |
|------------------------|-----------------------|------------|------------|
| S.Ramesh - KMP         | Remuneration          | 33,14,524  | 31,98,706  |
| S.Ramesh - KMP         | Rent Payment          | 58,10,600  | 65,31,600  |
| Sudarshan Ramesh – KMP | Remuneration          | 12,39,960  | 12,39,960  |
| Sudarshan Ramesh – KMP | Rent Payment          | 2,50,000   | 6,00,000   |

Note

i). Related party relationships have been identified by the management and relied upon by the Auditors.

ii).Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts.

### Note No. 37 - Disclosure as per Ind AS 101 First-time adoption of Indian Accounting Standards:

### **Overall principle:**

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below:

#### **i. Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind ASs shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Accordingly the Company adopted consistent estimates as adopted in previous GAAP except in case of any error found in the estimates under previous GAAP.

#### **ii. Past Business Combination**

Appendix C, para C1 to IndAS 101 permits the first-time adopter to elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs). The Company opted for the same for the Demerger of a Power Plant O&M Division of OEG India Private Limited that took place in 2014.

#### **iii. Deemed Cost**

Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind ASs at its fair value and use that fair value as its deemed cost at that date, similar the option in case of investment property, investment in subsidiaries, associates and Joint ventures. The Company elected the option for the Property, Plant and Equipment, Investment Properties and Investments in Subsidiaries, Associates and Joint Venture. In case of Tools & Equipment the Company used fair value in its opening Ind AS Balance sheet and due effect has been given in the retained earnings vide Note 31 read with 32.

#### **iv. Classification and measurement of Financial Assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost on facts and circumstances existing at the date of transition if retrospective application is impracticable. The Company has classified the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### **v. Cumulative translation difference**

Ind AS 101 permits a first-time adopter need not comply with the requirements of Ind AS 21 for cumulative translation differences that existed at the date of transition to Ind ASs. The Company opted for the exception and the cumulative translation difference has been deemed as zero.

## Operational Energy Group India Limited, Chennai

| 38 (A). Reconciliation of Equity          | Note          | As at 31 <sup>st</sup> March, 2017 |                      |                       | As at 01 <sup>st</sup> April, 2016 |                     |                       |
|---|---------------|------------------------------------|----------------------|-----------------------|------------------------------------|---------------------|-----------------------|
|   |               | Previous GAAP                      | Ind AS Adjustments   | Ind AS                | Previous GAAP                      | Ind AS Adjustments  | Ind AS                |
| <b>EQUITY AND LIABILITIES</b>             |               |                                    |                      |                       |                                    |                     |                       |
| Shareholder's Fund                        |               |                                    |                      |                       |                                    |                     |                       |
| Share Capital                             |               | 130,418,000.00                     | -                    | 130,418,000.00        | 33,000,000.00                      | -                   | 33,000,000.00         |
| Reserves and Surplus                      | 38(a) & 38(d) | 105,392,622.13                     | 10,655,868.00        | 116,048,490.13        | 89,504,952.62                      | 8,534,186.32        | 98,039,138.94         |
| Share Application Money pending Allotment |               | -                                  | -                    | -                     | 97,418,000.00                      | -                   | 97,418,000.00         |
| <b>Non-Current Liabilities</b>            |               |                                    |                      |                       |                                    |                     |                       |
| Long Term Borrowings                      |               | 88,613,168.22                      | -                    | 88,613,168.22         | 80,098,993.42                      | -                   | 80,098,993.42         |
| Other Long Term Liabilities               |               | -                                  | -                    | -                     | -                                  | -                   | -                     |
| Long Term Provisions                      |               | 18,585,884.00                      | -                    | 18,585,884.00         | 13,373,831.00                      | -                   | 13,373,831.00         |
| <b>Current Liabilities</b>                |               |                                    |                      |                       |                                    |                     |                       |
| Short Term Borrowings                     |               | 114,758,873.82                     | -                    | 114,758,873.82        | 159,403,517.48                     | -                   | 159,403,517.48        |
| Trade Payables                            |               | 91,064,094.50                      | -                    | 91,064,094.50         | 61,833,638.50                      | -                   | 61,833,638.50         |
| Other Current Liabilities                 |               | 180,574,994.14                     | -                    | 180,574,994.14        | 181,093,772.48                     | -                   | 181,093,772.48        |
| Short Term Provisions                     |               | 25,987,041.00                      | -                    | 25,987,041.00         | 22,285,324.00                      | -                   | 22,285,324.00         |
| <b>TOTAL</b>                              |               | <b>755,394,677.81</b>              | <b>10,655,868.00</b> | <b>766,050,545.81</b> | <b>738,012,029.50</b>              | <b>8,534,186.32</b> | <b>746,546,215.82</b> |
| <b>ASSETS</b>                             |               |                                    |                      |                       |                                    |                     |                       |
| <b>Non-Current Assets</b>                 |               |                                    |                      |                       |                                    |                     |                       |
| Fixed Assets                              |               |                                    |                      |                       |                                    |                     |                       |
| Tangible Assets                           |               | 49,578,490.37                      | 1,935,868.00         | 51,514,358.37         | 48,353,839.37                      | 1,900,000.00        | 50,253,839.37         |
| Intangible Assets                         | 38(a) & (c)   | 26,874.00                          | -                    | 26,874.00             | 85,013.00                          | -                   | 85,013.00             |
| Capital Work-in Progress                  |               | 114,013,252.00                     | -                    | 114,013,252.00        | 124,898,082.07                     | -                   | 124,898,082.07        |
| Non-Current Investments                   |               | -                                  | -                    | -                     | -                                  | -                   | -                     |
| Deferred Tax Assets (Net)                 | 38 (b)        | 22,635,515.00                      | 8,720,000.00         | 8,720,000.00          | -                                  | 7,896,000.00        | 7,896,000.00          |
| Long Term Loans and Advances              |               | 4,334,728.00                       | -                    | 4,334,728.00          | 16,920,854.00                      | -                   | 16,920,854.00         |
| Other Non-Current Assets                  |               | -                                  | -                    | -                     | 1,570,000.00                       | -                   | 1,570,000.00          |
| <b>Current Assets</b>                     |               |                                    |                      |                       |                                    |                     |                       |
| Trade Receivables                         |               | 361,297,984.51                     | -                    | 361,297,984.51        | 364,898,119.41                     | -                   | 364,898,119.41        |
| Cash and Cash Equivalents                 |               | 80,754,629.03                      | -                    | 80,754,629.03         | 57,165,593.83                      | -                   | 57,165,593.83         |
| Short Term Loans and Advances             | 38(d)         | 53,603,583.21                      | -                    | 53,603,583.21         | 49,401,458.56                      | 1,261,813.68        | 48,139,644.88         |
| Other Current Assets                      |               | 69,149,621.69                      | -                    | 69,149,621.69         | 74,719,069.26                      | -                   | 74,719,069.26         |
| <b>TOTAL</b>                              |               | <b>755,394,677.81</b>              | <b>10,655,868.00</b> | <b>766,050,545.81</b> | <b>738,012,029.50</b>              | <b>8,534,186.32</b> | <b>746,546,215.82</b> |

| 38(B). Reconciliation of Statement of Profit and Loss                            | As at 31 <sup>st</sup> March, 2017 |                         |                       |                         |
|--|------------------------------------|-------------------------|-----------------------|-------------------------|
|  | Note                               | Previous GAAP           | Ind AS Adjustments    | Ind AS                  |
| <b>Income</b>  |                                    |                         |                       |                         |
| Revenue from Operations  | 38(e)                              | 1,461,985,441.07        | - 3,700,000.00        | 1,458,285,441.07        |
| Other Income   | 38(d)                              | 17,521,744.41           | 2,105,623.29          | 19,627,367.70           |
| <b>Total Revenue</b>   |                                    | <b>1,479,507,185.48</b> | <b>- 1,594,376.71</b> | <b>1,477,912,808.77</b> |
| <b>Expenses</b>  |                                    |                         |                       |                         |
| Purchase of Stock in Trade   |                                    | 133,892,150.82          | -                     | 133,892,150.82          |
| Changes in Stock in Trade  |                                    | -                       | -                     | -                       |
| Employee Benefit Expenses  |                                    | 1,042,182,322.10        | -                     | 1,042,182,322.10        |
| Finance Cost   |                                    | 26,694,910.22           | -                     | 26,694,910.22           |
| Depreciation and Amotisation Expenses  | 38(c)                              | 7,162,693.00            | - 35,869.00           | 7,126,824.00            |
| Other Expenses   | 38(e)                              | 243,478,160.05          | - 3,700,000.00        | 239,778,160.05          |
| <b>Total Expenses</b>  |                                    | <b>1,453,410,236.19</b> | <b>- 3,735,869.00</b> | <b>1,449,674,367.19</b> |
| <b>Profit before Exceptional and Extraordinary items and Tax</b>                 |                                    | <b>26,096,949.29</b>    | <b>2,141,492.29</b>   | <b>28,238,441.58</b>    |
| Exceptional Items  |                                    |                         |                       |                         |
| <b>Profit Before Tax</b>   |                                    |                         |                       |                         |
| <b>Tax Expenses</b>  |                                    |                         |                       |                         |
| (1) Current Tax  | 38(f)                              | 11,896,900.00           | - 843,809.61          | 11,053,090.39           |
| (2) Deferred Tax   |                                    | -                       | - 824,000.00          | - 824,000.00            |
| <b>Profit for the Year</b>   |                                    | <b>14,200,049.29</b>    | <b>3,809,301.90</b>   | <b>18,009,351.19</b>    |
| <b>Other Comprehensive Income</b>  |                                    |                         |                       |                         |
| A i) Items that will not be reclassified to                                      |                                    | -                       | -                     | -                       |
| ii) Income Tax relating to items that will not be reclassified to Profit or Loss |                                    | -                       | -                     | -                       |
| B i) Items that will be reclassified to Profit or                                |                                    | -                       | -                     | -                       |
| ii) Income Tax relating to items that will reclassified to Profit or Loss        |                                    | -                       | -                     | -                       |
| <b>Total Other Comprehensive Income</b>  |                                    | <b>-</b>                | <b>-</b>              | <b>-</b>                |
| <b>Total Comprehensive Income for the Year</b>                                   |                                    | <b>14,200,049.29</b>    | <b>3,809,301.90</b>   | <b>18,009,351.19</b>    |

| 38(C). Reconciliation of Cash Flow Statement                | Note  | As at 31st March, 2017 |                        |                        |
|---|-------|------------------------|------------------------|------------------------|
|   |       | Previous GAAP          | Ind AS Adjustments     | Ind AS                 |
| Net Cash flow from Operating Activities                     |       | 87,883,590.00          | -                      | 87,883,590.00          |
| Net Cash flow from Investing Activities                     |       | 8,608,775.00           | -                      | 8,608,775.00           |
| Net Cash flow from Financing Activities                     | 38(g) | - 72,903,330.00        | - 44,644,644.00        | - 117,547,974.00       |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b> |       | <b>23,589,035.00</b>   | <b>- 44,644,644.00</b> | <b>- 21,055,609.00</b> |
| Cash and Cash Equivalents at the beginning of the year      |       | 57,165,594.00          | - 159,403,517.00       | - 102,237,923.00       |
| Cash and Cash Equivalents at the end of the year            |       | 80,754,629.00          | - 114,758,873.00       | - 34,004,244.00        |

| 38(D). Reconciliation of Net Profit and Equity       | Amount                |                       |
|--|-----------------------|-----------------------|
| <b>a. Net Profit Reconciliation as at 31-03-2017</b> |                       |                       |
| As per previous GAAP                                 | 14,200,049.29         |                       |
| IndAS adjustments on Depreciation and Deferred Taxes | 3,809,301.90          |                       |
| <b>Net Profit as per Ind AS</b>                      | <b>18,009,351.19</b>  |                       |
| Other Comprehensive Income                           | -                     |                       |
| <b>Total Comprehensive Income for the year</b>       | <b>18,009,351.19</b>  |                       |
| <b>b. Equity Reconciliation</b>                      | <b>31-03-2017</b>     | <b>01-04-2016</b>     |
| As per previous GAAP                                 | 235,810,622.13        | 122,504,952.62        |
| IndAS adjustments on Depreciation and Deferred Taxes | 10,655,868.00         | 8,534,186.32          |
| <b>Equity as per Ind AS</b>                          | <b>246,466,490.13</b> | <b>131,039,138.94</b> |

### 38. Notes to Reconciliation Statements

- a) Fair Value of Tools and Equipments included in the Plant & Machinery under previous GAAP financials was treated as Deemed Cost as provided in Ind AS 101 and depreciated over its estimated useful life of 3 years
- b) Timing difference on Gratuity and Other provisions are considered as temporary differences and Deferred Tax has been computed thereon as per Ind AS-12.
- c) Error in the estimated depreciation amounting to Rs.35,869/- for the year 2016-17 under previous GAAP financials was identified and adjusted under Ind AS financials presentation.
- d) Accumulated Forex Fluctuation Loss of FY: 2015-16 recognised on realisation basis in the subsequent FY: 2016-17 under previous GAAP has been adjusted as per Ind AS-21 on accrual basis in 2015-16 and corresponding effect given in 2016-17 as well.
- d) Discount treated as Other expenses under previous GAAP has been adjusted with the Sales value under Ind AS and the net realisable sale value reported as Revenue from sales
- e) Under previous GAAP, the interest on Income Tax refund was reported as other income which as per the requirements of Ind AS was adjusted with the Income Tax Expenses.
- f) Under previous GAAP, Bank Overdraft was classified under Financing activities whereas under Ind AS the same has been treated as part of Cash and Cash equivalents

#### Note No. 39 - Approval of financial statements:

The financial statements were approved for issue by the board of directors 28.05.2018.



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF OPERATIONAL ENERGY GROUP INDIA LIMITED**

#### **Report on the Consolidated Ind AS Financial Statements**

I have audited the accompanying consolidated Ind AS financial statements of **Operational Energy Group India Limited** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including Other comprehensive income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

#### **Auditors' Responsibility**

My responsibility is to express an opinion on these consolidated Ind AS financial statements based on my audit. In conducting my audit, I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

I believe that the audit evidence obtained by me is sufficient and appropriate to provide a basis for my audit opinion on the consolidated Ind AS financial statements

### **Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group, as at 31 March 2018 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, I report, that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit of the aforesaid consolidated Ind AS financial statements.
  - b) In my opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from my examination of those books.
  - c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - d) In my opinion, the aforesaid consolidated Ind AS financial statements comply with the accounting standards specified under Section 133 of the Act, read with relevant rules issued there under.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary

companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a Director of that company in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
  - i. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts.
  - ii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and

For and on behalf of  
For S.Srinivasulu  
Chartered Accountant

CA.Srinivasulu  
Sole proprietor  
Mem No. 008553

Place: Chennai  
Date: 28.05.2018

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

In conjunction with my audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, I have audited the internal financial controls over financial reporting of Infosys Limited ('the Holding Company') and its subsidiary companies which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility:**

My responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, based on my audit. I conducted my audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In my opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For and on behalf of  
For S.Srinivasulu  
Chartered Accountant  
  
CA.Srinivasulu  
Sole proprietor  
Mem No. 008553

Place: Chennai  
Date: 28.05.2018

## CONSOLIDATED BALANCE SHEET AS AT 31st March 2018

| Particulars                                      | Note  | As at 31-03-2018        | As at 31-03-2017      | As at 01-04-2016      |
|--|-------|-------------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                                    |       |                         |                       |                       |
| <b>Non-Current Assets</b>                        |       |                         |                       |                       |
| Property Plant and Equipment                     | 2     | 46,590,664.40           | 45,909,323.37         | 54,407,726.00         |
| Investment Property                              | 2(A)  | 6,550,010.60            | 6,989,702.00          | 7,352,583.00          |
| Intangible Assets                                | 2(B)  | 2,005,703.00            | 26,874.00             | 85,013.00             |
| <b>Financial Assets</b>                          |       |                         |                       |                       |
| Non-Current Investments                          | 3     | 112,582,828.00          | 112,782,752.00        | 124,898,082.07        |
| Loans and Advances                               | 4     | 11,330,118.00           | 11,738,447.00         | 5,200,000.00          |
| Other Long Term Loans and Advances               | 4(A)  | 11,001,193.00           | 10,897,068.00         | 11,720,854.00         |
| Deferred Tax Assets (Net)                        | 5     | 7,110,000.00            | 8,720,000.00          | 6,819,010.00          |
| Other Non-Current Assets                         | 6     | 4,280,710.00            | 4,334,728.00          | 1,570,000.00          |
| <b>Current Assets</b>                            |       |                         |                       |                       |
| <b>Financial Assets</b>                          |       |                         |                       |                       |
| Trade Receivables                                | 7     | 508,903,455.46          | 420,998,706.51        | 366,474,634.19        |
| Cash and Cash Equivalents                        | 8     | 190,599,541.85          | 143,559,218.03        | 57,776,222.00         |
| Loans and Advances                               | 9     | 12,200,819.37           | 25,539,521.53         | 16,490,048.64         |
| Other Loans and Advances                         | 9(A)  | 15,548,220.32           | 34,872,082.68         | 27,419,348.36         |
| Current Tax Asset                                | 10    | 56,222,376.95           | 61,275,596.69         | 60,118,434.26         |
| Other Current Assets                             | 10(A) | 31,010,016.00           | 12,474,712.00         | 14,855,859.74         |
| <b>TOTAL</b>                                     |       | <b>1,015,935,656.95</b> | <b>900,118,731.81</b> | <b>755,187,814.90</b> |
| <b>EQUITY AND LIABILITIES</b>                    |       |                         |                       |                       |
| <b>Shareholder's Fund</b>                        |       |                         |                       |                       |
| Share Capital                                    | 11    | 130,418,000.00          | 130,418,000.00        | 33,000,000.00         |
| Reserves and Surplus                             | 12    | 198,313,901.00          | 131,946,917.00        | 94,840,948.00         |
| <b>Share Application Money pending Allotment</b> | 13    | -                       | -                     | 97,418,000.00         |
| Non-Controlling Interests                        |       | 1,859,228.34            | 715,297.00            | 7,817,571.00          |
| <b>Non-Current Liabilities</b>                   |       |                         |                       |                       |
| <b>Financial Liabilities</b>                     |       |                         |                       |                       |
| Long Term Borrowings                             | 14    | 122,528,455.46          | 150,269,350.30        | 80,098,993.42         |
| Other Long Term Liabilities                      | 15    | -                       | -                     | -                     |
| Long Term Provisions                             | 16    | 17,453,969.00           | 18,585,884.00         | 13,373,831.00         |
| <b>Current Liabilities</b>                       |       |                         |                       |                       |
| <b>Financial Liabilities</b>                     |       |                         |                       |                       |
| Short Term Borrowings                            | 17    | 220,132,893.28          | 138,226,709.82        | 159,013,102.48        |
| Trade Payables                                   | 18    | 151,528,878.22          | 91,797,326.50         | 64,001,834.00         |
| Current Liabilities                              | 19    | 7,903,040.90            | 14,438,268.92         | -                     |
| Other Current Liabilities                        | 19(A) | 122,708,606.11          | 180,574,994.14        | 182,249,528.00        |
| Short Term Provisions                            | 20    | 43,088,684.64           | 43,145,984.13         | 23,374,007.00         |
| <b>TOTAL</b>                                     |       | <b>1,015,935,656.95</b> | <b>900,118,731.81</b> | <b>755,187,814.90</b> |

Significant Accounting Policies

Notes on Financial Statements

The notes are an integral part of these financial statements.

For Operational Energy Group India Limited

As per our Report of even date  
Chartered Accountant**S. RAMESH**Executive Chairman & Managing Director  
Din No:00052842**Usha Ramesh**Director  
Din No: 00053451**B.Viswanathan**Director  
Din No 00702802**S Srinivasulu**

Member Ship No. 008553

**P. Swaminathan**Director  
Din No: 02603984**S.V. Natarajan**

Chief Executive Officer

**V. Ramabhadran**

Chief Financial Officer

**S. Srinath**

Company Secretary

Chennai  
28-05-18

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2018**

| Particulars  | Note | Year ended<br>31-03-2018 | Year ended<br>31-03-2017 |
|--|------|--------------------------|--------------------------|
| <b>Income</b>  |      |                          |                          |
| Revenue from Operations  | 21   | 1,556,318,139.81         | 1,536,171,087.00         |
| Other Income   | 22   | 11,280,915.49            | 25,391,534.70            |
| <b>Total Revenue</b>   |      | <b>1,567,599,055.30</b>  | <b>1,561,562,621.70</b>  |
| <b>Expenses</b>  |      |                          |                          |
| Purchase of Stock in Trade   | 23   | 166,639,913.39           | 133,892,150.82           |
| Changes in Stock in Trade  | 24   | -                        | -                        |
| Employee Benefit Expenses  | 25   | 883,806,046.46           | 1,075,056,256.10         |
| Finance Cost   | 26   | 29,494,006.68            | 26,800,065.22            |
| Depreciation and Amotisation Expenses  | 27   | 7,940,075.87             | 7,126,824.00             |
| Other Expenses   | 28   | 406,814,358.39           | 273,771,941.35           |
| <b>Total Expenses</b>  |      | <b>1,494,694,400.79</b>  | <b>1,516,647,237.49</b>  |
| <b>Profit before Exceptional and Extraordinary items and Tax</b>                 |      | <b>72,904,654.51</b>     | <b>44,915,384.21</b>     |
| Exceptional Items  |      |                          |                          |
| <b>Profit after Exceptional and Extraordinary items and Tax</b>                  |      | <b>72,904,654.51</b>     | <b>44,915,384.21</b>     |
| Excess Provision reversed during the year  |      | -                        | -                        |
| <b>Profit Before Tax</b>   |      | <b>72,904,654.51</b>     | <b>44,915,384.21</b>     |
| <b>Tax Expenses</b>  |      |                          |                          |
| (1) Current Tax  |      | 3,733,739.00             | 11,088,890.39            |
| (2) Deferred Tax   |      | 1,610,000.00             | - 824,000.00             |
| <b>Profit for the Year</b>   |      | <b>67,560,915.51</b>     | <b>34,650,493.82</b>     |
| <b>Other Comprehensive Income</b>  |      |                          |                          |
| A i) Items that will not be reclassified to Profit or Loss                       |      | -1143931.34              | -333539                  |
| ii) Income Tax relating to items that will not be reclassified to Profit or Loss |      |                          |                          |
| B i) Items that will be reclassified to Profit or Loss                           |      |                          |                          |
| ii) Income Tax relating to items that will reclassified to Profit or Loss        |      |                          |                          |
| Charging Diff in fair Value for Non Current assets                               |      | -50000                   |                          |
| <b>Total Other Comprehensive Income</b>  |      | <b>- 1,193,931.34</b>    | <b>- 333,539.00</b>      |
| <b>Total Comprehensive Income for the Year</b>                                   |      | <b>66,366,984.17</b>     | <b>34,316,954.82</b>     |
| Earning Per equity Share of face value of Rs.10/- each<br>Basic & Diluted        | 29   | 5.09                     | 2.63                     |

For Operational Energy Group India Limited

As per our Report of even date  
Chartered Accountant

**S. RAMESH**  
Executive Chairman & Managing Director  
Din No:00052842

**Usha Ramesh**  
Director  
Din No: 00053451

**B.Viswanathan**  
Director  
Din No 00702802

**S Srinivasulu**  
Member Ship No. 008553

**P. Swaminathan**  
Director  
Din No: 02603984

**S.V. Natarajan**  
Chief Executive Officer

**V. Ramabhadran**  
Chief Financial Officer

**S. Srinath**  
Company Secretary

Chennai  
28-05-18

**CASH FLOW STATEMENT-CONSOLIDATED**

|   | 2017-18           | 2016-17           |
|---|-------------------|-------------------|
| Annexure to Clause 32 of the listing Agreement              |                   |                   |
| <b>CASH FLOW STATEMENT</b>                                  |                   |                   |
| <b>A.CASH FLOW FROM OPERATIONS</b>                          |                   |                   |
| Profit before Tax   | 72,904,655        | 44,915,385        |
| Less:- Provision for Taxation                               | 5,343,739         | 10,264,890        |
| Net Profit after Tax and extra ordinary items.              | 67,560,916        | 34,650,495        |
| Adjustments for Fair value in inv.                          | 50,000            |                   |
| Depreciation  | 7,940,076         | 7,126,824         |
| Profit on sale of fixed assets                              |                   | -                 |
| Interest/Dividend   |                   |                   |
| Minority Interest   | 1,143,931         | 333,539           |
| Operating profit before working capital                     | 74,307,061        | 41,443,780        |
| Increase/(Decrease) in Sundry Debtors                       | 87,904,748        | 54,524,074        |
| Increase/(Decrease) in Inventories and other current assets | 13,482,084        | -1,203,692        |
| Increase/(Decrease) in Loans and Advances                   | -34,326,583       | 17,002,207        |
| Decrease in preoperation expenses                           |                   |                   |
| (Increase)/Decrease in current liabilities                  | -5,859,282        | 45,892,936        |
| <b>SUB TOTAL</b>  | <b>72,919,531</b> | <b>24,429,653</b> |
| Cash generated from Operating activities                    | 1,387,530         | 17,014,127        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>               |                   |                   |
| Purchase of Fixed Assets                                    | 10,160,555        | -                 |
| Sale of Fixed Assets  |                   | -1,792,599        |
| Purchase/Sale of Investments                                | -199,924          | -7,449,612        |
| Long term Loans and Advances                                | -304,204          | 5,714,661         |
| Net cash generated/Used from/in Investing Activities        | 9,656,427         | -1,734,951        |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>               |                   |                   |
| Proceeds from issue of share capital                        |                   |                   |
| Proceeds from long term borrowings (net)                    | -27,740,895       | 90,154,218        |
| Proceeds from working capital Loan                          | 81,906,184        | -20,786,392       |
| Repayment of finance lease liabilities                      |                   |                   |
| Changes in subsidiaries                                     | 1,143,931         | -2,333,908        |
| Dividend paid   |                   |                   |
| Net cash generated/used in Financing activities             | 55,309,220        | 67,033,918        |
| Net increase in cash and cash equivalents                   | 47,040,323        | 85,782,996        |
| Cash and cash Equivalents (Opening Balance)                 | 143,559,218       | 57,776,222        |
| Cash and cash Equivalents (Closing Balance)                 | 190,599,541       | 143,559,218       |

For Operational Energy Group India Limited

As per our Report of even date  
Chartered Accountant**S. RAMESH**Executive Chairman & Managing Director  
Din No:00052842**Usha Ramesh**Director  
Din No: 00053451**B.Viswanathan**Director  
Din No 00702802**S Srinivasulu**

Member Ship No. 008553

**P. Swaminathan**Director  
Din No: 02603984**S.V. Natarajan**

Chief Executive Officer

**V. Ramabhadran**

Chief Financial Officer

**S. Srinath**

Company Secretary

Chennai  
28-05-18



**PART- I**

| ABRIDGED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018 |                  |   |                          |   |                  |   |
|--|------------------|---|--------------------------|---|------------------|---|
| A. Equity Share Capital  |                  |   |                          |   |                  |   |
| Particulars  | As at 01.04.2017 |   | Movement during the year |   | As at 31.03.2018 |   |
|  | No. of Shares    | Equity Share Capital par Value (₹ in crore) | No. of Shares            | Equity Share Capital par Value (₹ in crore) | No. of Shares    | Equity Share Capital par Value (₹ in crore) |
| Equity Share Capital   | 13041800         | 13.0418                                     | -                        | -   | 13041800         | 13.0418                                     |

**B. Other Equity**

| Particulars   | Retained earnings and other Reserves |                     |                 |                         |                            |                   |                     | Total               |
|---|--------------------------------------|---------------------|-----------------|-------------------------|----------------------------|-------------------|---------------------|---------------------|
|   | KfW interest differential Reserve    | Contingency Reserve | General Reserve | Bond Redemption Reserve | Capital Redemption Reserve | PRMA Reserve Fund | Retained Earnings   |                     |
| Balance as at 01.04.2017                            | -                                    | -                   | -               | -                       | -                          | -                 | 131946917.00        | 131946917.00        |
| Charges in accounting policy or prior period errors |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| <b>Total Comprehensive Income for the year</b>      |                                      |                     |                 |                         |                            |                   |                     |                     |
| Profit or Loss                                      |                                      |                     |                 |                         |                            |                   | 66366984.17         | 66366984.17         |
| Other Comprehensive income                          |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| Total Comprehensive Income                          |                                      |                     |                 |                         |                            |                   | 198313901.17        | 198313901.17        |
| Dividend including dividend Tax                     |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| Appropriations                                      |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| Any other changes (Remeasurement Loss)              |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| Other changes                                       |                                      |                     |                 |                         |                            |                   | -                   | 0.00                |
| <b>Balance as at 31.03.2018</b>                     | <b>0.00</b>                          | <b>0.00</b>         | <b>0.00</b>     | <b>0.00</b>             | <b>0.00</b>                | <b>0.00</b>       | <b>198313901.17</b> | <b>198313901.17</b> |

For Operational Energy Group India Limited

As per our Report of even date  
Chartered Accountant

**S. RAMESH**  
Executive Chairman & Managing Director  
Din No:00052842

**Usha Ramesh**  
Director  
Din No: 00053451

**B.Viswanathan**  
Director  
Din No 00702802

**S Srinivasulu**  
Member Ship No. 008553

**P. Swaminathan**  
Director  
Din No: 02603984

**S.V. Natarajan**  
Chief Executive Officer

**V. Ramabhadran**  
Chief Financial Officer

**S. Srinath**  
Company Secretary

Chennai  
28-05-18

**1.A - General Information:**

Operational Energy Group India Limited (the Company), is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 of India. Its shares are listed in one recognised stock exchange in India. The registered office of the Company is located at A,5<sup>th</sup> Floor, Gokul Arcade – East Wing, 2 & 2A Sardar Patel Road, Adyar, Chennai – 600 020.

The Company has one subsidiary, one joint ventures and two associates.

**1.B - Statement of compliance:**

a). The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, notified under section 133 of Companies Act, 2013 (the Act), and other relevant provisions of the Act.

b) These are the Company's first Ind AS Financial Statements prepared adopting the Ind AS notified under the Companies Act, 2013 and are in full compliance with such notified Ind ASs. The date of transition to Ind AS is 1st April, 2016. As these are the Company's first financial statements prepared in accordance with Ind ASs, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 31 read with Note 32.

c). Up to the year ended 31st March 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

**1.C - Significant accounting policies:****a). Basis of preparation of financial statements**

i). In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its Financial Statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act (the Act), 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1st April, 2016 and other relevant provisions of the Act.

ii). Pursuant to the above said requirements, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended 31st March, 2018, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements"). The figures for the previous year ended 31st March, 2017 and Opening Balance Sheet as on 1st April, 2016 have also been restated by the Management as per the requirements of Ind AS.

iii). The financial statements of the Company are prepared on the accrual basis of accounting and historical cost convention except for certain material items that have been measured at fair value as

required by the relevant Ind AS and explained in the ensuing policies below.

iv). The financial statements are presented in Indian Rupees ('INR') and all values are reported in full value without rounding off except otherwise indicated.

#### **b). Basis of consolidation**

The financial statements of the Group incorporate the financial statements of the Parent company and its subsidiaries. The parent company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries.

When the Parents Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The parent company considers all relevant facts and circumstance in assessing whether or not the parent company's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent company and to the non-controlling interest. Total comprehensive income are attributed to the owners of the Parent company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having to deficit balance.

Adjustments are made to the financial statements of subsidiaries as and when necessary, to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent company.

#### **c). Investments in associates and joint ventures**

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually

agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds other Group's interest in that associate or joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized directly in equity as capital reserve in the period in which the investment is acquired.

When there is any objective evidence of impairment, entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind As 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the investment becomes a subsidiary, the Group accounts for its investment in accordance with Ind AS 103 'Business Combination'. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures it at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of the any retained interest and any proceeds from disposing of a part interest is included in the determination of the gain or loss on disposal of the associate or joint venture.

#### **d). Use of estimates and judgements**

i). The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements are made relying on these estimates.

ii). The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on past experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. The critical accounting judgements and key estimates followed by the Company for preparation of financial statements is described in Note 1(C) (w) herein.

The Financial Statements have been prepared on the historical cost basis except for certain Financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS-17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS-2 or value in use in Ind AS-36 .

In addition, for Financial reporting purposes, fair value measurements are categorised into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows :

- Level 1 inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule III to the Companies Act. Based on the nature of Supplies and the time involved in realization of the cash and cash equivalents for the same, the Company has determined its operating cycle as twelve months for the purpose of current – non-current classification of assets and liabilities.

The significant accounting policies are detailed below.

#### **e). Property, Plant and Equipment**

i) . Cost model is adopted for Property, Plant and Equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if (a) it is probable that future economic

benefits associated with the item will flow to the entity and (b) the cost of the item can be measured reliably.

ii). The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any non-refundable import duties and other taxes, any directly attributable expenditure on making the asset ready for its intended use by the Management, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning.

iii). Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to Statement of Profit and Loss in the period in which the costs are incurred.

iv). An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

v). Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the financial statements at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold or Lease hold land is stated historical cost.

#### **f). Intangible Assets**

i). An intangible asset is recognised if, and only if (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and (b) the cost of the asset can be measured reliably as per the assessment of the management.

ii). Intangible assets with finite useful lives that are acquired separately are initially recognized at Cost which comprises of the purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use, and subsequently carried at cost less accumulated amortization and accumulated impairment losses.

iii). Computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year.

iv). An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

#### **g). Depreciation/Amortisation**

i). Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The useful life of an asset is

the period over which an asset is expected to be available for use by an entity.

- ii). Amortisation is recognised on a straight- line basis over the estimated useful lives.
- iii). Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.
- iv). Depreciation and amortization methods, useful lives and residual values are reviewed periodically as appropriate in the views of the management and also at the end of each reporting period and adjusted if required.
- v). Operating Software are amortised over a period of 3 years being their estimated useful life.
- vi). There are no assets under Financial Lease during the Financial year
- vii). Estimated useful lives of the assets, based on technical assessment by the Management, which are different in certain cases from those prescribed in Schedule II to the Act, are as follows:

| <b>Class of Property, Plant and Equipment</b> | <b>Useful Life Estimated by Management</b> | <b>Useful Life as per Schedule II</b> |
|---|--|---------------------------------------|
| Buildings                                     | 5-60 years                                 | 60 Years                              |
| Plant and Equipment                           | 15 years                                   | 15 Years                              |
| Furniture and Fixtures                        | 1-10 years                                 | 10 Years                              |
| Motor Cars and Scooters                       | 4-10 years                                 | 8 Years                               |
| Office Equipment                              | 2 -10 years                                | 5 Years                               |
| Computers                                     |  |                                       |
| Servers & Networks                            | 6 Years                                    | 6 Years                               |
| End Users Devices                             | 3 Years                                    | 3 Years                               |

#### **h). Impairment of tangible and intangible assets other than goodwill**

- i). At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.
- ii). There are no Intangible Assets with indefinite useful lives.

iii). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised immediately in Statement of Profit and Loss.

iv). When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

#### **i). Borrowing Cost**

i). Borrowing costs comprises of interest and other costs that are incurred by the Company in connection with the borrowing of funds and also includes exchange differences to the extent regarded as an adjustment to the finance costs.

ii). Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Qualifying Asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expenses in the Statement of Profit and Loss in the period in which they are incurred.

#### **j). Cash and Cash Equivalents and Cash Flow Statement**

Cash and cash equivalents in the balance sheet comprises of cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank Cash Credits repayable on demand, as they are considered an integral part of the Company's cash management.

Cash flow statements are reported using indirect method and the cash flows from operating, investing and financing activities of the Company are segregated.

#### **k). Inventories**

i). Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

ii). Inventories of stores, spare parts and loose tools are stated at the lower of cost under FIFO method and net realizable value.

iii). Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

#### **l). Revenue Recognition**

i). Revenue is measured at the fair value of the consideration received or receivable.



ii). The Company is engaged in the business of providing Operations and Maintenance ('O&M') services to various power plants and the revenues are governed by the Operations and Maintenance agreements entered with the owners of these power plants. Revenue from Operation and maintenance (O&M) services rendered by the Company to Power Plants Operators are recognised over the period of the contract on straight line method (vide Ind AS 18.25) and unrecognized revenue (received in advance) is shown as unearned revenue.

iii). Revenue from sale of spares and consumables relevant for the O&M services are being incidental to the O&M Services and are recognised on delivery of the same to the customers and no significant uncertainty exists as to its realization.

iv). Other revenues from ancillary activities incidental to the main operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

v). Dividend and interest income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

#### **m). Foreign currency transactions**

i). The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR). The Financial Statements are presented in INR.

ii). In preparing the financial statements of the Company transactions in currencies other than the entity's functional currency (i.e,foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

iii). At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date (closing rate). Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

iv). Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

v). Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise.

#### **n). Employee Benefits**

##### **i) Defined Contribution Plan**

Eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company as the employer makes monthly contributions at a specified percentage of the covered employees' salary. The contributions

are made to the provident fund and pension fund set up by the Government. The Contributions to the Provident fund by the Company are recognized as expenses and included in “Contribution to Provident and Other Fund” under employee benefit expenses in the Statement of Profit and Loss.

## ii) Defined Benefit Plan

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The defined benefit plan for gratuity is unfunded. The liabilities for the gratuity obligations are recognized as expenses in the Statement of Profit and Loss as per the actuarial valuation at the end of the reporting period.

The principal assumption used for Actuarial valuations of gratuity obligations are :

|   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---|------------------------------|------------------------------|
| Discount Rate   | 6.88%                        | 6.45%                        |
| Expected Salary Increment rate                          | 5%                           | 5%                           |
| Average longevity at retirement age-<br>Past services   | 2.92                         | 3.52                         |
| Average longevity at retirement age-<br>Future services | 1.58                         | 1.58                         |

The expenses recognized towards the defined contribution and defined benefit plan, by the Company are:

|                           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------|------------------------------|------------------------------|
| Defined Contribution Plan | Rs.61,58,173                 | Rs.78,08,302                 |
| Defined Benefit Plan      | Rs.1,74,53,969               | Rs.1,85,85,884               |

## o). Taxation

Income Tax expenses represents the aggregate amount included in the determination of Profit or Loss for the period in respect of Current Tax and Deferred Tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive

income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **i) Current Tax**

Current tax is determined on the Taxable Profits for the year chargeable to Income Tax, as per the provisions of Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted, at the applicable tax rates prescribed by said Income Tax laws.

### **ii) Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and same taxation authority.

Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **iii). Minimum Alternative Tax**

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period allowed by the prevailing tax laws for adjustments of the credit with

normal tax liabilities. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the said specified period.

**p). Earning Per Share**

Basic earnings per share is calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

Diluted earnings per share is computed by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**q). Provisions, contingent liabilities and commitments**

i). Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

ii). The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

iii). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

iv). A disclosure for contingent liabilities is made where there is-

- a. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

or

- b. a present obligation that arises from past events but is not recognized because 1). it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or 2). the amount of the obligation cannot be measured with sufficient reliability.
- v). A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
- vi). Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.
- vii). Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.
- viii). Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

## **r). Financial Instruments**

### **i. Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company measures a financial asset or financial liability at its fair value. In the case of a financial asset or financial liability measured not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are adjusted in the value of financial asset or financial liability

### **ii. Classification and subsequent measurement**

#### **a. Financial assets:**

On initial recognition, a financial asset is classified as measured at: - amortised cost; or

- Fair value through other comprehensive income (FVOCI)

- Fair value through profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. A

financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**b. Financial liabilities: Classification, subsequent measurement and gains and losses:**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**iii. Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**v. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

### s). Leases

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

A lease is classified at the inception date as an operating lease. The Company does not have financial lease.

The Company as lessor:

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee:

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (discounted at the interest rate implicit in the lease or at the entity's incremental borrowing rate). The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments under an operating lease shall be recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### t) Critical estimates and judgements in applying accounting policies

#### Key sources of estimation uncertainties:

Useful life and residual value of property, plant and equipment: Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

#### Impairment of property plant and equipment:

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic

and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

**Contingent liabilities:**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. The Claim against the company in respect of service tax is Rs.5,22,00,029/-. The Company has won the first case at CESTAT and hence there is no requirement of contingent liability for this in the future period. Then other cases are similar in nature and hence it is expected to be in favour of the company.

**Fair value measurements:**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

**Defined benefit plans:**

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Lease:**

The Company has offered its immovable property at Srivilliputhur on long term lease to a educational Trust. The said lease is treated as Operating lease as the tenure of the Lease is significantly lesser than the economic life of the Assets leased out, as per the estimate made by the Management.

**Tax:**

The Company is subject to tax, principally in India. The amount of tax payable in respect of any period is dependent upon the interpretation of the relevant tax rules. Whilst an assessment must be made of deferred tax position of each entity within the Company, these matters are inherently uncertain until the position of each entity is agreed with the relevant tax authorities

The Company's pending litigations comprise mainly claims against the Company, property disputes, proceedings pending with Tax and other Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements.



Operational Energy Group India Limited, Chennai  
Notes to Consolidated Financial Statements for the Year ended 31-03-2018  
2 & 2 (A) Property, Plant and Equipment

| Description of Property,<br>Plant and Equipments | Gross Carrying Amount |                     |                       |                      | Depreciations           |                     |                      | Net Carrying<br>Amount as at<br>31-03-2017 | Net Carrying<br>Amount as at<br>31-03-2018 | Net Carrying<br>Amount as at<br>31-03-2016 |
|--|-----------------------|---------------------|-----------------------|----------------------|-------------------------|---------------------|----------------------|--|--|--|
|  | 01-04-2017            |                     | 31-03-2018            |                      | Charged for<br>the Year | Disposals           | 31-03-2018           |  |  |  |
|  | Additions             | Disposals           | 01-04-2017            | 31-03-2018           |                         |                     |                      |  |  |  |
| Land   | 191,563.00            | 13,150.00           | 178,413.00            | -                    | -                       | -                   | -                    | 178,413.00                                 | 191,563.00                                 | 191,563.00                                 |
| Buildings  | 27,199,768.00         | 4,779,300.00        | 31,979,068.00         | 9,678,159.00         | 1,951,738.07            | -                   | 11,629,897.07        | 20,349,170.93                              | 17,521,609.00                              | 17,963,639.00                              |
| Investment Properties (Ref:Note 12.2)            |                       |                     |                       |                      |                         |                     |                      |  |  |  |
| Land   | 94,954.00             | -                   | 94,954.00             | -                    | -                       | -                   | -                    | 94,954.00                                  | 94,954.00                                  | 94,954.00                                  |
| Buildings  | 18,393,902.00         | 382,065.00          | 18,011,837.00         | 11,499,154.00        | 314,272.13              | 256,645.63          | 11,556,780.50        | 6,455,056.50                               | 6,894,748.00                               | 7,257,629.00                               |
| Plant and Machinery                              | 41,756,719.00         | 107,043.40          | 41,863,762.40         | 26,174,107.63        | 404,797.90              | 26,578,905.53       | 26,578,905.53        | 15,284,856.87                              | 15,582,611.37                              | 12,098,563.37                              |
| Tools & Equipment (Ref:Note 12.1)                | 3,418,278.00          | 55,288.01           | 3,473,566.01          | 1,482,410.00         | 1,452,880.82            | 2,935,290.82        | 2,935,290.82         | 538,275.19                                 | 1,935,868.00                               | 1,814,987.00                               |
| Furniture and Fittings                           | 5,297,449.52          | 33,650.00           | 5,331,099.52          | 4,784,221.80         | 78,688.80               | 4,862,910.60        | 4,862,910.60         | 468,188.92                                 | 513,227.72                                 | 3,783,790.00                               |
| Office Equipment                                 | 6,425,188.72          | 746,332.88          | 7,158,521.60          | 5,179,188.88         | 558,521.86              | 6,304.86            | 5,731,405.88         | 1,427,115.72                               | 1,245,999.84                               | 1,089,341.00                               |
| Computers and Peripherals                        | 13,103,713.00         | 1,231,062.10        | 14,334,775.10         | 11,410,084.00        | 734,798.41              | 12,144,882.41       | 12,144,882.41        | 2,189,892.69                               | 1,693,629.00                               | 1,680,403.00                               |
| Motor Vehicles                                   | 20,239,547.71         | 915,992.29          | 20,311,170.00         | 13,218,585.64        | 1,924,512.88            | 782,825.70          | 14,360,272.82        | 5,950,897.18                               | 7,020,962.07                               | 7,432,732.00                               |
| Genset   | 322,157.00            | -                   | 322,157.00            | 118,305.00           | -                       | 118,305.00          | 118,305.00           | 203,852.00                                 | 203,852.00                                 | 248,664.00                                 |
| Solar Power Hybrid with Batteries                | 98,018.00             | -                   | 98,018.00             | 98,018.00            | -                       | 98,018.00           | 98,018.00            | -  | -  | 2984.00                                    |
| Gym Equipment                                    | 64,012.00             | -                   | 64,012.00             | 64,011.00            | -                       | 64,011.00           | 64,011.00            | 1.00                                       | 1.00                                       | 1.00                                       |
| Wind Mill  | -                     | -                   | -                     | -                    | -                       | -                   | -                    | -  | -  | -  |
| <b>Total</b>                                     | <b>136,605,269.95</b> | <b>1,252,585.00</b> | <b>143,221,353.63</b> | <b>83,706,244.95</b> | <b>7,420,210.87</b>     | <b>1,045,776.19</b> | <b>90,080,679.63</b> | <b>53,140,674.00</b>                       | <b>52,899,025.00</b>                       | <b>61,760,309.00</b>                       |

12.1 Fair Value of the Tools & Equipment are considered as Deemed Cost as per Ind AS 101

12.2 Investment Properties represents the Immovable property used for letting and earning rental income

2(B) Intangible Assets

| Description of Intangible Assets | Gross Carrying Amount |           |                     |                   | Amortisation            |           |                   | Net Carrying<br>Amount as at<br>31-03-2017 | Net Carrying<br>Amount as at<br>31-03-2018 | Net Carrying<br>Amount as at<br>31-03-2016 |
|----------------------------------|-----------------------|-----------|---------------------|-------------------|-------------------------|-----------|-------------------|--|--|--|
|                                  | 01-04-2017            |           | 31-03-2018          |                   | Charged for<br>the Year | Disposals | 31-03-2018        |  |  |  |
|                                  | Additions             | Disposals | 01-04-2017          | 31-03-2018        |                         |           |                   |  |  |  |
| Application Softwares            | 300,450.00            | -         | 2,799,144.00        | 273,576.00        | 519,865.00              | -         | 793,441.00        | 2,005,703.00                               | 26,874.00                                  | 85,013.00                                  |
| ERP Software                     | 300,450.00            | -         | 2,799,144.00        | 273,576.00        | 519,865.00              | -         | 793,441.00        | 2,005,703.00                               | 26,874.00                                  | 85,013.00                                  |
| <b>Total</b>                     | <b>300,450.00</b>     | <b>-</b>  | <b>2,799,144.00</b> | <b>273,576.00</b> | <b>519,865.00</b>       | <b>-</b>  | <b>793,441.00</b> | <b>2,005,703.00</b>                        | <b>26,874.00</b>                           | <b>85,013.00</b>                           |

## Operational Energy Group India Limited, Chennai

| Notes to Financial Statements for the Year ended 31-03-2018  | As at 31-03-2018      | As at 31-03-2017      | As at 01-04-2016      |
|--|-----------------------|-----------------------|-----------------------|
| <b>3 Non-Current Investments</b>   |                       |                       |                       |
| <b>Investments in Equity Instruments -Unquoted Subsidiary</b>  |                       |                       |                       |
| 9,800 Nos. (FY: 2015-16-9,800; 2016-17-9,800) Equity Shares of Pacific Technical Service India Limited of Rs.10/- each                   |                       |                       | 98,000.00             |
| Share Application Money with OEG International FZE, Dubai  | -                     | -                     | 11,154,345.07         |
| 3,20,000 Nos. (2015-16: NIL, 2016-17-1,40,000) Equity Shares of Investment in Maxitech Engineering Private Ltd of Rs.10/- each           |                       |                       | -                     |
| <b>Associates</b>  |                       |                       |                       |
| 4,800 Nos. (FY: 2015-16-4,800; 2016-17-4,800) Equity Shares of Thoothukudi Renew Waters Private Limited of Rs.10/- each                  |                       |                       | 48,000.00             |
| <b>Joint Venture</b>   |                       |                       |                       |
| 72,500 Nos. (FY: 2015-16-67,500; 2016-17-67,500) Equity Shares of Shapoorji Pallonji and OEG Services Private Limited of Rs.12.30/- each |                       |                       | 831,000.00            |
| <b>Others</b>  |                       |                       |                       |
| 1 No. (2017-1 and 2016-1) Equity Share of OEG Singapore... Ltd of SGD 44 each  | 44.00                 | 44.00                 | 44.00                 |
| 9,999 Nos. (FY: 2015-16-9,999; 2016-17-9,999) Equity Shares of OEG Solar Energy Private Limited of Rs.10/- each                          | -                     | 99,990.00             | 99,990.00             |
| <b>Investments in Preference Shares -Unquoted (FVTOCI)</b>   |                       |                       |                       |
| 1,12,50,000 Nos. Non-Cummulative Preference Shares of South Ganga Waters Technologies Private Limited of Rs./- each                      | 112,500,000.00        | 112,500,000.00        | 112,582,303.00*       |
| <b>Investments in Government Securities (At Amortised Cost)</b>  |                       |                       |                       |
| National Savings Certificate (Ref.Note 3.1)  | 82,784.00             | 139,718.00            | 41,400.00             |
| Kisav Vikas Patra (Ref.Note 3.1)   | -                     | 43,000.00             | 43,000.00             |
| <b>Total</b>   | <b>112,582,828.00</b> | <b>112,782,752.00</b> | <b>124,898,082.07</b> |
| <b>*Investments waiting Allotment of shares</b>  |                       |                       |                       |
| 3.1 Investments in Government Securities are offered as Security Deposit for Labour License and Sales Tax Department                     |                       |                       |                       |
| 3.2  |                       |                       |                       |
| Aggregate Book Value of Un-Quoted Investments  | 112,582,828.00        | 112,782,752.00        | 124,898,082.07        |

|  |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| Aggregate Impairment in value of Investments                                 | -                    | -                    | -                    |
| 3.3 Investments are fully paid-up unless otherwise stated                    |                      |                      |                      |
| <b>4 Long Term Loans and Advances -Financial Assets</b>                      |                      |                      |                      |
| <b>Related Parties</b>   |                      |                      |                      |
| Refundable Rental Advance  | 5,200,000.00         | 5,200,000.00         | 5,200,000.00         |
| Loans & Advances   | 6,130,118.00         | 6,538,447.00         | -                    |
| <b>Total</b>   | <b>11,330,118.00</b> | <b>11,738,447.00</b> | <b>5,200,000.00</b>  |
| <b>4(A) Long Term Loans and Advances</b>                                     |                      |                      |                      |
| Unsecured considered Good  |                      |                      |                      |
| <b>Others</b>  |                      |                      |                      |
| Security Deposits  | 4,034,581.00         | 3,436,356.00         | 3,435,136.00         |
| Rental Advance   | 1,661,407.00         | 1,905,507.00         | 2,185,300.00         |
| Other Advance  | 5,305,205.00         | 5,555,205.00         | 6,100,418.00         |
| <b>Total</b>   | <b>11,001,193.00</b> | <b>10,897,068.00</b> | <b>11,720,854.00</b> |
| <b>5 Deferred Tax Assets (Net)</b>   |                      |                      |                      |
| <b>Deferred Tax Assets</b>   |                      |                      |                      |
| On Provision for Gratuity & Other Employee Benefits                          | 8,632,000.00         | 11,152,000.00        | 11,589,000.00        |
|  | 8,632,000.00         | 11,152,000.00        | 11,589,000.00        |
| <b>Deferred Tax Liabilities</b>  |                      |                      |                      |
| On Depreciation  | 1,522,000.00         | 2,432,000.00         | 4,769,990.00         |
|  | 1,522,000.00         | 2,432,000.00         | 4,769,990.00         |
| <b>Deferred Tax Assets (Net)</b>   | <b>7,110,000.00</b>  | <b>8,720,000.00</b>  | <b>6,819,010.00</b>  |
| 5.1. Deferred Taxes are computed to the nearest '000                         |                      |                      |                      |
| <b>6 Other Non-Current Assets</b>  |                      |                      |                      |
| Bank Deposits for a maturity period greater than 12 months (Ref.Note 6.1)    | -                    | 54,018.00            | 70,000.00            |
| Service Tax stay deposit (Ref.Note Contingent Liabilities)                   | 4,280,710.00         | 4,280,710.00         | 1,500,000.00         |
| <b>Total</b>   | <b>4,280,710.00</b>  | <b>4,334,728.00</b>  | <b>1,570,000.00</b>  |
| 6.1 The Fixed Deposits is offered as Security Deposit to Sale Tax Department |                      |                      |                      |
| <b>7 Trade Receivables (Financial Asset)</b>                                 |                      |                      |                      |
| <b>Unsecured Considered Good</b>   |                      |                      |                      |
| Outstanding for more than 180 days from the date they are due                |                      |                      |                      |
| Related Parties  | -                    | -                    | -                    |
| Others   | -                    | -                    | 0.78                 |
| Outstanding for less than 180 days from the date they are due                |                      |                      |                      |
| Related Parties  | 10,587,070.42        | 1,316,814.00         | -                    |
| Others   | 498,316,385.04       | 419,681,892.51       | 366,474,633.41       |
| <b>Unsecured Considered Doubtful</b>   |                      |                      |                      |

|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| Related Parties   | -                     | -                     | -                     |
| Others  | -                     | -                     | -                     |
| Less: Allowance for Impairment  | 508,903,455.46        | 420,998,706.51        | 366,474,634.19        |
| <b>Total</b>  | <b>508,903,455.46</b> | <b>420,998,706.51</b> | <b>366,474,634.19</b> |
| <b>8 Cash and Cash Equivalents (Financial Asset)</b>  |                       |                       |                       |
| Balance with Banks  | 132,527,027.85        | 78,438,872.03         | 9,955,964.00          |
| Cash on Hand  | 295,474.00            | 318,445.00            | 235,938.00            |
| Cheques on Hand   | -                     | -                     | -                     |
| Bank Fixed Deposit with maturity of period less than 3 months (Ref.Note 8.1)  | 57,777,040.00         | 64,801,901.00         | 47,584,320.00         |
| <b>Total</b>  | <b>190,599,541.85</b> | <b>143,559,218.03</b> | <b>57,776,222.00</b>  |
| 8.1 Fixed Deposits with Banks are as margin money for the Bank Guarantee and Working Capital facilities availed from Banks. The balance includes accrued interest |                       |                       |                       |
| <b>9. Loans and Advances - Financial Assets</b>   |                       |                       |                       |
| Unsecured considered Good   |                       |                       |                       |
| Security Deposits and EMD   | -                     | 250,000.00            | 100,000.00            |
| Retention money and other Job Advances  | 12,200,819.37         | 25,289,521.53         | 16,390,048.64         |
| <b>Total</b>  | <b>12,200,819.37</b>  | <b>25,539,521.53</b>  | <b>16,490,048.64</b>  |
| <b>9(A).Other Loans and Advances</b>  |                       |                       |                       |
| Unsecured considered Good   |                       |                       |                       |
| Advances to Related Parties   | 8,078,284.09          | 9,297,620.00          | 15,837,914.00         |
| Advance to Suppliers  | 7,469,936.23          | 25,574,462.68         | 11,581,434.00         |
| <b>Total</b>  | <b>15,548,220.32</b>  | <b>34,872,082.68</b>  | <b>27,419,348.00</b>  |
| <b>10 Current Tax Assets</b>  |                       |                       |                       |
| Income Tax (Net of Provision)   | 56,222,376.95         | 61,275,596.69         | 60,118,434.26         |
| <b>Total</b>  | <b>56,222,376.95</b>  | <b>61,275,596.69</b>  | <b>60,118,434.26</b>  |
| <b>10(A) Other Current Assets</b>   |                       |                       |                       |
| Prepaid Value Added Taxes   | 31,010,016.00         | 12,474,712.00         | 14,584,601.74         |
| Advance Payment to Credit Cards   | -                     | -                     | 271,258.00            |
| <b>Total</b>  | <b>31,010,016.00</b>  | <b>12,474,712.00</b>  | <b>14,855,859.74</b>  |
| <b>11. Share Capital</b>  |                       |                       |                       |
| <b>Equity Share Capital</b>   |                       |                       |                       |
| <b>Authorised</b>   |                       |                       |                       |
| 1,40,00,000/- (2017 : 1,40,00,000 and 2016 : 40,00,000)<br>Equity Shares of Rs.10/- each  | 140,000,000.00        | 140,000,000.00        | 40,000,000.00         |
| <b>Issued</b>   |                       |                       |                       |
| 1,30,41,800 (2017 : 1,30,41,800 and 2016 :33,00,000)<br>Equity Shares of Rs.10/- each   | 130,418,000.00        | 130,418,000.00        | 33,000,000.00         |
| <b>Subscribed and fully paid up</b>   |                       |                       |                       |
| 1,30,41,800 (2017 : 1,30,41,800 and 2016 :33,00,000)<br>Equity Shares of Rs.10/- each   | 130,418,000.00        | 130,418,000.00        | 33,000,000.00         |
| <b>Total</b>  | <b>130,418,000.00</b> | <b>130,418,000.00</b> | <b>33,000,000.00</b>  |

| <b>11.1 Reconciliation of number of Equity Shares subscribed</b> |                   |                   |                  |
|--|-------------------|-------------------|------------------|
| Balance at the beginning of the year                             | 13,041,800        | 3,300,000         | 3,300,000        |
| Add: Shares issued during the year for cash                      | -                 | 9,741,800         | -                |
| <b>Balance at the end of the year</b>                            | <b>13,041,800</b> | <b>13,041,800</b> | <b>3,300,000</b> |

### 11.2 Terms/Rights attached to Equity Shares

The company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors, if any for a year, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

11.3 Shareholders other than the Holding/ Associate Company holding more than 5% of the equity share capital

Equity Shares of Rs.10/- each fully paid:

Ramesh.S : 50,81,800 (2017-50,81,800 shares and 2016-3,37,000 Shares) shares aggregating to 38.97% (2017- 38.97% and 2016-10.21%)

Sudarshan.R : 6,16,300 (2017-6,16,300 shares and 2016- 616,300 Shares) shares aggregating to 4.73% (2017- 4.73% and 2016-18.67%)

Usha Ramesh : 9,25,200 (2017-9,25,200 shares and 2016- 25,200..Shares) shares aggregating to 7.09% (2017- 7.09% and 2016- 0.19%)

Premier International Limited : 14,91,800 (2017-14,91,800 shares and 2016-.0.Shares) shares aggregating to 11.44% (2017- 11.44% and 2016-0%)

South Ganga Waters Technology Private Limited :26,05,200 (2017-26,05,200 shares and 2016-.0.Shares) shares aggregating to 19.98% (2017- 19.98% and 2016-0%)

| <b>12 Reserves and Surplus</b>                            |                       |                       |                      |
|---|-----------------------|-----------------------|----------------------|
| <b>Retained Earnings</b>                                  |                       |                       |                      |
| Opening Balance (Ref.Note 3.1 below)                      | 131,946,917.37        | 94,840,948.00         | 89,504,952.62        |
| Ind AS Adjustments  | -                     | -                     | 8,534,180.38         |
| Add : Adjustments for Changes in Subsidiaries             | -                     | 2,789,014.18          | -                    |
| Add : Net Profit for the Year                             | 66,366,984.17         | 34,316,955.19         | - 3,198,185.00       |
| Less: Minority Interest                                   |                       |                       |                      |
| <b>Closing Balance</b>                                    | <b>198,313,901.54</b> | <b>131,946,917.37</b> | <b>94,840,948.00</b> |
| <b>13. Share Application money pending allotment</b>      |                       |                       |                      |
| Share Application money Pending Allotment (Ref.Note 13.1) | -                     | -                     | 97,418,000.00        |
| <b>Total</b>  | <b>-</b>              | <b>-</b>              | <b>97,418,000.00</b> |

13.1 Share Application money pending allotment represents shares to be allotted to the shareholders of Transferor company in the scheme of demerger

| <b>14 Long Term Borrowings (Financial Liabilities)</b>          |                       |                       |                      |
|---|-----------------------|-----------------------|----------------------|
| <b>Secured</b>  |                       |                       |                      |
| Term Loan from Banks (Ref.Note 14.1 & 14.5)                     | 207,393.00            | 286,421.00            | 7,567,611.00         |
| Vehicle Loan from Banks (Ref.Note 14.2 & 14.6)                  | -                     | -                     | -                    |
| Vehicle Loan from Financial Institutions (Ref.Note 14.2 & 14.6) | 3,115,818.95          | 4,766,170.44          | 6,246,513.95         |
| <b>Unsecured</b>  |                       |                       |                      |
| From Related Parties (Ref.Note 14.5)                            | 2,300,000.00          | 3,200,000.00          | 14,184,905.00        |
| Term Loans from Banks (Ref.Note 14.6)                           | 28,114,758.18         | 30,138,046.36         | 12,592,311.56        |
| Mobilisation Advance  | 57,235,625.00         | 76,094,451.00         |                      |
| Term Loans from Financial Institutions (Ref.Note 14.6)          | 31,554,860.33         | 35,784,261.50         | 39,507,651.91        |
| <b>Total</b>  | <b>122,528,455.46</b> | <b>150,269,350.30</b> | <b>80,098,993.42</b> |

### Nature of Security Offered

14.1 Secured Term Loan from Bank represents Working Capital Term Loan availed from Axis Bank and is secured by hypothecation of lien free movable assets of the Company and by Equitable Mortgage of the immovable property of Mr.S.Ramesh situated at Adyar, Chennai-20 offered by him as collateral security and also Personal Guarantee by Mr.S.Ramesh and Mrs.Usha Ramesh.

14.2 Secured Vehicles loans from Banks and Financial institutions are secured by Hypothecation of the Vehicles bought with the loan proceeds.

### Repayment Terms

14.3 Working Capital Term Loan from Axis Bank is repayable at 11.15% interest rate in Equated Monthly Installments (EMI).

14.4 Vehicle Loans from Financial Institutions are repayable at 10.25% interest rate (Average) in Equated Monthly Installments (EMI).

14.5 Unsecured Loan from Related Parties are repayable Nil And the applicable interest rate is Nil

14.6 Unsecured Loan from Financial Institutions are repayable at 12.25% interest rate (Average) in Equated Monthly Installments (EMI)

|  |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| <b>15 Other Long Term Liabilities</b>  |                      |                      |                      |
| <b>Total</b>   | -                    | -                    | -                    |
| <b>16 Long Term Provisions</b>   |                      |                      |                      |
| Provision for Garranty Liabilities (Ref.Note 16.1)   | 17,453,969.00        | 18,585,884.00        | 13,373,831.00        |
| <b>Total</b>   | <b>17,453,969.00</b> | <b>18,585,884.00</b> | <b>13,373,831.00</b> |
| 16.1 The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. |                      |                      |                      |

|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| <b>17 Short Term Borrowings - Financial Liabilities</b> |                       |                       |                       |
| Over Draft facilities from Banks (Ref.Note 17.1)        | 220,132,893.28        | 138,226,709.82        | 159,013,102.48        |
| <b>Total</b>  | <b>220,132,893.28</b> | <b>138,226,709.82</b> | <b>159,013,102.48</b> |

17.1 Over Draft from Banks Represents Overdraft facilities availed from Axis Bank for a limit of Rs 18 Crores (Eighteen Crores Rupees Only), Indian Overseas Bank for a limit of Rs 2 Crore (Two Crores Rupees only) and are secured by hypothecation charge on stocks and receivables of the company and secured by hypothecation of lien free movable assets of the Company and by Equitable Mortgage of the immovable property of Mr.S.Ramesh situated at Adyar, Chennai-20 offered by him as collateral security and also Personal Gurantee by Mr.S.Ramesh and Mrs.Usha Ramesh.

|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| <b>18 Trade Payables</b>  |                       |                       |                       |
| Total outstanding dues of micro enterprises and small enterprises (Ref.Note 18.1)                   | -                     | -                     | -                     |
| Total outstanding dues of creditors other than micro enterprises and small enterprises              |                       |                       |                       |
| Related Parties   | -                     | 5,978.00              | -                     |
| Others  | 151,528,878.22        | 91,791,348.50         | 64,001,834.00         |
| <b>Total</b>  | <b>151,528,878.22</b> | <b>91,797,326.50</b>  | <b>64,001,834.00</b>  |
| 18.1 Based on the review of the Company, there are no Trade Payables to Micro and Small Enterprises |                       |                       |                       |
| <b>19 Other Current Liabilities - Financial Liabilities</b>   |                       |                       |                       |
| Current Maturities of Long Term Borrowings (Ref.Note 14)  | 7,903,040.90          | 14,438,268.92         | -                     |
| <b>Total</b>  | <b>7,903,040.90</b>   | <b>14,438,268.92</b>  | <b>-</b>              |
| <b>19(A) Other Current Liabilities</b>  |                       |                       |                       |
| Statutory Liabilities   | 25,195,173.08         | 87,544,179.22         | 62,061,149.00         |
| Salary, Bonus & Expenses Payable  | 97,513,433.03         | 92,480,027.92         | 94,650,945.00         |
| Retention Money, Deposits & Advances  | -                     | 550,787.00            | 25,537,434.00         |
| <b>Total</b>  | <b>122,708,606.11</b> | <b>180,574,994.14</b> | <b>182,249,528.00</b> |
| <b>20 Short Term Provisions</b>   |                       |                       |                       |
| Provision for Bonus and Leave Salary  | 43,088,684.64         | 43,145,984.13         | 23,374,007.00         |
| <b>Total</b>  | <b>43,088,684.64</b>  | <b>43,145,984.13</b>  | <b>23,374,007.00</b>  |

|   | As at 31-03-2018        | As at 31-03-2017        |
|---|-------------------------|-------------------------|
| <b>21 Revenue from Operations</b>           |                         |                         |
| <b>From Sales</b>                           |                         |                         |
| Sale of Maintenance Spares & Components     | 171,845,112.45          | 27,611,073.00           |
| <b>From Services</b>                        |                         |                         |
| Operation and Maintenance Fees              | 1,384,473,027.36        | 1,508,560,014.00        |
| <b>Total</b>                                | <b>1,556,318,139.81</b> | <b>1,536,171,087.00</b> |
| <b>22 Other Income</b>                      |                         |                         |
| <b>Interest Income from</b>                 |                         |                         |
| Bank Deposits                               | 3,762,393.00            | 15,647,084.00           |
| Income Tax on Refunds                       | 714,943.00              | 843,809.61              |
| Others                                      | -                       | 5,764,167.00            |
| <b>Other non-operating Income</b>           |                         |                         |
| Profit on Sale of Fixed Assets              | 4,169,430.63            | 7,585.00                |
| Foreign Exchange Fluctuation Gain           | 2,634,148.86            | 3,090,976.09            |
| Miscellaneous Income                        | -                       | 37,913.00               |
| <b>Total</b>                                | <b>11,280,915.49</b>    | <b>25,391,534.70</b>    |
| <b>23 Purchases of Stock in Trade</b>       |                         |                         |
| Purchase of Maintenance Spares & Components | 166,639,913.39          | 133,892,150.82          |
| <b>Total</b>                                | <b>166,639,913.39</b>   | <b>133,892,150.82</b>   |
| <b>24 Changes in Stock in Trade</b>         |                         |                         |
| <b>Opening Stock</b>                        |                         |                         |
| Maintenance Spares & Components             |                         | -                       |
|   | -                       | -                       |
| <b>Closing Stock</b>                        |                         |                         |
| Maintenance Spares & Components             |                         | -                       |
| <b>Total</b>                                | <b>-</b>                | <b>-</b>                |
| <b>25 Employee Benefit Expenses</b>         |                         |                         |
| Salaries and Wages                          | 750,006,749.22          | 931,151,539.40          |
| Contribution to Provident and Other Funds   | 46,081,387.00           | 60,174,342.00           |
| Staff Welfare Expenses                      | 87,717,910.24           | 83,730,374.70           |
| <b>Total</b>                                | <b>883,806,046.46</b>   | <b>1,075,056,256.10</b> |
| <b>26 Finance Charges</b>                   |                         |                         |
| Interest Expenses                           | 29,494,006.68           | 26,800,065.22           |
| Interest on Income Tax Demand               | -                       | -                       |
| <b>TOTAL</b>                                | <b>29,494,006.68</b>    | <b>26,800,065.22</b>    |
| <b>27 Depreciation and Amortisation</b>     |                         |                         |
| Depreciation                                | 7,940,075.87            | 7,065,785.00            |



|   |                     |                     |
|---|---------------------|---------------------|
| Amortisation                                |                     | 61,039.00           |
| <b>TOTAL</b>                                | <b>7,940,075.87</b> | <b>7,126,824.00</b> |
| <b>28 Other Expenses</b>                    |                     |                     |
| <b>Operating Expenses (A)</b>               |                     |                     |
| Consumables & Tools                         | 4,105,251.00        | 20,704,427.18       |
| Diesel Expenses                             | 32,724,806.00       | 65,321,343.78       |
| Testing, Inspection and Calibration Charges | 83,133.00           | 1,656,726.00        |
| Other Operating Expenses                    | -                   | -                   |
| <b>Other Expenses (B)</b>                   |                     |                     |
| Power and Fuel Charges                      | 3,245,110.00        | 2,507,017.00        |
| Rent Paid                                   | 7,343,720.00        | 8,311,453.00        |
| Rates and Taxes                             | 19,126,983.86       | 19,663,682.00       |
| Insurance Charges                           | 1,633,898.00        | 1,000,375.00        |
| Repairs & Maintenance                       |                     |                     |
| -Buildings                                  | 1,387,211.75        | 4,321,284.00        |
| -Equipments                                 | 8,739,478.66        | 67,450,228.00       |
| -Others                                     | -                   | -                   |
| Security Service Charges                    | 2,629,798.08        | 2,083,554.00        |
| Communication Expenses                      | 4,969,365.29        | 6,353,157.00        |
| Directors' Sitting Fee                      | 295,000.00          | 155,211.00          |
| Printing & Stationery                       | 2,408,932.25        | 4,024,077.61        |
| Professional Charges                        | 165,857,234.00      | 7,221,581.00        |
| Payments to Auditors (Ref. note 28.1)       | 987,144.00          | 540,250.00          |
| Subscriptions                               | 273,718.00          | 112,017.00          |
| Books and Periodicals                       | 70,371.00           | 135,688.00          |
| Business Promotion Expenses                 | 19,189,216.99       | 9,437,121.00        |
| Bad Debts                                   | 82,223,353.00       | -                   |
| Advertisement Expenses                      | 705,418.00          | 770,110.00          |
| Bank Charges                                | 457,006.86          | 448,625.11          |
| Donation                                    | -                   | 5,000.00            |
| CSR Expenses (Ref.Note 28.2)                | 1,090,410.00        | 330,000.00          |
| Travelling and Conveyance Expenses          | 28,933,611.27       | 42,013,905.07       |
| Vehicle Repairs and Maintenance Expenses    | 4,027,509.35        | 1,197,191.00        |
| Pooja Expenses                              | 884,111.81          | 421,039.00          |
| Legal Fees                                  | 4,464,837.00        | 996,697.00          |
| Licenses and Permits                        | 806,461.00          | 261,356.00          |
| Miscellaneous Expenses                      | 1,394,467.28        | 2,631,672.60        |

|                              |                       |                       |
|------------------------------|-----------------------|-----------------------|
| Financial Services - Lebanon | 3,414,600.00          | -                     |
| Loss on Sale of Fixed Assets | 27,676.94             | 65,327.00             |
| Director remuneration        | 3,314,524.00          | 3,631,826.00          |
| <b>TOTAL</b>                 | <b>406,814,358.39</b> | <b>273,771,941.35</b> |

28.1 Payment to Auditors represents fee for Statutory audits

28.2 Though the Company is not subject to mandatory compliance with the provisions of the Companies Act 2013 on CSR, the company has on its own interest constituted a Corporate Social Responsibility Committee and has a very passionate view of corporate social responsibility. The voluntary CSR spends of the Company during the year are as given under

| CSR Spending   | 31-03-18     | 31-03-17   |
|--|--------------|------------|
| Amount required to be spent during the year as per Section 135 | -            | -          |
| Amount Spent during the year on:                               |              |            |
| (i) Construction/acquisition of any asset                      |              |            |
| (ii) On purposes other than (i) above                          | 1,090,410.00 | 330,000.00 |

| 29. Earning Per Share                        | 31-03-2018    | 31-03-2017    |
|--|---------------|---------------|
| Profit After Tax (PAT)                       | 66,366,984.17 | 34,316,954.82 |
| Weighted average number of shares            | 13,041,800    | 13,041,800    |
| Earning Per Share (Face value Rs.10/- each ) |               |               |
| Basic  | 5.09          | 2.63          |
| Dilluted                                     | 5.09          | 2.63          |

30. Operating Lease

Leasing of Immovable properties is treated as Operating lease as the tenure of the Lease is significantly lesser than the economic life of the Assets leased out

**Note No.31- Inventories as at the reporting date:**

Normally the Company procures inventories and other consumables for rendering its O&M services and for sales, being incidental activity in connection with the O&M service contracts, as and when the requirements arises. No inventory was lying with the Company at the year end.

**Note No.32- Business Combinations:**

The company does not have any Business Combinations.

**Note No.33 – Scheme of Arrangements:**

There has been no Scheme of Arrangements entered into between the Company and its Subsidiaries.

**Note No. 34 - Capital management & Risk Management Strategies:**

**i)Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**ii).Capital management**

The Company being in a O&M service industry which requires huge working capital for its operation, its objective is to maintain a strong credit rating healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Company's capital requirement is mainly to fund its working capital, repayment of principal and interest on its borrowings and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding through borrowings from Banks & Financial Institutions.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and align maturity profile of its debt commensurate with life of the asset and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

**Financial risk management**

The Company's Corporate Treasury function provides services to the business, co-ordinates access

to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company. These risks include (i) Credit risk, (ii) Liquidity risk and (iii) Market risk

The Company seeks to minimise the effects of these risks by using periodic monitoring and action plans to cover up risk exposures, wherever required. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. No amount has been recognised in the financial position as financial liabilities.

The carrying amount of following financial assets represents the maximum credit exposure:

### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry.

Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers based on which the Company agrees on the credit terms with customers in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience for customers.

| Particulars           | Age of receivables         |                            |                           |
|-----------------------|----------------------------|----------------------------|---------------------------|
|                       | As at 31st March ,<br>2018 | As at 31st March ,<br>2017 | As at 1st April ,<br>2016 |
| With in credit period |                            |                            |                           |
| 1-30 days past due    | 2361.54                    | 2187.55                    | 2358.94                   |
| 31-60 days past due   | 492.48                     | 855.96                     | 326.30                    |
| 61-90 days past due   | 215.54                     | 226.54                     | 242.82                    |
| 91-180 days past due  | 2019.87                    | 939.93                     | 736.68                    |
| <b>Total</b>          | <b>5089.03</b>             | <b>4209.98</b>             | <b>3664.74</b>            |

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

As of now, the Company have not entered into any sort of derivative contracts, in order to manage market risks.

### Note No.35- Finance Lease Receivable

The Company does not have any finance lease receivable.

### Note No.36 - Related Party Disclosure

#### a).List of Related Parties and nature of relationship

| Related Party    | Nature of Relationship |
|------------------|------------------------|
| Usha Ramesh      | Wife of Mr.S.Ramesh    |
| Sudarshan Ramesh | Son of Mr.S.Ramesh     |

#### b). Transaction with related parties

| Related Party          | Nature of Transaction | 31-03-2018 | 31-03-2017 |
|------------------------|-----------------------|------------|------------|
| S.Ramesh - KMP         | Remuneration          | 33,14,524  | 31,98,706  |
| S.Ramesh - KMP         | Rent Payment          | 58,10,600  | 65,31,600  |
| Sudarshan Ramesh - KMP | Remuneration          | 12,39,960  | 12,39,960  |
| Sudarshan Ramesh - KMP | Rent Payment          | 2,50,000   | 6,00,000   |

#### Note

i). Related party relationships have been identified by the management and relied upon by the Auditors.

ii).Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts.

### Note No. 37 - Disclosure as per Ind AS 101 First-time adoption of Indian Accounting Standards:

#### Overall principle:

The Company has prepared the opening balance sheet as per Ind AS as of 1st April, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not

recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below:

**i. Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind ASs shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Accordingly the Company adopted consistent estimates as adopted in previous GAAP except in case of any error found in the estimates under previous GAAP.

**ii. Past Business Combination**

Appendix C, para C1 to IndAS 101 permits the first-time adopter to elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs). The Company opted for the same for the Demerger of a Power Plant O&M Division of OEG India Private Limited that took place in 2014.

**iii. Deemed Cost**

Ind AS 101 permits an entity to elect to measure an item of property, plant and equipment at the date of transition to Ind ASs at its fair value and use that fair value as its deemed cost at that date, similar the option in case of investment property, investment in subsidiaries, associates and Joint ventures. The Company elected the option for the Property, Plant and Equipment, Investment Properties and Investments in Subsidiaries, Associates and Joint Venture. In case of Tools & Equipment the Company used fair value in its opening Ind AS Balance sheet and due effect has been given in the retained earnings vide Note 31 read with 32.

**iv. Classification and measurement of Financial Assets**

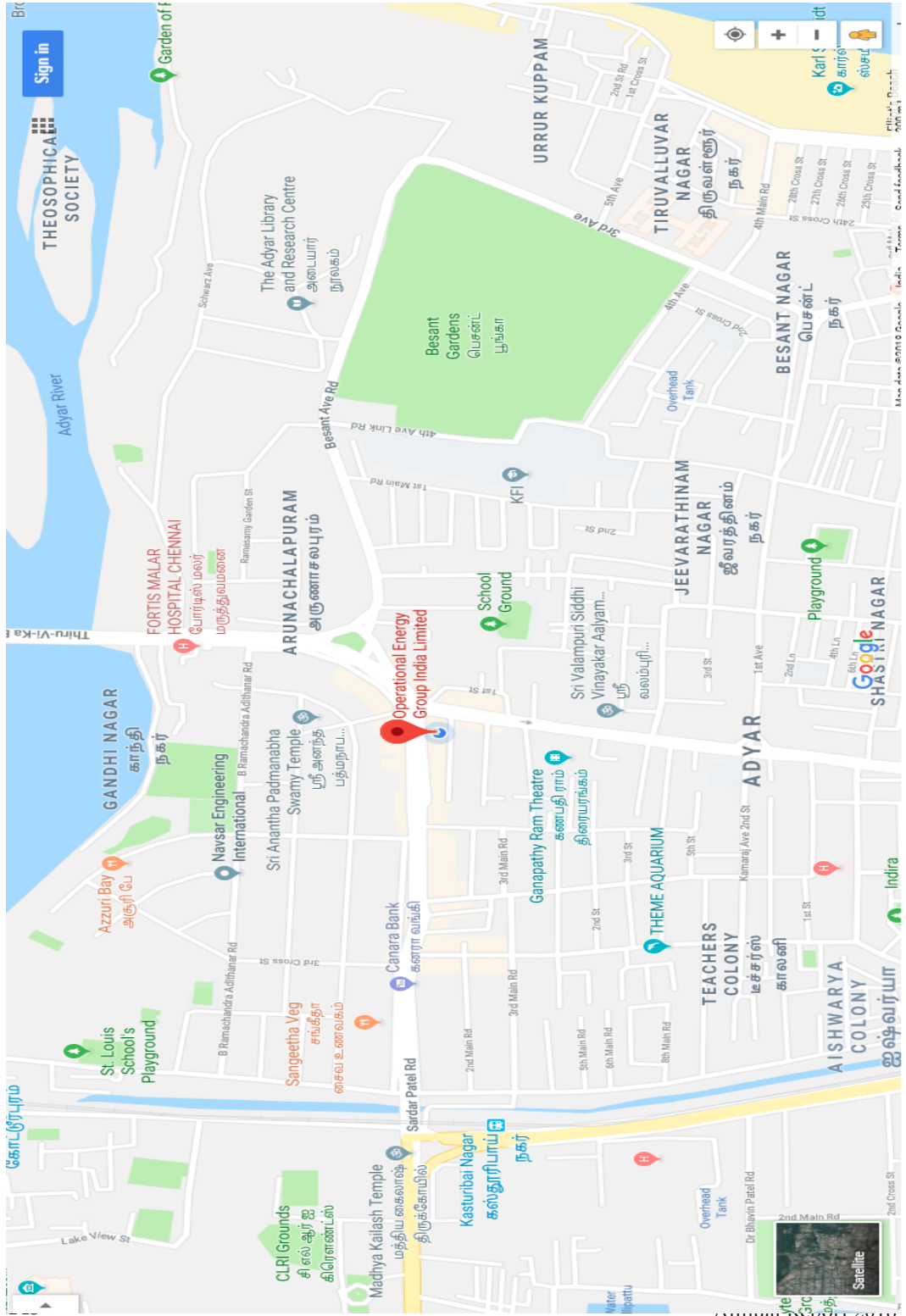
Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost on facts and circumstances existing at the date of transition if retrospective application is impracticable. The Company has classified the financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

**v. Cumulative translation difference**

Ind AS 101 permits a first-time adopter need not comply with the requirements of Ind AS 21 for cumulative translation differences that existed at the date of transition to Ind ASs. The Company opted for the exception and the cumulative translation difference has been deemed as zero.

**Note No. 38 - Approval of financial statements:**

The financial statements were approved for issue by the board of directors 28.05.2018.



**OPERATIONAL ENRGY GROUP INDIA LIMITED**  
**(Formerly Sri Balaganapathy Mills Limited)**  
**CIN: U40100TN1994FLC028309**  
**A 5<sup>th</sup> FLOOR, GOKUL ARCADE-EAST WING,**  
**NO. 2 & 2A, SARDAR PATEL ROAD, ADYAR, CHENNAI - 600020**  
**PROXY FORM (Form No. MGT-11)**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the companies (Management and Administration) Rules, 2014]

|                        |  |
|------------------------|--|
| Name of the Member(s): |  |
| Registered Address:    |  |
| Email Id:              |  |
| Folio No/ Client Id:   |  |
| DP ID:                 |  |

I/We, being member(s) of .....of shares of the above named company, hereby appoint:

1. Name:.....  
 Address:.....  
 E-Mail:.....  
 Signature:.....,or failing him
2. Name:.....  
 Address:.....  
 E-Mail:.....  
 Signature:.....

As my/our proxy to attend and vote (on a poll) for rise/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, 21<sup>ST</sup> September, 2018 at 2.00 PM A, 5th floor, Gokul Arcade - East Wing, No.2& 2A, Sardar Patel Road, Chennai - 600 020 in the state of Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

**Ordinary Business**

1. Adoption of Audited Financial Statements, Reports of the Board of Directors and Auditors thereon for the year ended 31<sup>st</sup> March, 2018
2. To appoint M/s Padmanabhan Ramani & Ramanujam as the Statutory Auditor of the Company and fixing their remuneration.
3. To appoint a Director in place of Mrs. Usha Ramesh who retires by rotation and being eligible, offers herself for re -appointment.

**Special Business:**

4. To alter the object clause of the Memorandum of Association (MoA) of the Company

Signed this .....day of.....2018

Signature of Shareholder(s).....

Signature of Proxy holder(s).....

**NOTE:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**ATTENDANCE SLIP**  
(To be presented at the entrance duly signed)  
**OPERATIONAL ENERGY GROUP INDIA LIMITED**  
(CIN: U40100TN1994FLC028309)

Regd. Office: A, 5<sup>th</sup> Floor, Gokul Arcade – East Wing, No. 2 & 2A, Sardar Patel Road, Adyar, Chennai – 600020.

Website: [www.oegindia.com](http://www.oegindia.com)

| 24 <sup>TH</sup> ANNUAL GENERAL MEETING |  |
|---|--|
| Regd. Folio/DP ID & Client ID           |  |
| Name and Address of the Shareholder     |  |

- 1) I/We hereby record my/our presence at the 24<sup>th</sup> Annual General Meeting of the Company being held on Friday, 21<sup>st</sup> September, 2018 at 2.00 p.m. at A 5<sup>th</sup> Floor, Gokul Arcade – East Wing, No. 2 & 2A, Sardar Patel Road, Adyar, Chennai – 600020.
- 2) Signature of the shareholder/Proxy present
- 3) Shareholder/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

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**ELECTRONIC VOTING PARTICULARS**

| Electronic Voting Sequence Number (EVSN) | User ID                             | Password/PIN  |
|--|-------------------------------------|---|
| 180809020                                | Please enter your DPID/CL ID/ Folio | Use your existing password or enter your pan with Bank A/c. No. / Date of Birth |

Note: Please refer to the instructions printed under Notes to the Notice of 24<sup>th</sup> Annual General Meeting. The Voting period starts from 09.00 a.m. (IST) on 18<sup>th</sup> September, 2018 and ends at 5.00 p.m. 20<sup>th</sup> September, 2018. The Voting module shall be disabled by CDSL for voting thereafter.

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**OEG**  
**OPERATIONAL EXCELLENCE**

# **OPERATIONAL ENERGY GROUP INDIA LIMITED**

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