

# Board's Report

Dear Shareholders,

The Board of Directors are pleased to present the 19<sup>th</sup> Annual Report on the business and operations of the Company together with the audited standalone and consolidated financial statements for the year ended March 31, 2019.

## RESULTS OF OPERATIONS FOR THE YEAR 2018-19

Summary of the operations of the Company on standalone basis and consolidated basis for the financial year 2018-19 is as follows:

(In ₹ Million)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from operations	2,295.20	2,506.32	5,938.64	6,356.05
Earnings/(Loss) before other income, depreciation and amortization, finance charges, Exceptional item and tax	(64.18)	(148.30)	295.98	649.28
Exceptional item	12.70	-	-	14.78
Profit/(Loss) before other income, depreciation and amortization, finance charges and tax	(76.88)	(148.30)	295.98	634.50
Profit/(Loss) before tax	373.41	421.24	313.12	277.14
Profit/(Loss) for the year	328.02	388.96	188.87	113.45
Total Comprehensive Income for the year	337.21	424.47	62.09	236.72
Equity Share Capital	1,056.96	1,055.71	1,056.96	1,055.71
Other Equity	6,213.00	6,044.23	4,600.96	4,707.31
Networth	7,269.96	7,099.94	5,657.92	5,763.02
Net Block	142.18	259.65	929.20	321.94
Net Current Assets	2,571.69	2,895.10	2,713.86	3,358.11
Cash and Cash Equivalents (including other bank balances and current investments)	2,223.29	1,947.45	2,722.54	3,051.62
Earnings/ (Loss) per share (Diluted) (In ₹)	3.10	3.71	1.79	1.08

## BUSINESS PERFORMANCE / FINANCIAL OVERVIEW

### Standalone Financials

During 2018-19, the Company recorded net revenue of ₹ 2,295.20 million, as compared to ₹ 2,506.32 million in 2017-18. The Profit after tax of the Company is ₹ 328.02 million in 2018-19 as compared to ₹ 388.96 million in 2017-18. The diluted Earnings Per Share (EPS) is ₹ 3.10 per share in 2018-19 as compared to ₹ 3.71 per share in 2017-18.

### Consolidated Financials

During 2018-19, the Company recorded consolidated net revenue of ₹ 5,938.64 million, as compared to ₹ 6,356.05 million in 2017-18. The consolidated Profit after tax of

the Company for the year 2018-19 is ₹ 188.87 million as compared to ₹ 113.45 million in 2017-18. The consolidated diluted Earnings Per Share (EPS) for the year 2018-19 is ₹ 1.79 as compared to ₹ 1.08 per share in 2017-18.

## Appropriations

### Dividend

Your directors are pleased to recommend the following dividend for the financial year ended March 31, 2019 which is payable on obtaining the shareholders' approval in the 19<sup>th</sup> Annual General Meeting scheduled on September 17, 2019:

Particulars of dividend	Par value (₹)	Per-centage	Dividend amount per equity share (₹)	Date of recommendation	Book Closure Date
Final Dividend	10.00	15%	1.50	May 24, 2019	September 11, 2019 to September 17, 2019 (both days inclusive)

The total dividend payout amount for the year inclusive of dividend distribution tax will be ₹ 191.13 million.

Barring unforeseen circumstances, the Board intends to maintain similar or better levels of dividend payout over the next few years. However, the actual dividend payout in each year will be subject to the investment requirements and any other strategic priorities identified by the Company.

After providing for the dividend, the Company proposes to retain ₹ 3,290.52 million in the Statement of Profit and Loss. The Company is not proposing to transfer any amount to reserves from the profits of the financial year 2018-19.

### Liquidity

As on March 31, 2019 the Company had liquid assets including investments in fixed deposits and mutual funds of ₹ 2,711 million.

## CHANGES TO THE SHARE CAPITAL

During the year under review, the Company allotted 125,366 equity shares (including bonus shares) on the exercise of stock options under its various Employee Stock Option Plans.

As a result of the aforesaid allotment of equity shares under ESOPs, the issued and paid-up share capital of the Company as on March 31, 2019 stands at ₹ 1,056,962,020.

## SIGNIFICANT EVENTS: 2018-19

### ONMO games launch

OnMobile began FY 18-19 with the launch of ONMO Games, changing the rules on how games are played on mobile phones and tablets. No longer will users pay for premium games or spend money on in-app purchases. With ONMO Games users will have access to one of the largest collections

of premium and freemium games in one service, at a low monthly subscription fee. Ideal for mobile operators, users and game developers alike, the new ONMO Games service is breaking the traditional app store distribution model.

A perfect solution for parents, ONMO games allows parents to monitor their children's activity, establish play time limits by the number of hours or time of day and restrict game types. Plus, as an added benefit, children will no longer be exposed to advertising when subscribed to this service, so parents can rest assured.

As most operators have a Triple play and Quadruple play service and start to offer a Family plan where one household bill covers multiple lines, there is a strong incentive to enhance their offering of premium services. The family-friendly ONMO Games service is ideal for telecom operators looking to improve their suite of services to households.

### Strategic partnership with bKash

OnMobile entered into a strategic partnership with bKash Limited, the largest Mobile Financial Services (MFS) provider in Bangladesh, facilitating its customers to purchase premium mobile entertainment content from OnMobile platform through bKash.

OnMobile Global Limited shall leverage bKash's large consumer base to build and manage an all-encompassing & enriching mobile entertainment ecosystem, which is untapped so far and offers a high growth potential. The partnership will enable OnMobile to expand its service offerings beyond telecom users by enabling premium mobile entertainment services that are completely absent today in Bangladesh.

### Acquisition of Appland AB

OnMobile has acquired Appland AB, a Swedish company in October, 2018 through OnMobile Europe BV, subsidiary of the Company. Appland AB is one of the world's most popular games and kids App Clubs subscription services. This acquisition reflects the increasing importance of OnMobile's strategy to become a leader in the fast-growing mobile games market and expands its games footprint to all continents. Appland AB is a pioneer in cloud-based mobile distribution and monetization and is headquartered in Gothenburg, Sweden. Appland today provides premium games and kids apps as a white-labeled subscription service to more than 80 carriers in over 40 countries. It also offers white-labeled App stores with curated international and local content.

### Contract renewal with Telefonica Espana

In February 2019, OnMobile Global Limited renewed its contract with Telefónica España, S.A.U. (Telefonica) for another five years. Telefónica is one of OnMobile's largest customers. OnMobile has been providing videos, editorials, games and tones and a host of similar services to Telefonica's subscribers since 2012. The long-term contract renewal ensures continued revenue growth and is a testimony to the deep and trusted relationship that OnMobile has with Telefónica.

### ONMO Tones

In FY 2018-2019, ONMO Tones primary focus was to explore new areas to entertain and delight people by creating immersive mobile moments while they connect over mobile. As we enhance our horizon, we believe entertainment should go beyond audio tones to video tones, stories, and video ads. This led us to revamp the baseline RBT mobile application and web apps to build an experience that is simple, intuitive and exciting while creating more value for the end user.

A newly designed Baseline 2.0 RBT android native application was live for Vodafone India on play store last year. The new user experience creates unique moments for the user through curated music, video and content editorials. Music and Video ring tone services were part of the new app to create more value for the end user.

We remain focused on increasing our digital tones service reach through operator self-care app integrations. We developed RBT SDK for both Android and iOS, which were integrated to Vodafone India and Idea self-care apps. They are live with significant contribution to digital RBT service growth.

We worked to build network-independent Video RBT service supporting trending vertical video contents. Our customers were interested during the PoC stage itself, which was the main driving factor to launch this service in Android RBT application. Monetizing digital services through other sources led us to explore video advertisement in the first few seconds during a mobile call connection stage and expand the scope of ads.

### ONMO Sports

For billions of people around the world, sport is a part of the fabric of their daily life. It is the powerful emotional connect fans have with teams and players that explains why, as a market, sports is growing faster than the global GDP.

As per industry reports, millennials spend 20% of their time on OTT online video services to follow their favorite sport. In addition, over 40% millennials and non-millennials feel the need to have a sports specific digital subscription product.

ONMO Sports is a Progressive Web Application (PWA), a one-stop destination for all sports. The aim is to provide a personalized experience and enable consumers to enjoy their favorite sports anywhere and everywhere.

ONMO Sports Portal is tailored with the consumer in mind, to cater premium content and giving them the power of information through detailed match analysis. ONMO Sports offers premium editorials, videos, live score and detailed match analysis supported in multiple languages such as English, Arabic, French, Portuguese, Spanish and much more, to ensure maximum user engagement.

### ONMO Contests

FY 18-19, existing contests were given a digital avatar in terms of Progressive Web App (PWA). It has evolved as a beneficial channel for engaging users with new contests formats and announcing winners instantly. We introduced thematic contests based on the themes like IPL, Football

world cup, Diwali and Christmas. We moved beyond the mobile operator to OTT Apps, which engage with large audiences & gives them the option to vote for their favourite contestants for reality & talent shows.

## INFORMATION ABOUT SUBSIDIARY/JOINT VENTURE/ASSOCIATE COMPANIES

As on March 31, 2019, the Company has 39 subsidiary companies and 1 associate company.

During the year 2018-19, Appland AB (a company incorporated in Sweden) was acquired on October 11, 2018 and the following subsidiaries of OnMobile Global Limited were closed:

1. Livewire (Australia) Pty Limited (closed w.e.f. September 20, 2018)
2. Fonestarz Limited (closed w.e.f. January 22, 2019)
3. Fonestarz Media (Licensing) Limited (closed w.e.f. January 22, 2019)
4. Fonestarz Media Limited (closed w.e.f. January 22, 2019)
5. Daius Limited (closed w.e.f. January 22, 2019)
6. PT OnMobile Indonesia (closed w.e.f. 31st August 2017, the appointed date for liquidation).

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiary companies, which forms part of the Annual Report. A statement containing salient features of the financial statements of the subsidiaries of the Company in Form AOC-1 is given in **Annexure I**.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.onmobile.com](http://www.onmobile.com). Further, as per fourth proviso of the said Section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company, [www.onmobile.com](http://www.onmobile.com). These documents will also be available for inspection during business hours at the registered office of the Company at Bengaluru, India.

## NEW LOCATIONS

During the year under review, branches of the Company located in Ecuador and Peru have been shifted to a new address.

Similarly, there has been a change in the registered office address of OnMobile Costa Rica OBCR, SA, OnMobile Uruguay SA, OnMobile USA LLC, OnMobile Live Inc., and OnMobile SA, subsidiaries of the Company.

The new addresses can be seen under the Contact information section.

## MATERIAL CHANGES FOR THE PERIOD BETWEEN END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There have been no material changes for the period between end of the financial year 2018-19 and the date of this report affecting the financial position of the Company.

## OPERATIONAL EFFICIENCY

OnMobile operations team continue to focus on operational efficiency through CSI approach (Continual Service Improvement). Through knowledge management and risk management there is improvement in the service availability and turn around time (TAT). Customer Services team has implemented monitoring for service performance that helps in proactive identification of issues and quick resolution. The Delivery, Operations and Engineering teams jointly drove the following efforts:

### General Data Protection Regulation (GDPR)

Implemented process to ensure compliance with the regulatory requirement for GDPR in Europe.

### ISO Certification

OnMobile continues to strive for process excellence. Operations team has ensured successful Surveillance Audit for the year 2018 in our effort to ensure that we retain our ISO 27001:2013 certification from UKAS. The GSOC, Cross Operator Support and support function teams were audited extensively under the ISO 27001:2013 standards framework by DNV. OnMobile has been recommended for recertification in the audit that was just concluded.

### Automation & Optimization

We continue our efforts towards automation of repetitive tasks. The outcome of the process was high accuracy, reduction in efforts / time. Quality audits were rolled out on additional processes to identify the gaps and design improvement plans.

## INFRASTRUCTURE

OnMobile exhibits more than 19 offices across the globe with 1.20 lakh square feet of office space. The offices are catalogued as virtual office, business centers and leased offices. OnMobile headquarters - Electronic city Bengaluru - is the largest facility with 98 thousand square feet of office space. All OnMobile offices are well equipped with reliable infrastructure & working atmosphere amid high level of security and safety proficiency. Consistent and scheduled precautionary measures are in place to circumvent downtime and to ensure business continuity. We operate the facilities in a manner that complies with local laws and regulations.

OnMobile provides services to customers pan-India. It has 4 regional warehouses catering to internal hardware movement and support operations of around 3,000 servers and 500 network devices across India. OnMobile is a global establishment with presence in around 70 countries and enjoys enduring trust with global telecom operators.

## CORPORATE SOCIAL RESPONSIBILITY

While we continue to support SAHI in their two major projects namely *Gift an ear* and *Girl child project*, we formed a new association with a Bengaluru based NGO called VAANI which works in the space of communication and enablement of hearing impaired kids in the remote parts of Karnataka. We took our new employee and community engagement to a whole new level which won us 'Best Stakeholder Engagement' award in the Corporate Social Responsibility

Summit & Awards 2019 conceptualized and curated by UBS FORUMS.

Our contribution towards cochlear implants, post-surgical rehabilitation, identification of the needy, distribution of hearing aids, **Teach for Deaf** program were the key highlights this year.

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Committee charter and the CSR Policy of the Company are available in the website at the below link:

[http://www.onmobile.com/sites/default/files/cg\\_policy/Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.onmobile.com/sites/default/files/cg_policy/Corporate_Social_Responsibility_Policy.pdf)

Particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in **Annexure VIII** to the Boards' report.

## RESEARCH AND DEVELOPMENT

The year 2018-2019 was focused towards increasing the digitization of the various products offerings and expansion of products like Contests and Sports into global markets. Both these products were made available in a fully digital format (Mobile Web), and backward integrated into the core platforms supporting existing channels. The engineering team implemented various tools and processes to increase the speed of service delivery required in the digital world and enable rapid prototyping for faster go to market. RBT with the digital app as an access channel has also seen a sharp uptake in users across the globe and we are constantly working on improving the user experience.

Cloud enablement of our platforms also saw significant progress and we have enabled deployment on our products in the Virtual Infrastructure of operators and public cloud providers.

### Ringback Tones (RBT)

We defined 3 clear areas of focus around which product journey for Tones was to be defined. These were enhancing experience, increasing reach & relevance and assessing pivot opportunities using core RBT attributes. These areas of focus were defined based on understanding of expectations communicated by telco customers across the globe and consumer needs identified through Voice of the Customer (VoC) conducted in the past along with encouraging results observed in initial efforts carried out in these directions in the previous year.

**Experience** - RBT app evolved into a music app with focus on latest design trends, global usability practices and best in class feature set. This generated immense user traction. Our baseline app current counts for more than 10 Million installs on play store with rating of 4.2+. No other telco digital RBT destination comes anywhere close to these stats.

**Reach & Relevance**- Created new use cases by blending Ring Back core attributes and leveraging capabilities offered by prevailing digital environment. This has given birth to ideas like App based Video RBT, SDK integration in telco self-care apps, digital display ad bundling with core RBT proposition.

SDK has already shown great promise in its first integration with the self-care app of leading telco's in India.

**RBT Pivots** - Using core attributes of RBT experience being Incidental and Captive, we worked on creating cohesiveness among different platform components to create single 360 degrees propositions for enterprise customers like political parties, brands, other ideological organizations etc.

### ONMO Videos & Subscriptions

As part of the focus on enhancing our platforms for digital content, we had worked on the following enhancements

**CREATE**, is a component for building & customizing new digital portals for videos, games & editorial contents. With this we can create and customize portals for Operators very quickly.

**PROGRAM**, a content management system for digital content, where on one side we focused on simplifying our traditional content management system workflows by automating a lot of manual processes and on the other side, we have exposed the CMS through simple and secure APIs, so that digital content products (both mobile web and mobile apps) can be quickly built without worrying about the content management aspects. This platform is already getting used for our recent products like Kids & Sports.

**ONMOPAY** combined with **PRISM** (Billing, Subscription and Lifecycle Management Platform), we created a common billing gateway for operator billing which can be used by any digital product within OnMobile. The platform comes with an in-built campaign management UI where you can track & control all digital marketing promotions. It gives a good view of the marketing spends on a campaign and has features which can be used to control the campaigns in case of bad traffic with its in-built anti-fraud mechanisms. We have already seen some success with this platform as we have integrated with around 20+ operators across multiple services like Games, Sports and Kids.

### ONMO Contests

Many innovations were introduced in contests in the last year. The new mobile web portal was developed and implemented using Progressive Web Apps (PWA), which provided the user with the ability to experience the service as though they were using an app, without the hassle of downloading and installing the same. This also allowed the user to save a light weight icon on their handset which the user could use to return to the contest with a single click. This helped us to deliver immersive user experience as we could launch various new contest formats like puzzles, rapid fire, guess who, etc. with an unparalleled App like experience

In addition to this contests PWA was integrated with automated winner selection tool (AWST). This integration enabled automatic winner selection & immediate winner announcement on user's dashboard enhancing the playing experience.

## CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance. The Company meets the standards and guidelines set by the Securities and

Exchange Board of India on corporate governance and have implemented all the stipulations prescribed. A detailed report on Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. Certificate(s) from the Auditors of the Company, M/s. B S R & Co. LLP, Chartered Accountants and Parameshwar G. Hegde of M/s. Hegde & Hegde, Company Secretaries, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to the Corporate Governance Report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Part B of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management Discussion and Analysis Report is presented in a separate Section forming part of the Annual Report.

## BUSINESS RESPONSIBILITY REPORT

OnMobile is not included in the list of top 500 companies of National Stock Exchange of India Ltd. (NSE) or BSE Ltd. (BSE) as per the market capitalization as on March 31, 2017; March 31, 2018 and March 31, 2019.

However, the Company has prepared Business Responsibility Report on a voluntary basis in line with the format suggested by Securities and Exchange Board of India vide Circular No. CIR/CFD/CMD/10/2015 dated November 04, 2015, which is annexed to this Annual Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Appointment

Pursuant to the provisions of Section 149 of Companies Act, 2013, Gianluca D'Agostino was appointed as Independent Director at the 18th Annual General Meeting of the Company held on September 18, 2018 to hold office upto the date of AGM to be held during the calendar year 2021.

### Re-appointment

Pursuant to the provisions of Section 149 of Companies Act, 2013, Sanjay Baweja was re-appointed as Independent Director at the 18th Annual General Meeting of the Company held on September 18, 2018 to hold office upto the date of AGM to be held during the calendar year 2021.

As per the provisions of Companies Act, 2013, Francois-Charles Sirois retires by rotation as Director at the ensuing AGM and being eligible, seeks re-appointment.

The Board of Directors at their meeting held on May 24, 2019, subject to Central Government approval, re-appointed François-Charles Sirois as 'Executive Chairman' of the Company for a period of five years w.e.f. November 1, 2019. Pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the shareholders by special resolution to the re-appointment of François-Charles Sirois as the Executive Chairman of the Company is being sought at the forthcoming AGM.

## AUDITORS AND AUDITORS' REPORT

### Statutory Auditors

In terms of provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as Statutory Auditors of the Company by the shareholders at the 17<sup>th</sup> AGM held on September 06, 2017 to hold office until the conclusion of the 22<sup>nd</sup> Annual General Meeting to be held in calendar year 2022. The Company has received a certificate from the auditors confirming that they are not disqualified from continuing as Auditors of the Company.

The requirement for ratification of appointment of auditors by the members at every AGM is done away with vide Ministry of Corporate Affairs notification dated May 07, 2018.

### Secretarial Auditors

The Board of Directors of the Company had appointed Parameshwar G Hegde of M/s. Hegde & Hegde, Company Secretaries to conduct the Secretarial Audit pursuant to the provisions of Section 204 of the Companies Act, 2013 for the financial year ended March 31, 2019.

Secretarial Audit Report obtained pursuant to section 204 of the Companies Act, 2013 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019 is appended as **Annexure X**.

Further, pursuant to above said SEBI circular, listed entities shall additionally, on an annual basis, require a check by the Practicing Company Secretary on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the Practicing Company Secretary shall submit a report to the listed entity in the manner specified in this circular. The Company has obtained annual secretarial compliance report from Parameshwar G Hegde of M/s. Hegde & Hegde, Company Secretaries for the financial year ended March 31, 2019 and same has been submitted to the stock exchanges within the stipulated time, copy of which is appended to the Report on Corporate Governance.

### Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditors of the Company in the Audit Report and by the Secretarial Auditor in the Secretarial Audit Report for the financial year ended March 31, 2019.

### Cost records and cost audit

Maintenance of cost records and requirements of cost audit as prescribed under provisions of section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

## MCA Inspections/ Show Cause & Adjudication Notices/ Compounding Applications

Referring to the Inspection of Books of account and other records of the Company during the years 2015-16 and 2016-17 by the Ministry of Corporate Affairs, the Company has received the following five show cause notices and one adjudication notice during the year for alleged violation of few sections of the Companies Act, 1956 and the Companies Act, 2013:

Sl. No.	Show cause notice number	Particulars of violation
<b>Show Cause notices</b>		
1.	ROC(B)/DROC(VSJ)/SCN/027860/3241 dated 31/01/2019	Sec 129 of Companies Act, 2013 r/w AS-9 -non-compliance of provisions of AS-9 regarding accounting and disclosure of FE transactions during the years 2014-15 and 2015-16.
2.	ROC(B)/DROC(VSJ)/SCN/027860/3256 dated 31/01/2019	Sec 85 of Companies Act, 2013-not making complete entries in the Register of charges.
3.	ROC(B)/DROC(VSJ)/SCN/027860/3251 dated 31/01/2019	Sec 121 of Companies Act, 2013 -non filing of e-form MGT-15 for the AGM held for FY 2013-14 (The Company had filed form MGT-15 along with GNL-2 as e-form was not available).
4.	ROC(B)/DROC(VSJ)/SCN/027860/3266 dated 31/01/2019	Sec 217(1) of Companies Act, 1956-for non disclosures of lapses under procurement policy relating to procurements from few vendors in Directors Report for the financial year 2012-13.
5.	ROC(B)/DROC(VSJ)/SCN/027860/3264 dated 31/01/2019	Sec 211 of Companies Act, 1956- for excess provision against doubtful debts during FY 2012-13 non- compliance of AS.
<b>Adjudication Notice</b>		
6.	ROC(B)/LEGAL/SCN/027860/3237 dated 31/01/2019	Sec 12(3)(a) of Companies Act, 2013-for fixing name Board at inconspicuous and imperceptible place.

### On Adjudication Notice:

The Company and officers in default appeared before the Registrar of Companies, Bengaluru (ROC) on the scheduled date February 18, 2018. After the hearing, the ROC vide Order No. ROCB/Sec 454(3)/ADJ/027860 dated March 15, 2019 imposed a total penalty of INR 25,000 on the Company and the officers in default. Details of the penalty, payment and filing confirmations have been provided in extract of Annual Return in **Annexure VI**.

### On 5 Show Cause Notices:

The Company has submitted responses to ROC on all 5 show cause notices denying the alleged violations and requested the ROC to drop the proceedings. However, in case ROC is not satisfied with Company's explanations, Company and officers in default have filed compounding applications with MCA except for HH Haight who is in the process of compiling the required documents. Details are as follows:

S. No	Show cause notice	Particular	e-Form	Date of the e-Form	SRN
1.	In the matter of Section 129 of the Companies Act, 2013	Company & P Venkateswara Varaprasad, Company Secretary	Form GNL-1	March 08, 2019	H46655197
		Kollurjairam Praveen Kumar Naidu	Form GNL-1	March 11, 2019	H46850723
		Chandramouli Janakiraman	Form GNL-1	March 12, 2019	H46927141
		Rajiv Pancholy	Form GNL-1	May 17, 2019	H59666388
2.	In the matter of Section 85 of the Companies Act, 2013	Company & P Venkateswara Varaprasad, Company Secretary	Form GNL-1	March 08, 2019	H46650396
		Kollurjairam Praveen Kumar Naidu	Form GNL-1	March 11, 2019	H46851259
		Rajiv Pancholy	Form GNL-1	May 17, 2019	H59664730
3.	In the matter of Section 121 of the Companies Act, 2013	Company & P V Venkateswara Varaprasad, Company Secretary	Form GNL-1	March 08, 2019	H46645883
		Kollurjairam Praveen Kumar Naidu	Form GNL-1	March 11, 2019	H46845178
		François-Charles Sirois, Director	Form GNL-1	March 18, 2019	H47528195
		Rajiv Pancholy	Form GNL-1	May 17, 2019	H59666339
4.	In the matter of Section 217 of the Companies Act, 1956	Company & Rajiv Khaitan, Director	Form GNL-1	March 08, 2019	H46658662
		Chandramouli Janakiraman	Form GNL-1	March 12, 2019	H46924213
		Naresh Somdatt Malhotra	Form GNL-1	March 13, 2019	H47100391
		Harit Nagpal	Form GNL-1	March 15, 2019	H47275920

S. No	Show cause notice	Particular	e-Form	Date of the e-Form	SRN
5.	In the matter of Section 211 of the Companies Act, 1956	Company, Rajiv Khaitan, Director and P Venkateswara Varaprasad, Company Secretary	Form GNL-1	March 08, 2019	H46661336
		Chandramouli Janakiraman	Form GNL-1	March 12, 2019	H46949681
		Naresh Somdatt Malhotra	Form GNL-1	March 13, 2019	H47099940
		Harit Nagpal	Form GNL-1	March 15, 2019	H47278742

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the directors to the best of their knowledge and belief confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- They 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.
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- Internal financial controls have been laid down and they were adequate and operating effectively.
- Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

## NUMBER OF MEETINGS OF THE BOARD

The Board met five times during the financial year 2018-19 viz., May 16, 2018, July 27, 2018, September 18, 2018, October 29, 2018 and February 12, 2019. The maximum interval between any two meetings did not exceed 120 days.

## COMMITTEES OF THE BOARD

As on March 31, 2019, the Board had five Committees:

- Audit Committee
- Nomination and Compensation Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

Details of all the Committees along with their charters, composition and meetings held during the year, are provided

in the "Report on Corporate Governance" as part of this Annual Report.

## BOARD INDEPENDENCE

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet the criteria of independence laid down in Section 149(6). Our definition of 'Independence' of Directors is derived from Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Section 149(6) of the Companies Act, 2013. Further, the Company has received declaration under Regulation 25(8) of Listing Regulations from each Independent Director of the Company.

Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are independent in terms of the aforesaid Listing Regulations and Section 149(6) of the Companies Act, 2013:

- Rajiv Khaitan
- Nancy Cruickshank
- Sanjay Baweja
- Chris Arsenault
- Sanjay Kapoor
- Gianluca D'Agostino

## COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Nomination and Remuneration Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178, is appended as **Annexure II** to this Report and is placed on the website of the Company at the below link:

[http://www.onmobile.com/sites/default/files/cg\\_policy/Nomination\\_and\\_Remuneration\\_Policy.pdf](http://www.onmobile.com/sites/default/files/cg_policy/Nomination_and_Remuneration_Policy.pdf)

## INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is forming part of the Annual Report.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

There were no loans and guarantees given and the investments made pursuant to Section 186 of the Companies Act, 2013 during the year under review.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form

AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, is appended in **Annexure III** to this report.

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company, being a service provider organization, most of the information as required under Section 134(3)(m) read with Companies (Accounts) Rules, 2014 is not applicable. However, the Company endeavors to effectively utilize and conserve energy by using improved technology in its infrastructure such as lighting and paper usage.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

(In ₹ Million)

Description	Year ended	
	March 31, 2019	March 31, 2018
Foreign exchange earnings	1,324.73	1,534.97
Foreign exchange outgo	639.05	696.05

## SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future. Details of pending litigations and tax matters are disclosed in the financial statements.

## DIVIDEND DISTRIBUTION POLICY

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted by the Board vide resolution dated March 22, 2017 to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders. The policy is enclosed as **Annexure IV** to the Board's report and is also available on the Company's website at the below link:

[http://www.onmobile.com/sites/default/files/cg\\_policy/Dividend\\_Distribution\\_Policy.pdf](http://www.onmobile.com/sites/default/files/cg_policy/Dividend_Distribution_Policy.pdf)

## RISK MANAGEMENT POLICY

The Board of Directors at their meeting held on October 30, 2014 constituted a Risk Management Committee. The Company has formulated a risk management policy to facilitate setting up a framework for risk assessment and minimization procedures. A copy of the risk management policy is appended in this report as **Annexure V** and is placed on the website of the Company at the below link:

[http://www.onmobile.com/sites/default/files/cg\\_policy/Risk\\_Management\\_Policy.pdf](http://www.onmobile.com/sites/default/files/cg_policy/Risk_Management_Policy.pdf)

## SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

## VIGIL MECHANISM

The Company has established a Whistle Blower Policy for Directors and employees to report their genuine concern. The details of the same are explained in the Report on Corporate Governance.

## DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder. Details of complaints during the year have been disclosed in the Report on Corporate Governance.

## INTERNAL COMPLAINTS COMMITTEE

The Company is in compliance with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has in place an Anti-Sexual Harassment Policy in accordance with the said Act.

Internal Complaints Committee was constituted by the Company for redressal of complaints for the specified workplace. The Committee comprises of the following:

- Presiding Officer - Presiding Officer is a woman employee
- Advisor - The committee also has an external member (a woman) who is familiar with issues relating to sexual harassment
- Committee Members - The committee comprises of 60% women and 40% men
- Office of Internal Complaints Committee - The office is responsible for managing the committee's operations

## EVALUATION OF PERFORMANCE OF BOARD/ COMMITTEES/INDIVIDUAL DIRECTORS AND CHAIRPERSON

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual evaluation of performance.

Nomination and Compensation Committee specified that (i) the Board Evaluation process for FY 2018-19 should be carried out internally by the Board of Directors and (ii) recommended the criteria for evaluation at different levels in the form of Survey questionnaires in alignment with 'Guidance Note on Board Evaluation' issued by Securities and Exchange Board of India.

Survey questionnaires were circulated to all the Board members with set of questions to assess the performance under each of the following categories:

- The Board as a whole
- Independent Directors

- (iii) Chairperson of the Board and
- (iv) Various Committees of the Board.

The Board reviewed and analyzed the responses to the questionnaire and accordingly completed the Board evaluation process for the financial year 2018-19

## EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT- 9 is enclosed as **Annexure VI** to this report.

## PARTICULARS OF EMPLOYEES

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure VII (A)** to the Board's Report

A statement showing details of top ten employees in terms of remuneration, every employee employed throughout the financial year and in receipt of remuneration of ₹ 1.02 crore or more per annum or employed for part of the year and in receipt of ₹ 8.5 lakh or more per month and employees posted out side India drawing more than ₹ 60 lakh per annum, under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as **Annexure VII (B)** to Board's Report.

## DEPOSITS

The Company has not accepted deposits during the year under review falling within the purview of Section 73 of the Companies Act, 2013 and the Rules thereunder.

## EMPLOYEE STOCK OPTION SCHEMES

Pursuant to the provisions of Section 62(1)(b) read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, the Company approved following Employee Stock Option Schemes i.e. Employee Stock Option Plan-I, 2003, Employee Stock Option Plan-II, 2003, Employee Stock Option Plan-III, 2006, Employee Stock Option Plan-I, 2007, Employee Stock Option Plan-II, 2007, Employee Stock Option Plan-I, 2008, Employee Stock Option Plan-II, 2008, Employee Stock Option Plan-III, 2008, Employee

Stock Option Plan-IV, 2008, Employee Stock Option Plan-I, 2010, Employee Stock Option Plan-II, 2010 ; Employee Stock Option Plan I, 2011, Employee Stock Option Plan I, 2012 and Employee Stock Option Plan I, 2013 for granting stock options to its employees.

All the schemes endeavor to provide incentives and retain employees who contribute to the growth of the Company. A summary disclosure in compliance with Companies (Share Capital and Debentures) Rules, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, forms part of this report as **Annexure IX** and the complete details have been disclosed under Notes to the financial statements which form part of the Annual Report. During the year under review, there has been no variation in the terms of ESOP schemes and the disclosure on employee stock option schemes is placed on the website of the Company as a part of Annual report at the below link:

<http://www.onmobile.com/investors>

## ACKNOWLEDGMENTS

The Board of Directors takes this opportunity to express their appreciation to the customers, shareholders, investors, vendors and bankers who have supported the Company during the year. The Directors place on record their appreciation to the OnMobilians at all levels for their contribution to the Company. The Directors would like to make a special mention of the support/co-operation extended by the various departments of the Government of India, particularly the Special Economic Zone, Central Board of Direct Taxes, Central Board of Indirect Taxes and Customs, the Ministry of Commerce, the Department of Telecommunications, the Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Ltd, National Securities Depository Limited and Central Depository Services (India) Limited and look forward to their support in all future endeavors.

For and on behalf of the Board of Directors

**François-Charles Sirois**  
Executive Chairman and CEO

Place: Montreal, Canada  
Date : May 24, 2019