

DIRECTORS REPORT

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

Your Directors have pleasure in presenting the Twenty Second Board's Directors Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2016.

FINANCIAL HIGHLIGHTS

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

Particulars	Consolidated	(Rs. In Lacs)	
		Standalone	
Particulars	2015-16	2015-2016	2014-15
Gross Income	13989.92	13962.54	12017.18
Profit Before Interest and Depreciation	823.25	820.76	738.81
Finance Charges	283.00	282.86	309.73
Profit before depreciation and taxes	540.25	537.90	429.08
Provision for Depreciation	173.36	154.19	101.00
Net Profit Before Tax	366.89	383.71	328.08
Provision for Tax	145.44	142.41	59.78
Net Profit After Tax	221.45	241.30	268.30
Balance of Profit brought forward	641.62	653.75	385.45
Balance available for appropriation	0.00	0.00	0.00
Proposed Dividend on Equity Shares	0.00	0.00	0.00
Tax on proposed Dividend	0.00	0.00	0.00
Transfer to General Reserve	0.00	0.00	0.00
Surplus carried to Balance Sheet	863.07	895.05	653.75

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

The Company has performed well during the year under review in spite of difficult industrial environment. The turnover and EBITDA has increased by 16% and 11% respectively.

The Company has added new clients in India, Sri Lanka and Bangladesh apart from expanding its business in Saudi Arabia.

Your Directors are confident that the Company's performance will enhance further in the future owing to the addition of new clients and new countries. Active marketing is being done in the Middle East to enhance the client base in that region. Your Directors are hopeful that the efforts will yield desirable results in the years to come.

POSTAL BALLOT:

The Company had proposed a Postal Ballot seeking the Shareholders approval by way of Special Resolutions to adopt new articles of association, increase in authorised share capital, alter the capital clause & the Objects Clause of the Memorandum of Association, increase the borrowing limits up to Rs.140 crores, create charges on movable & immovable property, shift registered office from one district to another, to give loans or guarantees or provide securities in connection with loan made to other body corporate. Postal Ballot Notice was issued to the shareholders separately.

The result of the Postal Ballot Polling was scrutinized by M/S VKS Associates, Mr.V.K.Shankaramann Practicing Company Secretary based on the Postal Ballot papers received from the Shareholders. All the resolutions were declared approved by the Scrutinizer.

CHANGE IN NATURE OF BUSINESS, IF ANY

Consequent to Court approved Scheme of Arrangement, our Company has acquired the business of Operational Energy Group India Private Limited in the field of Energy O&M Division as a going concern and accordingly the existing object clause has been modified through Postal Ballot to fall in line with the business parameters. Accordingly new object clause has been inserted in place of the existing objects along with the change of name as Operational Energy Group India Limited as confirmed by the Hon'ble High Court,

Madras .This has been approved by Ministry of Corporate Affairs, Office of the Registrar of Companies, Chennai on 11.05.2016.

DIVIDEND

Your Directors do not recommend any dividend for this financial year. The provisions of Section 125(2) of the Companies Act, 2013 do not apply as no dividend was declared and paid during last year.

AMOUNTS TRANSFERRED TO RESERVES

The Board has not proposed any amount to be carried to reserves.

CHANGES IN SHARE CAPITAL, IF ANY

At present the Authorized share capital of your company as on 31st March 2016 was Rs.4 Crores, the paid up equity share capital of your company was Rs. 3.30 Crores. Your company has not issued any equity shares during the year under review. However Scheme of Arrangement between M/S Operational Energy Group India Private Limited and M/s OEG Solar Energy Private Limited and M/s Sri Balaganapathy Mills Limited which was sanctioned by the Honorable High Court of Madras vide the court order dated 08.02.2016 in C.P.No.509 to 511/2015 from 01st day of April 2013 dated 08th February 2016 vide and accordingly both the Authorised and Paid up capital has been raised through Postal Ballot as mentioned in supra and allotment was made based on the ratio as confirmed and approved by Hon'ble High Court vide the court in order C.P.No 509 to 511/2015.

INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY

Details of the Companies which have become / ceased to be its Subsidiary/ JV/ Associate Company:

S.No	Name	Status Subsidiary / JV/ Associate Company	Date of becoming Subsidiary/ JV/ Associate Company	Date of ceasing as Subsidiary/ JV/ Associate Company
1	OEG Solar Energy Private Limited	Subsidiary	29.11.2012	Nil
2	Shapoorji Palonji and OEG India Private Limited	Joint Venture	31.03.2015	Nil
3	Pacific Technical Services India Private Limited	Subsidiary	31.12.2015	Nil

4	Thoothukudi Renew Waters Private Limited	Associate	16.08.2013	Nil
----------	--	-----------	------------	-----

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

THE EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith for your kind perusal and information. **(Annexure: 1)**

MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2015-16, the Company held 4 board meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below.

S NO.	QUARTER	DATE OF MEETING	BOARD STRENGTH	NO. OF DIRECTORS PRESENT
1	April-June	20/08/2015	4	2
2	July-September	11/09/2015	4	3
3	October-December	10/12/2015	4	4
4	January-March	23/02/2016	4	2

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the

Company confirms that-

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors have prepared the annual accounts on a going concern basis; and
- (e) Company's shares being unlisted sub clause (e) of section 134(3) is not applicable.
- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND REPORT THEREON

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s Sri & Co, Chartered Accountants, the Statutory Auditors of the Company have been appointed for a term of 5 years. However, their 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 Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company.

Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting.

There are qualifications in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory.

The Board of Directors response to the qualification in the Audit report is given below: Paragraph 3 (a) of the Annexure to the Auditors' Report comments about the loans and advances given to a company. The scheme of arrangement under Section 391 to 394 of

the Companies Act 1956, between Operational Energy Group India Private Limited, OEG Solar Energy Private Limited and Sri Balaganapathy Mills Limited (CP No 509,510 and 511 of 2015) was confirmed and approved by Hon'ble High Court of Madras on 8 th February 2016. The scheme became effective on 29th March 2016, on approval from Registrar of Companies, Chennai. The company has already initiated actions to get the loan converted to Preference Shares during the current Financial Year 2016-17.As mentioned in supra, consequent to the conversion, the terms and conditions are being crystallized and will not have impact on the financials as envisaged.

As regards the comments on paragraph 3(b) of the Annexure to Auditors' Report, the loan from Directors is interest free and hence not prejudicial to Company's interests.

Further the Auditor's Report for the financial year ended, 31st March, 2016 is annexed herewith for your kind perusal and information. **(Annexure: 2)**

LOANS, GUARANTEES AND INVESTMENTS

The Company has following Loans, Guarantee given and Investments made under section 186 of the Companies Act, 2013 for the financial year ended 31st March 2016:

S. No.	Name of Party	Particulars of Loans, Guarantee & Investments	Nature	Purpose for which it shall be used	Amount
1	Pacific Technical Services India Private Limited	Equity Shares	Manpower Supply	Nil	98,000
2	Shapoorji Pallonji & OEG Services Private Limited	Equity Shares	O&M Services in Power Sector	Nil	1,00,000

RELATED PARTY TRANSACTIONS

The Company has entered into various Related Parties Transactions as defined under Section 188 of the Companies Act, 2013 with related parties as defined under Section 2 (76) of the said Act. Further all the necessary details of transaction entered with the related parties are attached herewith in **Form No. AOC-2** for your kind perusal and information **(Annexure: 3)**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy and Technology absorption

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 is in active discussions 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.

Earnings	Rs. 32,76,90,502/-
Outgo	Rs.10,47,27,965/-

RISK MANAGEMENT

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

DIRECTORS AND KMP

There has been No Change in the constitution of Board during the financial year.

DEPOSITS

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

CORPORATE SOCIAL RESPONSIBILITY

The company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee. However for the year 2016-17, the committee is being formed.

ANNUAL EVALUATION

The provisions of section 134(3) (p) relating to board evaluation is not applicable for the company.

INDEPENDENT DIRECTORS AND DECLARATION

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to our Company during the Financial Year 2015-16. During the current year 2016-17, appointment of independent directors is under process.

NOMINATION AND REMUNERATION COMMITTEE

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013. During the current year 2016-17, the above provisions of Section 178(1) will be applicable for the Company. Action is being initiated for constituting the committee.

AUDIT COMMITTEE

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company, for the year 2015-16. During the current year 2016 -17, Audit Committee is being formed.

SECRETARIAL AUDIT REPORT

The provisions under Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to submission of Secretarial Audit Report is not applicable to the Company.

COST AUDIT

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

VIGIL MECHANISM

The Provisions under Section 177(9) of the Companies Act, 2013 is not applicable since the money borrowed from banks & financial institution did not cross 50 crores during the Financial Year 2015-16.

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is elated to report that there were no incidences of Sexual Harassment during the year under review, although the aforesaid act is not applicable to 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.

ORDER OF COURT

No significant and material orders have been passed by the regulators or courts or Tribunals impacting the going concern status

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

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 service of the Executives, staff and Workers of the Company.

For & on behalf of the Board of Directors

Date: 17.08.2016

Place: Chennai

**S.V.NATARAJAN
DIN: 00052854
(DIRECTOR)**

**GEORGE JAMEIDAS
DIN: 06777068
(DIRECTOR)**