



24TH | ANNUAL REPORT 2016-17

OPTIEMUS INFRACOM LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ashok Gupta, Executive Chairman
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

Hardip Singh, Whole Time Director
Vikas Chandra, Company Secretary & Compliance Officer
Anoop Singhal, Chief Financial Officer

AUDITORS

Mukesh Raj & Co.
Chartered Accountants
C-63, First Floor, Preet Vihar,
New Delhi-110092

BANKERS

Indusind Bank Limited
Tata Capital Financial Services Limited

REGISTERED OFFICE

K-20, 2nd Floor, Lajpat Nagar - Part-2,
New Delhi-110 024
Ph. No.: 011-2984 0906, Fax: 011-2984 0908
Website: www.optiemus.com
E-mail: info@optiemus.com
CIN: L64200DL1993PLC054086

CORPORATE OFFICE

Plot No. 2A, First Floor, Wing A,
Sector-126, Noida-201301 (U.P.)
Ph. No. : 0120-6721900

REGISTRAR & SHARE TRANSFER AGENT

Beetal Financial & Computer Services (P) Ltd.
Beetal House, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre,
Near Dada HarsukhdasMandir,
New Delhi- 110 062
Phone: +91-11-2996 1281/82/83
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
Operations & Administration Committee

LISTED AT

BSE
NSE

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CHAIRMAN'S MESSAGE

Dear Fellow Members,

It gives me immense pleasure to welcome you all to the 24th Annual General Meeting of your Company, another eventful year has passed by and I am happy to share my thoughts with you yet again on our performance and prospects.

It was yet another difficult year for the global economy, characterized by low growth and geopolitical uncertainties. In this challenging business environment your Company delivered a resilient performance in 2016-17.

In order to strengthen its roots in the telecom sector your Company entered into a major handset distribution partnership with the global software leader, Blackberry Limited to distribute and promote blackberry/s devices, later this year the Company also succeeded in bagging the exclusive licensing agreement for production of Blackberry-branded android mobile handsets in India, Sri Lanka, Nepal & Bangladesh.

Further, to streamline its business operations and increase operational efficiency, the board entered into a Scheme of Amalgamation with two of its wholly owned subsidiaries thereby accelerating growth, expansion and development.

With new explorations and expanded vision your Company is constantly working towards enhancing value for its shareholders hoping to do better in coming years.

Finally, I would like totake 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 24th Annual Report on the Business and operations of the Company along with the Audited Accounts for the financial year ended 31st March, 2017.

1. FINANCIAL SYNOPSIS:

Key aspects of Financial Performance of the Company for the year ended March 31, 2017 are tabulated below, inter-alia, pursuant to the Companies (Accounts) Rules, 2014.

The consolidated performance of the Company and its subsidiaries has also been set out herein, and wherever required.

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Year ended on 31.03.2017	Year ended on 31.03.2016	Year ended on 31.03.2017	Year ended on 31.03.2016
Total Revenue	109,160	191,955	158,984	193,137
Total Expenses	107,807	189,154	157,878	190,850
Profit before Exceptional & Extraordinary Items and Tax	1,353	2,801	1,106	2,287
Exceptional Items	-	-	-	-
Profit Before Tax	1,353	2,801	1,106	2,287
Tax Expense:				
(1) Current Tax	601	1,330	629	1,330
(2) Deferred Tax	(239)	(325)	(193)	(325)
(3) Taxation Adjustment of previous year (net)	3	(12)	(20)	(12)
Minority Interest	-	-	(10)	-
Profit After Tax	988	1,808	680	1,294
Earnings per equity share	1.15	2.11	0.79	1.51

2. INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

In the financial year 2016-17, your Company continued its growth momentum on key parameters, despite sluggish growth/downturn witnessed by industry across country. Detailed information on state of affairs of the Companies is given in Management Discussion and Analysis Report forming part of this 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 2016-17. 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 2016-17.

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

Licensing Agreement with Blackberry

Being highly competitive, the telecom Industry is undergoing rapid changes due to the pace of developments in technology and innovation in business models. Moving in the same direction, Optiemus has very recently joined hands with Canada based Mobile brand “Blackberry”. Having signed an Exclusive licensing agreement with Blackberry, Optiemus has qualified itself to design, sell, promote and provide customer support service for blackberry mobile devices in India, Sri Lanka, Nepal & Bangladesh. Blackberry Limited will provide its unparalleled software and security solution, which will give Optiemus a new platform to keep the innovation alive in this world’s fastest growing smartphone market and create an affluence for its shareholders.

Ongoing Corporate Restructuring

With a view to offer a strong financial structure to the stakeholders of the Company, achieving better cash flows and to maintain lean organizational structure and better administrative control it is intended to merge two of your Company’s subsidiaries, viz, M/s MPS Telecom Private Limited & M/s Oneworld Teleservices Private Limited. Draft Scheme of Amalgamation has also been proposed in the notice of the AGM for approval of Members. Disclosures like Scheme of Amalgamation, Financials of Transferor Companies and other relevant information is annexed to notice.

Direct Listing of Equity shares on NSE

in order to provide enhanced liquidity to the shareholders of the Company, your Company applied to National Stock Exchange of India (NSE) for listing of its equity shares on NSE under Direct listing route and approval for the same was granted on August 4, 2017 and the equity shares of the Company were listed and admitted for dealings on the exchange w.e.f. August 8, 2017. Hence, the Company is now listed on NSE as well along with BSE.

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 14 (fourteen) 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 of Investments and loans given falling under the provisions of section 186 of the Companies Act, 2013 are given under Note No. 12 & 14 of the notes to standalone financial statements. The Company has given corporate guarantee to one of its subsidiary, namely, M/s Optiemos Electronics Limited against a loan of ₹ 22 crores from Indusind Bank.

11. RISK MANAGEMENT FRAMEWORK

Given the diversified scale of operations, your Company has put in place a framework and adopted an enterprise risk management policy. 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. 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/policies>.

The detailed 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 ensure that 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 www.optiemus.com under web link <http://www.optiemus.com/policies>.

14. DIRECTORS & KEY MANAGERIAL PERSONNEL

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, out of which atleast one-third Directors shall retire at every Annual General Meeting. Hence, this year, Mr. Ashok Gupta retires from the Board by rotation and being eligible, offers himself for re-appointment. The information as required to be disclosed under SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 and Secretarial Standards in case of re-appointment of the director is provided in the Notice of the ensuing annual general meeting which forms part of this Annual report.

Declaration by Independent Directors

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.

Inter-se relationship of Directors

Ms. Renu Gupta, Non-Executive Director is a relative of Mr. Ashok Gupta, Executive Chairman of the Company. No other Directors are related to each other. Also, there were no pecuniary transactions or relationship of the Non-Executive Directors vis-à-vis the company.

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

The Companies Act, 2013 and the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 requires the Annual report to disclose manner in which formal annual evaluation of the Board, its Committee and individual Directors is done and evaluation criteria thereof. Performance evaluation criteria for Board, Committees of the Board and Directors are placed on the Company's website www.optiemus.com under the web link <http://www.optiemus.com/policies> as a part of Company's Nomination & Remuneration Committee Policy.

Manner in which said evaluation was made by the Board is given below:

- 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 at a separate meeting convened by them. The ratings for Independent Directors were given by all the Directors excluding the Independent Director being evaluated. The Evaluation for performance of Committees 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 on performance evaluation was prepared in respect of the performance of the Board, its Committees and Directors during the year under review.
- The report on performance evaluation of Non Independent Directors so arrived at was then noted and discussed by the Nomination and Remuneration Committee and that of Individual Directors and committees 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

SEBI (Listing obligations & Disclosure Requirement) Regulations, 2015 and the applicable provisions of Companies Act, 2013, requires conduction of familiarization programme of the independent directors. On these lines, Board has always endeavored to keep Independent Directors updated about the latest happenings in the Company, for which Periodic familiarization programmes are conducted for the directors about the business operations, new avenues, industry overview, threats, opportunities and challenges in respective verticals.

15. PARTICULARS OF EMPLOYEES AND OTHER DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure -3 forming part of the Annual Report.

16. AUDITORS

Statutory Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, the current Statutory Auditors of the Company, M/s RMA & Associates, Chartered Accountants (registration number: 000978N) were appointed by the shareholders at the 21st annual general meeting to hold office until the conclusion of the 25th annual general meeting, subject to ratification by shareholders at each annual general meeting. However, they resigned from the office of Statutory Auditors of the Company w.e.f. December 13, 2016, due to unavoidable circumstances, resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by section 139(8) of the Act.

Accordingly, The Audit Committee and the Board of Directors in their respective meetings recommended to appoint M/s Mukesh Raj & Co. Chartered Accountants (Firm Registration No. 016693N), as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. RMA & Associates. Consequently, in the process of Postal Ballot conducted by the Company (through postal ballot notice dated February 14, 2017), the shareholders, by passing Ordinary resolution, approved the appointment of M/s Mukesh Raj & Co. to be appointed as Statutory Auditors of the Company to hold office upto the conclusion of ensuing Annual General Meeting.

In terms of section 139 of the Companies Act, 2013, since a Statutory Auditor has to be appointed for a period of five years at a time, subject to ratification by shareholders at every Annual General meeting, your Company proposed to appoint M/s Mukesh Raj & Co. (firm registration no. 016693N) as the

Statutory Auditors of your Company for a term of 5 years commencing from the conclusion of the ensuing Annual General Meeting till the conclusion of the 29th Annual General Meeting of the Company to be held in the calendar year 2022. The Company has received written consent and confirmation from M/s Mukesh Raj & Co. to the effect that their appointment, if made, would be within the limits prescribed under Section 141 of the Act, and rules framed thereunder and that they satisfy the criteria provided there. Also, the Statutory Auditors have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and that they hold a valid certificate issued by the Peer Review Board of ICAI.

Accordingly, Ordinary Resolution is proposed for the consideration and approval of members in the notice forming part hereto.

The statutory audit report submitted by M/s Mukesh Raj & Co. for FY 2016-17 does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditors. The Auditors did not report any fraud during the year.

M/s Mukesh Raj & Co, Chartered Accountants have certified that the company has complied with the mandatory requirements of corporate governance as stipulated in Listing Regulations. The same is annexed to this report as Annexure -4.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 and Rules made hereunder, the Company appointed M/s S K Batra & Associates, Company Secretaries in Practice (Membership number: 7714, C.P. No. 8072), to undertake the secretarial audit of the Company. Secretarial Audit Report for the financial year 2016-17 as given by M/s S.K. Batra & Associates in the prescribed form MR-3 is annexed to this Report as Annexure -5

The Adverse remarks contained in Secretarial Audit Report for the year under review and Company's reply thereto is as follows:

Adverse Remark	Company Reply
<i>Managerial Remuneration has been paid in excess of the limits prescribed in section 197 of the companies Act 2013 read with Schedule V of the Act although the company is in the process of applying waiver from the Central government.</i>	Major reform announced by Government to demonetize of two highest demonization notes created bearish momentum in near term adversely impacting all sectors and industries, Telecom Industry being one of them which resulted in low sales volume of mobile handset. resulting in low profits and inadequate profits. However, considering the contribution of Managerial personnel, Company is already in process of applying waiver of excess remuneration paid, and in this regard a special resolution seeking approval of shareholders for waiver of such excess remuneration paid has been proposed in the notice of the Annual General Meeting forming part of this report. Once approval of members is obtained, application to Central Government shall be made.