

A large blue hexagon containing the text "26TH ANNUAL REPORT" in white. Below it is a smaller orange hexagon containing the text "2018-2019" in white. The background of the entire page is a white grid of thin lines forming a triangular pattern, with small blue hexagons at the vertices of the grid.

26TH ANNUAL REPORT

2018-2019

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ashok Gupta, Executive Chairman
Hardip Singh, Whole Time Director
Renu Gupta, Non-Executive Director
Neetesh 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
Parveen Sharma, Chief Financial Officer

STATUTORY AUDITORS

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

REGISTERED 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

REGISTRAR & 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- 110062
Phone: +91-11-2996 1281/83
Fax: +91-11-2996 1284
E-mail: beetal@beetalfinancial.com

BANKERS / FINANCIAL INSTITUTIONS

Indusind Bank Limited
State Bank of India
Tata Capital Financial Services Limited

CORPORATE OFFICE

Plot No. 2A, First Floor, Wing A,
Sector-126, Noida-201301 (U.P.)
Ph. No. : 0120-6721900-905
Fax: 0120-6726895

COMMITTEES OF BOARD

Audit Committee
Corporate Social Responsibility Committee
Nomination and Remuneration Committee
Stakeholders Relationship Committee
Internal Complaints Committee
Operations and Administration Committee

LISTED AT

BSE Ltd.
National Stock Exchange of India Ltd.

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CHAIRMAN'S MESSAGE

Dear Stakeholders,

It gives me immense pleasure to present the 26th Annual Report of your Company "Optiemus Infracom Limited" for the financial year 2018-19.

Telecom markets across emerging economies are in transition from last 2 years. Telecom industry faced an extraordinarily turbulent year in India through unprecedented disruption. Extreme pricing pressure accelerated market exits and industry consolidation. Even though the transition is turning out to be stressful entailing massive dislocation in the short run, the new industry structure will ultimately prove beneficial for the sector.

The company has taken stringent measures to control costs and increase revenues in the past year. We have taken several decisions to focus on introducing new innovative products at competitive prices to maintain better customer experience. Your Company continued to focus on gaining smartphone market share while growing feature phone volumes. The strong and rapid growth of the smartphone market has been made possible by several liberal policies of the Indian government, along with huge consumer demand which is increasing day by day. Your Company has always been upbeat and swift in understanding the needs of changing market and responding to them.

During the year, the Company launched 2 (Two) Blackberry devices viz. BlackBerry Evolve, BlackBerry Evolve^x and 1 (one) mid-segment android device viz. 'Kult Inspire' under the brand Kult by Optiemus Infracom Group at a budget friendly price. Presently, the Company's main focus is on invention of innovative technologies as it is intending to diversify itself from the gamut of mobile phones. In furtherance of its object, it launched a technology-based personal security & safety device viz. mybuddy, a distress companion that can be easily connected to the smartphone via Bluetooth during the FY 2018-19.

Further, the Company owns a huge immovable property situated at Plot No. 2A, Sector-126, Noida, Uttar Pradesh – 201301 and it is intended to monetize the said property for the purpose of come out from its non-core business segment and reduction/re-payment of Company's debt liability arising from Inherent Lease Rent Discounting (LRD) Facility and become a debt free Company.

I would like to extend my sincere thanks to the Board members, employees, shareholders, customers, partners and bankers for the continued faith & support in the Company. I will look forward to your support and guidance, as always, to take this company to even greater heights.

Thanking You

Ashok Gupta
Executive Chairman

DIRECTORS' REPORT

Dear Members,

The Directors of your Company are pleased to present the 26th Annual Report on the business and operations of the Company along with the Audited Annual Accounts for the financial year ended 31st March, 2019.

1. FINANCIAL SYNOPSIS:

Key aspects of Financial Performance of the Company for the year ended 31st March, 2019 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.

(INR in Lacs except EPS)

Particulars	Standalone		Consolidated	
	Year ended on 31.03.2019	Year ended on 31.03.2018	Year ended on 31.03.2019	Year ended on 31.03.2018
Revenue from Operations	40,107	61,032	119,597	72,236
Total Expenses	45,235	58,615	129,731	71,609
Profit before Exceptional & Extraordinary Items and Tax	187	3,654	(3,822)	2,239
Exceptional Items	-	-	-	-
Profit/(Loss) from associates and Joint Venture	-	-	(86)	0.19
Profit Before Tax	187	3,654	(3,908)	2,239
Tax Expense:				
(1) Current Tax	233	1,299	233	1,301
(2) Deferred Tax	(241)	(43)	121	(608)
(3) Taxation Adjustment of previous year (net)	(26)	(71)	(121)	(81)
Minority Interest	-	-	3	(456)
Profit After Tax	222	2,469	(5,940)	1,386
Earnings per equity share	0.27	2.87	(7.21)	1.61

2. INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

The standalone gross revenue from operations declined by 34.29% from INR 61,032 Lacs (FY 2017-18) to INR 40,107 Lacs during the year. Profit after tax ("PAT") decreased to INR 222 Lacs during FY 2018-19 from INR 2,469 Lacs in FY 2017-18. In view of decrease in PAT, Earning per share also decreased from INR 2.87 to INR 0.27. Detailed information on state of affairs of the Company is given in Management Discussion and Analysis Report forming part of this report.

3. TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to the general reserve and entire amount of profit for the year forms part of the 'Retained Earnings'.

4. DIVIDEND

The Board is of 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 2018-19.

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 and rules made thereunder.

6. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the financial year 2018-19.

7. MATERIAL CHANGES AND COMMITMENT

The Board of Directors in its meeting dated 6th June, 2019, subject to the approval of shareholders, approved to sell, dispose, hive-off and / or transfer the "Rental Division" Business of the Company to its wholly owned subsidiary company (under incorporation), as a 'going concern', on slump exchange basis under the provisions of Section 180 (1) (a) read with Section 188 of the Companies Act, 2013. Except above, there was no other material changes affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this Report.

8. NOMINATION AND REMUNERATION POLICY

In adherence of Section 178(1) of the Companies Act, 2013, the Board of Directors of the Company has approved a policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided u/s 178(3), based on the recommendations of the Nomination and Remuneration Committee. Extract of Nomination and Remuneration Policy of the Company is given in **Annexure-1** forming the part of this Report. The Policy is also available on the website of the Company and can be accessed under the web link <https://www.optiemus.com/investors.html>.

9. 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 -2**. Also, Annual Return as referred to in sub-section 3 of Section 134 of Company's Act, 2013 will be placed on Company's website under web-link <https://www.optiemus.com/investors.html>.

10. NUMBER OF MEETINGS OF THE BOARD

There were 10 (Ten) 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.

Further, during the year, a separate meeting of the Independent Directors of the Company was held on 6th March, 2019 to discuss and review the performance of all other Non-Independent Directors, Chairperson of the Company and the Board as a whole and for reviewing and assessing the matters as prescribed under Schedule IV of Companies Act, 2013 and Regulation 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. 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.

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

Pursuant to the provisions of Section 186 of the Companies Act, 2013, details of Investments made, Loans given and Guarantee given falling under the provisions of Section 186 of the Companies Act, 2013 are given under Note No. 5a, 5b, 9e, and 28c of the notes to standalone financial statements.

13. RISK MANAGEMENT FRAMEWORK

Your Company has taken necessary steps for risk management including identifying risk which may threaten the existence/operations of the Company.

14. 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 <https://www.optiemus.com/investors.html>.

The detailed report on CSR is attached as **Annexure-3** to this report.

15. DISCLOSURE ON ESTABLISHMENT OF VIGIL MECHANISM

Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, *inter alia*, provides for a mandatory requirement for all Listed Companies to establish a mechanism called, 'Whistle Blower Policy' for Directors and 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 <https://www.optiemus.com/investors.html>.

16. DIRECTORS & KEY MANAGERIAL PERSONNEL

a. **Induction, re-appointment and resignation**

The following changes took place in the composition of Board of Directors and Key Managerial Personnel of the Company during the year under review:

During the year under review, on the recommendation of Nomination and Remuneration Committee, the Board appointed Mr. Neetesh Gupta (DIN: 00030782) as an Additional Director (Non-Executive) of the Company with effect from 12th October, 2018 to hold the office upto the date of ensuing Annual General Meeting. Accordingly, he will hold office upto the date of ensuing AGM. The Company has received requisite notice from a member under Section 160 of the Companies Act, 2013 proposing the appointment of Mr. Neetesh Gupta as Director, liable to retire by rotation. Based upon the recommendation of Nomination and Remuneration Committee, Board recommends his appointment as a Director liable to retire by rotation.

The term of 5 years of Mr. Ashok Gupta (DIN: 00277434), Whole-time Director, designed as Executive Chairman of the Company will be expired on March 31, 2020. Accordingly, the Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 30th August, 2019, approved the re-appointment of Mr. Ashok Gupta, Whole-time Director, designated as Executive Chairman for a period of further 3 (Three) years with effect from 01st April, 2020 to 31st March, 2023. The re-appointment is subject to approval of the shareholders in ensuing general meeting.

In accordance with Section 152(6) of the Companies Act, 2013, the period of office of at least two-third of total 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, Mrs. Renu Gupta (DIN: 00030849) retires from the Board by rotation and being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

The details of Directors being recommended for re-appointment as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 are contained in the Notice of ensuing Annual General Meeting of the Company.

Appropriate resolutions seeking shareholders' approval to the appointment/re-appointment of Directors are included in the Notice of Annual General Meeting.

Mr. Anoop Singhal, Chief Financial Officer and Key Managerial Personnel has resigned from the Company w.e.f. 16th February, 2019. The Board of Directors placed on record their appreciation for the contribution made by him during his tenure. Thereafter, the Board in its meeting dated 24th

April, 2019 appointed Mr. Parveen Sharma as the Chief Financial Officer and Key Managerial Personnel of the Company in place of Mr. Singhal.

None of the Whole-time Key Managerial Personnel (KMP) of the Company is holding office in any other Company as a Key Managerial Personnel.

Further, none of the Directors/KMP of the Company is disqualified under any of the provisions of the Companies Act, 2013 and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

b. Declaration by Independent Directors

The Company has received a Certificate of Independence from all Independent Directors, *inter-alia*, pursuant to Section 149 of the Companies Act, 2013, confirming and certifying that they meet the criteria of independence as provided in Section 149 and Regulation 16 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c. Inter-se relationship of Directors

Mrs. Renu Gupta and Mr. Neetesh Gupta, Non-Executive Directors and Mr. Ashok Gupta, Executive Chairman are inter-related, where in Mr. Neetesh Gupta is son of Mr. Ashok Gupta and Mrs. Renu Gupta. No relationship exist between other Directors/KMP.

d. 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.

e. Board Evaluation

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the Annual Report to disclose the 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 <https://www.optiemus.com/investors.html> as a part of Company's Nomination and 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, Directors individually and Committee(s).

- The report on performance evaluation of Non Independent Directors so arrived at was then noted and discussed by the Nomination and Remuneration Committee.

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.

f. Familiarization programme for Independent Directors

SEBI (Listing Obligations and 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, Industry and legal framework, for which Periodic Familiarization Programmes are conducted for the Directors about nature of industry, Business Model, roles, rights, responsibilities of Independent Directors, Update on amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, SEBI (Prohibition of Insider Trading) Regulations, SEBI (Depositories and Participants) Regulations, Guidelines issued by SEBI regarding Board evaluation and its applicability to the Company etc.

17. 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 **Annexure -4** forming part of the Annual Report.

18. AUDITORS

a) Statutory Auditors

At the 24th Annual General Meeting held on 8th December, 2017, the shareholders approved the appointment of M/s Mukesh Raj & Co. Chartered Accountants, (Firm Registration No. 016693N), as Statutory Auditors of the Company until the conclusion of 29th Annual General Meeting to be held in the year 2022 subject to ratification by the shareholders every year.

Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from 7th May, 2018, the requirement of seeking shareholders' approval for ratification of appointment of Statutory Auditors has been withdrawn and accordingly, the Notice of the 26th Annual General Meeting does not include the proposal for seeking shareholders' approval for ratification of Statutory Auditors' appointment. The Company has received certificate of eligibility from M/s. Mukesh Raj & Co, in accordance with the provisions of the Companies Act, 2013 and rules made thereunder and a confirmation that they continue to hold valid peer review certificate as required under Listing Regulations.

The adverse remark contained in Statutory Auditors' Report for the financial year 2018-19 and the Company's reply thereto is as follows: