



**OPTIEMUS
INFRACOM
LIMITED**

**23rd ANNUAL
REPORT
2015-16**



To be a world class diversified group,
committed to enhance stakeholders' value.



To increase the current capacities and its downstream operations to
achieve economies of scale through continual improvement in performance.



Taking Responsibilities and Ownership for action and their results.
Treating everyone with dignity and fairness

CORPORATE INFORMATION

BOARD OF DIRECTORS

ASHOK GUPTA, Executive Chairman
RAVINDER ZUTSHI, Managing Director
HARDIP SINGH, Whole Time Director
RENU GUPTA, Non-Executive Director
TEJENDRA PAL SINGH JOSEN, Independent Director
GAUTAM KANJILAL, Independent Director
CHARAN SINGH GUPTA, Independent Director
NARESH KUMAR JAIN, Independent Director

KEY MANAGERIAL PERSONNEL

RAVINDER ZUTSHI, Managing Director
HARDIP SINGH, Whole Time Director
VIKAS CHANDRA, Company Secretary & Compliance Officer
PARVEEN SHARMA, Chief Financial Officer

AUDITORS

RMA & Associates
Chartered Accountants
48, UG-2, Hasanpur,
I.P. Extension, Delhi - 110 092

BANKERS

Indusind Bank Limited
State Bank of India
HDFC Bank Limited
Punjab & Sind Bank

REGISTERED & CORPORATE OFFICE

K-20, 2nd Floor, Lajpat Nagar - Part-2, New Delhi-110 024
Ph. No.: 011-2984 0905, Fax: 011-2984 0908
Website: www.optiemus.com
E-mail: info@optiemus.com
CIN: L64200DL1993PLC054086

SHARE TRANSFER AGENT

BEETAL Financial & Computer Services (P) Ltd.
Beetal House, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi - 110 062
Phone: +91-11-2996 1281/83,
Fax: +91-11-2996 1284
Email: beetal@beetalfinancial.com

COMMITTEES OF BOARD

Audit Committee
Corporate Social Responsibility Committee
Nomination & Remuneration Committee
Stakeholder Relationship Committee
Internal Complaints Committee

LISTED AT

BSE Limited

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CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure to welcome you all to the 23rd Annual General Meeting of your Company and share with you an update on overall performance of your Company during the fiscal year 2015-16.

At Optimus, we have created a culture of high performance with a deep commitment which keeps us going in the toughest of challenges.

It was quite evident since last financial year that the sales volume of business of distribution of mobile phones faced huge drop in comparison to the market share it held in 2013 and earlier years. Not leaving Optimus unaffected, the result of such drop in the market share is quite visible in the financials of Optimus wherein, the total turnover of the Company has been declined by 34%. However, in order to strengthen presence in telecom sector and creating new growth ventures, your company formed a Joint Venture with Taiwan's leading original design manufacturer (ODM), 'M/s Wistron Corporation' a global Fortune 500 company to set up manufacturing facilities for telecom products in India.

It is a matter of great pride for us to actively contribute to the growing manufacturing ecosystem in the country. Embarking on this new journey, we intend to emerge as one of the top three contract manufacturers in the country in the next five years. Our collective expertise in design, manufacturing, distribution, retail and after sales services will provide a holistic solution for brands in India.

However, there may be certain growth challenges that your Company has been facing recently, but with its vision set on exploring a wider horizon, we hope to do better in FY2017.

Finally, I would like to take this opportunity to acknowledge the dedication and commitment of our board members, employees and other associates whose commitment and hard work helped deliver another successful year. I would also like to thank you our Shareholders for your continued support.

Thank You,

Ashok Gupta
Executive Chairman

DIRECTORS' REPORT

Dear Members,

The Directors of your Company are pleased to present the 23rd Annual Report on the Business and operations of the Company along with the Audited Accounts for the financial year ended 31st March, 2016.

1. FINANCIAL SYNOPSIS:

| Particulars | Year ended on 31.03.2016 | Year ended on 31.03.2015 |
|---|-----------------------------|-----------------------------|
| Revenue from Operations | 190,301 | 255,647 |
| Total Expenses | 188,153 | 252,023 |
| Profit before Exceptional & Extraordinary Items and Tax | 2,801 | 4,448 |
| Exceptional Items | - | - |
| Profit Before Tax | 2,801 | 4,514 |
| Tax Expense: | | |
| (1) Current Tax | 1,330 | 2,097 |
| (2) Deferred Tax | (325) | (554) |
| (3) Taxation Adjustment of previous year (net) | (12) | 12 |
| Profit After Tax | 1,808 | 2,960 |
| Earnings per equity share | 2.11 | 3.45 |

- *figures on standalone basis*

2. INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

During the fiscal year, amidst the sturdy Competition in the telecom Industry, the Company witnessed a bumpy ride throughout the year but has been constantly endeavoring to sustain itself in the market by expanding its horizons in other markets. The detailed information on the state of affair of the Company is covered in the Management Discussion and Analysis Report.

3. TRANSFER TO RESERVES

The Company is not mandatorily required to transfer its surplus to the General Reserve as no dividend has been proposed for the year 2015-16. Hence, current year profit has been proposed to be retained in the Profit and Loss Account.

4. DIVIDEND

The Board is of the opinion that the Company should utilize its funds towards the operations to accelerate the growth rate. Accordingly the Board does not recommend any dividend payment for the year 2015-16.

5. DEPOSITS

During the year, your Company has not accepted any deposits within the meaning of the provisions of section 73 of the Companies Act, 2013.

6. MATERIAL ORGANIZATIONAL CHANGES

It was quite evident since last financial year that the sales volume of Samsung Mobile faced huge drop in comparison to the market share it held in 2013 and earlier years. Not leaving Optiemos unaffected, the result of such drop in the market share is quite visible in the financials of Optiemos wherein, the total turnover of the Company has been declined by 34%.

To combat this downfall, Optiemos had, in previous year, shifted its focus from top line business activities to bottom line activities by focusing on manufacturing activities under its own brand 'Molife'. In a move further towards this, in line with the Government of India's 'Make in India' initiative, Optiemos initiated a Joint Venture with Taiwan's leading Original Design Manufacturer (ODM), M/s Wistron Corporation, to set up manufacturing facilities for telecom products in India. In this regard, a new Company, M/s Optiemos Electronics Limited has already been incorporated and the manufacturing plant of the Company has already been set up with a capacity of assembling around fifteen million mobile phones per annum. The Joint Venture aims to provide a complete end to end solution to global and Indian brands encompassing world class manufacturing infrastructure, distribution, retail and after sales by offering a bouquet of services under one roof will make it an unparalleled proposition in the country.

7. EXTRACT OF ANNUAL RETURN

The extract of annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed Form MGT-9 is annexed to this Report as **Annexure -1**.

8. NUMBER OF MEETINGS OF THE BOARD

There were 12 meetings of the Board held during the year. The Maximum gap between the two meetings did not exceed 120 days. Detailed information on Board Meetings is given in Corporate Governance Report.

9. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance to clause (c) of sub section (3) of section 134 of the Companies Act, 2013, to the best of their knowledge and belief, the Directors of your Company hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had 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;
- (iii) the directors had 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;
- (iv) the directors had prepared the annual accounts on a going concern basis;
- (v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Details loans and investments given falling under the provisions of section 186 of the Companies Act, 2013 are given under Note No. 10 & 11 of the notes to standalone financial statements. There was no outstanding Guarantee given by the Company at the financial year ended 2016.

11. RISK MANAGEMENT FRAMEWORK

The Company had in place a Risk Management Committee to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and in order to timely assess & thereafter minimize the risk involved. However, with SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 becoming applicable, the requirement of having Risk Management Committee was dispensed off with from certain companies; Hence, the Board decided to dissolve the Risk Management Committee and entrusted Audit Committee with all power and responsibilities of Risk Management process. The details of the Risk Management framework are provided as a part of Management Discussion and Analysis report.

12. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company approved a policy on CSR which is also hosted on Company's website under web link <http://www.optiemos.com/investor-desk/policies>

As a part of CSR initiatives, your Company during the financial year 2015-16 has amongst other activities, undertaken projects in areas of promoting Education and social & Economic welfare of the society. These projects are in accordance with schedule VII of the Companies Act, 2013.

The report on CSR is attached as **Annexure-2** to this report.

13. DISCLOSURE ON ESTABLISHMENT OF VIGIL MECHANISM

Section 177(9) of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called, 'Whistle Blower Policy' for employees to report to the management, instances of unethical behavior, actual or suspected, fraud or violation of the company's, code of conduct.

In compliance of the above requirements, your Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy which aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The Vigil (Whistle Blower) Mechanism aims to The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

Further, Your Company hereby affirms that no Director/ employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Policy is hosted on the Company's website <http://www.optiemos.com/investor-desk/policies>

14. DIRECTORS & KEY MANAGERIAL PERSONNEL

Non-Executive Directors - Changes

During the year, Mr. Naresh Kumar Jain was appointed as Independent Director on October 28, 2015. However, the appointment of Mr. Jain is subject to the ratification by the shareholders. The resolution for regularization is put for approval of the Shareholders in the notice of ensuing Annual General Meeting. His brief profile is given in the explanatory statement to the notice.

The Company has received Certificate of Independence from all Independent Directors, inter-alia, pursuant to Section 149 of the Companies Act, 2013, confirming and certifying that they have complied with all the requirements of being an Independent Director of the Company.

In accordance with section 152(6) of the Companies Act, 2013, the period of office of at least two-third Directors of the Company shall be liable to retire by rotation. Hence, This year, Ms. Renu Gupta retires from the Board by rotation this year and being eligible, offers herself for re-appointment. The information as required to be disclosed under Listing Regulations and Secretarial Standards in case of re-appointment of the director is provided in the Notice of the ensuing annual general meeting.

There were no pecuniary transactions or relationship of the Non-Executive Directors vis-à-vis the company.

Executive Directors - Changes

During the financial year, as also recorded in the Annual Report of 2014-15, Mr. Ravinder Zutshi was appointed as Managing Director on July 31, 2015 as Additional Director, who was later regularized by the Shareholder of the Company by passing ordinary resolution in the Annual general Meeting held on September 30, 2015.

Also, during the year, Mr. Ashok Gupta, who was originally serving as Managing Director & Chairman of the Board, voluntarily stepped down from the position of Managing Director of the Company w.e.f. August 17, 2015 and expressed his willingness to continue as Executive Director. Accordingly, this change in designation was duly approved by the Board in its meeting held on August 13, 2015, and it was decided to designate him as Executive Chairman of the Board, the other terms of appointment including remuneration being unchanged. In addition, in terms of provisions of section 196, 197 & rules made thereunder, The Shareholders passed a resolution in the Annual General Meeting held on September 30, 2015 and re-appointed Mr. Gupta as an Executive Director for a period of 5 years.

Further, Mr. Hardip Singh (DIN: 01071395) was appointed as Whole Time Director of the Company with effect from November 11, 2011, Pursuant to the approval by the members in Annual general Meeting held on September 29, 2012 for a period of five years at a time. His tenure of appointment as earlier approved by the members is due to expire on November 11, 2016. Accordingly, in terms of provisions of section 196, 197 & rules made thereunder, The Board has proposed his re-appointment as Whole Time Director of the Company for a further period of five years. The item for his reappointment is included in the Notice attached to this Annual report for approval for shareholders.

Inter-se relationship of Directors

Ms. Renu Gupta, Non-Executive Director is a relative of Mr. Ashok Gupta, Executive Director & Chairman of the Company. No other Directors are related to each other.

Selection and Appointment of Directors

The charter of Nomination and Remuneration Committee of the Board empowers it to review the structure, size, composition, and diversity of the Board, evaluation of existing skills, defining gaps and making necessary recommendations to the Board.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual evaluation of its performance, of the Directors individually as well as the evaluation of the working of its Committees. Manner in which such formal annual evaluation was made by the Board is given below:

- Performance evaluation criteria for Board, Committees of the Board and Directors are placed on the Company's website www.optiemos.com under the web link <http://www.optiemos.com/investor-desk/policies> as a part of Company's Nomination & Remuneration Committee Policy.
- Based on the criteria a structured questionnaire was prepared after taking into consideration inter-alia the inputs received from the Directors (except for the director being evaluated) for the year under review. The structured questionnaire covered various aspects of the Board's functioning such as strategic alignment and direction, engagement alignment, composition and structure, dynamics and culture, ethical leadership and corporate citizenship, support to the Board, Committees evaluation and self-evaluation etc.
- The Ratings for Non-Independent Directors were given by the Independent Directors. The ratings for Independent Directors were given by all the Directors excluding the Independent Director being evaluated. The Ratings for performance of Committee was given by the entire Board.
- A consolidated summary of the ratings given by each of the directors was then prepared separately for Independent & Non-Independent Directors, based on which a report of performance evaluation was prepared in respect of the performance of the Board, its Committees and Directors during the year under review.
- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and Board at their respective meetings.

The performance evaluation of individual Directors including Chairman of the Board was done in accordance with the provisions of the Companies Act, 2013 and Listing Regulations and also based on the structured questionnaire mentioned above.

Familiarizing programme for Independent Directors

Board has always endeavoured to keep them updated about the latest happenings in the Company and that have always sought their views and expertise from time to time. Also, Independent Directors generally endeavour to attend all the Board and Committee meetings of the Board and have been actively participating in the discussions.

In terms of SEBI (Listing obligations & Disclosure Requirement) Regulations, 2015 and the applicable provisions of Companies Act, 2013 which requires conduction of familiarization programme of the