

Operational Energy Group India Limited

March 13, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	10.00	CARE BBB+; Stable	Reaffirmed
Short-term bank facilities	20.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Operational Energy Group India Limited (OEG) continue to derive strength from the extensive experience of the promoters and long operational track record of the company in the power sector with a qualified operations and maintenance (O&M) team and established relationship with its customers. Ratings also derive comfort from its comfortable capital structure, debt coverage indicators, and adequate liquidity position. However, ratings are constrained by client concentration risk, moderation in scale of operations owing to non-renewal of a key contract in the current year and exposure to group companies in the form of investments and loans and advances.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful increase in the scale of operations above ₹500 crore with diversification of client profile.
- Consistent improvement in the operating margins.

Negative factors

- Any increase in leverage levels with gearing exceeding 1.0x.
- Any stretch in the collection period leading to deterioration in liquidity.
- Any significant increase in exposure to the group companies.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated view of OEG and its subsidiaries, joint venture (JV) and associate companies, as these entities exhibit cash flow fungibility and are under common management. Consolidated subsidiaries are mentioned in Annexure-6.

Outlook: Stable

CareEdge Ratings believes that the company would continue to benefit from its well-qualified O&M team and established operational track record, while maintaining a comfortable financial risk profile marked by low debt levels and adequate liquidity over the medium term.

Detailed description of key rating drivers

Key strengths

Experienced promoters and long track record of operations in the power sector

OEG's Managing Director, S Ramesh, has over three decades of experience in the O&M of power plants and has worked with other organisations in the sector before incorporating OEG. The company has been operational for over two decades and manages the O&M of power plants. It focuses on larger independent power producers and captive power producers and manages an aggregate capacity of ~5,996 MW as of March 2025. The company is ISO 9001:2008 certified for the O&M of a diesel power plant and has developed expertise in coal-fuelled plants.

Long-standing customer relationships and contract renewal track record

OEG enters medium-to long-term O&M contracts on a fixed-price basis with annual escalations. Most contracts involve managing O&M activities for coal-based power plants under 200 MW. The company has long-standing relationships with its clients, characterised by regular contract renewals and a strong track record of collections. Typical contract tenures range from three to five years, with some extending longer. Customers renewed their agreements multiple times and have maintained long-term associations with OEG. The company started diversifying into industrial process plants, metals and mining, and mechanical,

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

electrical, and plumbing (MEP) works for real estate and other segments; however, these initiatives are at an initial stage and remain relatively small presently.

Qualified O&M team

Over the years, OEG has built a qualified and experienced O&M team to manage its activities efficiently. SV Natarajan, Chief Executive Officer, OEG brings over two decades of experience in power plant operations, and senior management personnel also possess extensive experience and have long-term association with the company. OEG manages O&M operations across ~45 locations in India and abroad, deploying employees based on the size of the plant and scope of work. Critical positions are staffed with company employees, while day-to-day operations such as labour and housekeeping are outsourced. The company leverages its experience across different power plants to guide operators to adopt industry best practices.

Comfortable capital structure and debt coverage metrics

The company's capital structure remains comfortable, with an overall gearing ratio of 0.06x as of March 2025, and 0.07x as of September 2025. Debt coverage indicators remained comfortable with an interest coverage ratio of 18.17x for FY25 and 24.63x for 9MFY26, and total debt to gross cash accruals (TDGCA) of 0.34x as of March 2025 compared to 0.32x in FY24.

Key weaknesses

Margin pressure from the new businesses albeit the recovery in 9MFY26

While the scale of operation in FY25 was largely stable, company has reported 26% growth in total operating income (TOI) in FY25 owing to the recognition of one-time income of ~₹80 crore pertains to Lebanon project for the past years. A similar quantum of expenses and provisions pertaining to the same period was also recognised during the year on the project. Though the profitability of the core operation (O&M business) remained largely steady, profit before interest, lease rentals, depreciation and taxation (PBILDT) margin moderated to 3.57% in FY25 (PY: 6.02%), reflecting losses incurred by subsidiaries in new business segments that are currently in the scale-up phase. However, in the current year, PBILDT margin recovered to 5.84% in the 9MFY26 period.

The company lost a key customer in the current year, who contributed ~20% of annual topline in FY25. However, this was partially offset by the increased contribution from other subsidiaries and overseas operations and the company reported TOI of ₹267 crore in 9MFY26 compared to ₹228 crore in 9MFY25 where one-time income of ~₹40 crore included. With the turnaround achieved in subsidiaries in other sectors, PBILDT margin also recovered to 5.84% in 9MFY26.

Client concentration risk; renewal of major contracts a key monitorable

The company faces customer concentration risk, with limited clients contributing a significant share of revenue. The top five customers contributed ~47% of TOI in FY25. This concentration is partly structural in nature as the company works with few large independent power producers (IPPs) and a large number of smaller capacity captive power plant operators, resulting in portfolio skewed toward larger capacity clients. In FY26, the company lost a key customer that contributed ~20% of the TOI in FY25. The contract was not renewed following a change in ownership and management of the client. The impact is expected to be partly mitigated from the new orders from other domestic and overseas customers. In addition, the company is actively pursuing opportunities in other sectors such as industrial plants, metals and mining, and MEP services for real estate projects to drive the growth in near-to-medium term. Considering this inherent concentration, successful renewal and continuation of key contracts with timely replacement discontinued contracts will remain a key monitorable.

Exposure to group companies

As of March 2025, on a consolidated basis, the company's related party exposure stands at ₹28.53 crore, including loans and advances of ₹13.27 crore and investments in related entities of ₹15.26 crore. The investments primarily include a non-cumulative preference share investment of ₹11.25 crore in South Ganga Waters Technologies Private Limited (SGPL), redeemable after eight years. SGPL has two desalination plants — one in Ramnad and another in Thoothukudi. Additionally, OEG has invested ₹3.5 crore in Zuppa GEN5 Technologies Private Limited, a joint venture focused on the manufacturing and deployment of drone-based products and services for surveillance, videography, and other applications.

Dynamic and competitive nature of industry

O&M services in India are typically provided by companies engaged in the Erection, Testing, and Commissioning (ETC) of power plants. OEG, however, does not participate in commissioning activities. When bidding for new power plants, the company faces intense competition primarily from ETC service providers. For existing projects, competition largely comes from local small-scale players. OEG leverages its extensive experience in managing power plants to secure contracts, with a strong presence in the sub-200-MW segment. The company has started offering maintenance services in the 300-600 MW segment, where competition is

predominantly from foreign players. The experience gained in these larger projects is expected to support OEG's transition from its sub-300-MW segment, with its ability to remain competitive and grow in this space a key factor for future expansion.

Liquidity: Adequate

The liquidity of the company stood adequate with GCA of ₹21.40 crore in FY25 against minimal term debt obligations ₹0.42 crore for FY26. OEG receives a credit period of 30 days on domestic consumables purchase and imports consumables. It provides a credit period of ~60 days for its clients. The average utilisation of fund-based working capital facilities in the last 12-month period ended December 2025 stood low at ~9.63%. The company has an unencumbered cash and bank balance of ₹90.97 crore as of September 2025.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services and supplies	Diversified commercial services

Operational Energy Group India Private Limited (OIPL) was setup in 2002 by S Ramesh, an alumnus of IIM-Ahmedabad, to provide O&M services to power plant operators. Over the years, the company also diversified into generation of power through renewable sources such as solar energy. In FY16, OIPL's power plant maintenance operations were merged with Sri Balaganapathy Mills Limited (SBML, a family-owned entity that was not operational) on April 01, 2013. Windmill and solar business were transferred to OEG Solar Energy Private Limited (OSPL). Subsequently, SBML was renamed OEG, and the company is listed in the Metropolitan Stock Exchange of India Ltd.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9M FY26 (UA)
Total operating income	314.79	396.17	228.17
PBILDT*	18.97	14.15	13.32
Profit after tax (PAT)	16.62	20.38	12.44
Overall gearing (x)	0.06	0.06	NA
Interest coverage (x)	30.26	18.17	24.63

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BBB+; Stable
Non-fund-based - ST-BG/LC		-	-	-	20.00	CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	10.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (27-Jan-25)	1)CARE BBB+; Stable (22-Jan-24)	1)CARE BBB+; Stable (04-Jan-23)
2	Non-fund-based - ST-BG/LC	ST	20.00	CARE A3+	-	1)CARE A3+ (27-Jan-25)	1)CARE A3+ (22-Jan-24)	1)CARE A3+ (04-Jan-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	OEG O&M Services Private Limited	Full	Subsidiary
2	Maxitech Engineering Private Limited	Full	Subsidiary
3	OEG Bangladesh Private Limited	Full	Subsidiary
4	OEG Green Energy Private Limited	Full	Subsidiary
5	OEG Defence and Aerospace Private Limited	Full	Subsidiary
6	OEG Nigeria Limited	Full	Subsidiary
7	OEG Agrofarms Private Limited	Full	Subsidiary
8	Tecksk Projects Private Limited	Full	Subsidiary
9	Kany OEG Housing Private Limited	Full	Subsidiary
10	OEG Elite Housing Private Limited	Full	Subsidiary
11	Operational Energy Generation FZCO	Full	Step-down subsidiary
12	Zuppa OEG GEN5 Technologies Private Limited	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Sandeep P Director CARE Ratings Limited Phone: +91-44-2850 1002 E-mail: sandeep.prem@careedge.in Ratheesh Kumar Associate Director CARE Ratings Limited Phone: +91-44-2850 1020 E-mail: ratheesh.kumar@careedge.in Mathew Jacob Assistant Director CARE Ratings Limited E-mail: Mathew.jacob@careedge.in
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