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July 05, 2022

Listing Department
BSE Limited,
Floor 25, P J Towers,
Dalal Street,
Mumbai- 400 001

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1 Block G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

Scrip Code: 530135

Symbol: OPTIEMUS

Subject: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir(s),

Forbes India Magazine in its Manufacturing Special Edition of July 2022 issued on 4th July, 2022 has profiled Optiemus Group under the heading "**Optimal Advantage**".

In this regard, please find enclosed herewith a copy of relevant extract of such Magazine in compliance with Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & other applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

Kindly take the same on your record.

Thanking You,

Yours truly,

For Optiemus Infracom Limited



Vikas Chandra
Company Secretary & Compliance Officer

Encl.: As above

OPTIEMUS INFRACOM LIMITED

CIN : L64200DL1993PLC054086

Reg. Office: K-20, 2nd Floor, Lajpat Nagar-II, New Delhi-110024

P.: 011-29840906-907 | Fax: 011-29840908 | www.optiemus.com

CAN INDIA BE THE I FOR APPLE?



OPTIEMUS: MADE IN NOIDA

PRICE ₹ 200
JULY 15, 2022

INDIA Forbes



MAKING IT BIG

How **Sunil Vachani** transformed Dixon Technologies into a hardware hub that manufactures for some of India's and the world's biggest electronics brands

PLUS

MANUFACTURING PARADOX:
Exit MNCs,
Enter FDI

Network **18** www.forbesindia.com



The Goods Get Going

Let's get this out of the way at the outset: India lags China by a fair distance when it comes to manufacturing prowess: The latter is way ahead in terms of productivity, and manufacturing's contribution to (a much larger) economy is a little over 25 percent as against just under 15 percent for India.

The gap has prompted a section of gurus to suggest that India should stick to what it does best to propel economic growth—services, which accounts for over half of GDP.

They're not wrong. Yet, a clutch of recent developments may perhaps signal that India shouldn't be giving up on the growth engine of manufacturing, but instead stoke it further.

Let's start with the recent decision of Apple Inc to search for production avenues outside of China. Around mid-May, *The Wall Street Journal* reported that the maker of iPhones, iPads and MacBooks had told some of its contract manufacturers that it wants to increase production outside China because of the strict anti-Covid measures in that country. A month earlier, the Cupertino-headquartered company had stated that it began making the latest iPhone 13 in India, out of a Foxconn factory near Chennai.

That's one trigger for *Forbes India* deciding to shine a light on Indian manufacturing in this fortnight's issue. As Manu Balachandran writes on page 34 in 'An i on India': About 70 percent of the Apple smartphones sold in the country are made in India. And India could account for as much as 7 percent of Apple's global manufacturing by the year-end, up from 3.1 percent in 2021. A reality check: Over 90 percent of Apple products are still made in China.

Still, electronics may well be India's best chance to hit the manufacturing big time globally. Earlier this year, the Ministry of Electronics and Information Technology put out the second volume of a vision document that charts the

roadmap for India's transformation into a "\$300 billion electronics manufacturing powerhouse" by 2026, up from \$75 billion in 2021.

Playing a crucial role in helping meet this target is a select bunch of Indian manufacturers, two of whom *Forbes India* has profiled in this issue. One is Optiemus, an electronics manufacturer that's been ploughing a lonely furrow for the past couple of decades. From a retailer and distributor of mobile phones to now manufacturing wearables and hearables at scale, Optiemus has indeed come a long way. As Managing Director A Gururaj tells Rajiv Singh: "When I talked about electronic manufacturing in India in 2003, people didn't take me seriously at all. Look at what is happening now." Don't miss 'Optimal Advantage' on page 44.

On the *Forbes India* cover is a man who set up his first manufacturing unit back in 1993. Today, Sunil Vachani's Dixon Technologies has 17 factories that make everything from mobile phones and domestic appliances to lighting products and security systems for global brands such as Philips, Panasonic and Haier. In the process, Vachani has built an electronics powerhouse that is valued at over ₹20,000 crore and with annual revenues of over ₹10,000 crore in FY22. As Vachani tells Naini Thaker, who penned the cover story after meeting the founder at his Noida factory: "Every time someone thinks of outsourcing for electronics, they should think of Dixon." For more, turn to 'The Makings of a Manufacturer' on page 26.

Does all this action, coupled with record foreign direct investment inflows, suggest India is on its way to becoming a global manufacturing hub? Perhaps. But then why have some big multinationals given up on India? The answer may have less to do with the domestic market and more with global strategic priorities. Neha Bothra breaks it down in 'Exit MNCs, Enter FDI' on page 14.

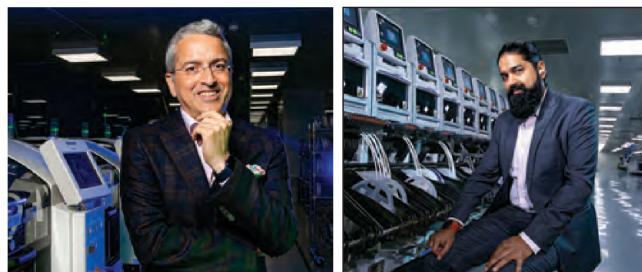


Brian Carvalho
Editor, *Forbes India*

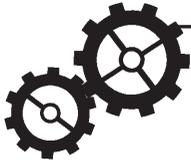
brian.carvalho@nw18.com

Best,

STORIES TO LOOK OUT FOR



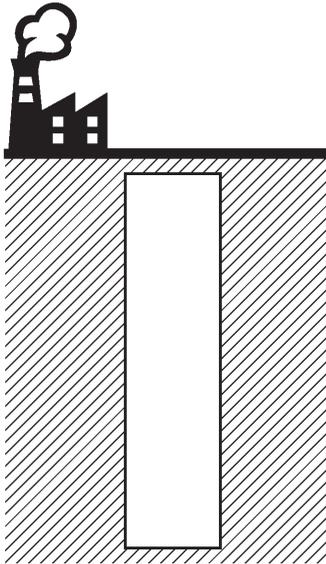
▲ (From left) Sunil Vachani, co-founder and chairman, Dixon Technologies, wants the company to be one of the top five global EMS players; Nitesh Gupta, director, Optiemus, believes that he is just getting started



Optimal Advantage

After a turbulent last few years, Optiemus is rebooting with a sharp focus to emerge as one of the top homegrown electronics manufacturing companies

By RAJIV SINGH



44

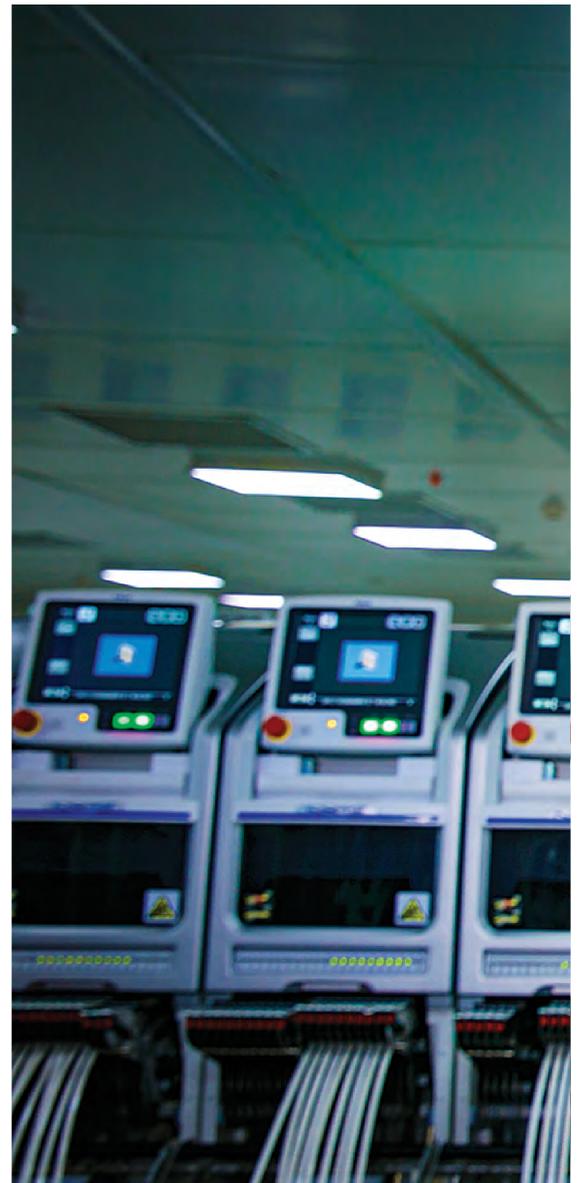
It looked like a smart move. “It indeed was in early 2017,” recalls Nitesh Gupta, director at Optiemus Electronics, the wholly-owned arm of Optiemus Infracom, about the time he inked an exclusive and long-term licensing deal with Canadian smartphone maker BlackBerry to design, manufacture and distribute their handsets in India, Sri Lanka, Nepal and Bangladesh in February 2017.

Optiemus, which started its journey as a retailer and distributor of Nokia handsets in 1995, grew in stature and size over the next decade. The Delhi-based company

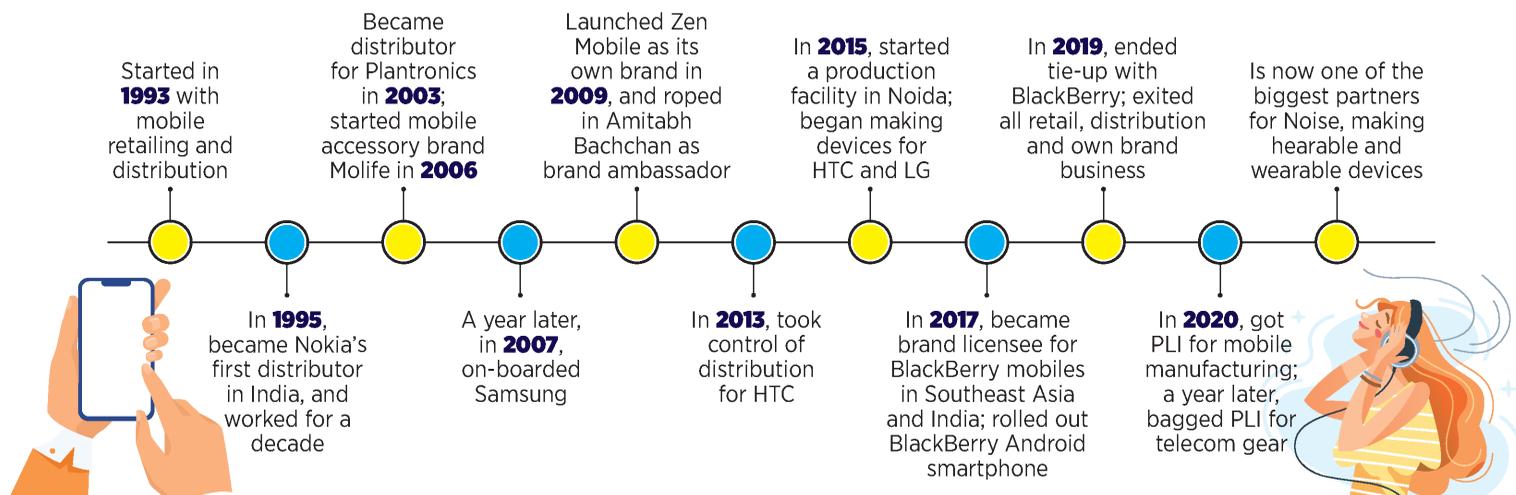
went on to add more biggies to its retail kitty such as Samsung, Plantronics and HTC, launched its own handset brand Zen Mobile in 2009, and crossed the ₹1,000-crore revenue mark in FY17.

With BlackBerry, it was set to take a bold bet. “BlackBerry was a massive opportunity,” recalls Gupta, who joined his father’s business in 2011 after completing his master’s in entrepreneurship from Nottingham University Business School in the UK. Despite the fact that BlackBerry was fast slipping into its sunset years globally in 2017, the move made ample sense to the entrepreneur, who was 25 at the time. “The brand had massive equity and recall among Indians,” reckons Gupta, who was confident of making it big with BlackBerry.

The then-two-decade-old Indian company had a lot riding on BlackBerry for a couple of reasons. First, by 2017, Chinese smartphone makers had started hammering the homegrown players. From just four percent market share in the first quarter of 2016, Xiaomi had leapfrogged to 13 percent in the first quarter of 2017, according to Counterpoint Research. During the same period, the biggest Indian player, Micromax, had slumped from 17 percent to five percent.



THE JOURNEY SO FAR



“

We have made it big with wearable and hearable devices. And we are just getting started. There's a lot more in the offing.”

Nitesh Gupta,
director, Optiemus Electronics



Another Chinese warrior, Vivo, had jumped from one percent to 10 percent during the same span. The room for Indian players such as Lava, Intex, Karbonn and Zen Mobile was getting constricted.

Second, the Chinese onslaught had battered other global players in India as well. LG and HTC, for which Optimus had been manufacturing handsets at its massive 75,000 square feet manufacturing plant in Noida, ran out of steam. There were other problems as well. The contract manufacturing business of mobiles was now on a shaky ground, and the company had spread itself thin by trying to do too many things. BlackBerry seemed like the silver bullet Gupta was looking for.

To be fair, the first year started with a bang. “The company derived revenue of ₹352 crore from BlackBerry sales during FY18,” according to a report by credit rating agency CARE. Though Optimus’s revenue had dipped to ₹622.69 crore in FY18, more than half of it was coming from BlackBerry! Then started the problem. To ensure that the company met the foolproof security requirement of the handsets, which BlackBerry was famous for, Gupta was always late in rolling out products in the market. “By the time we launched a new version, the Chinese players already had a better tech version,” he says.

Playing a catch-up game didn’t make sense. And that reflected in the numbers. For the first nine months of FY19, the company could only clock ₹192 crore from sales of BlackBerry. Over the next few months, sales vanished, Optimus exited from making its own brand as well as the BlackBerry business, and the contract manufacturing venture hit a new low. From a high of ₹1,010.61 crore in revenue in FY17, Optimus slipped to ₹308.42 crore in FY20, and to ₹225.4 crore in FY21.

The BlackBerry failure was the lowest point in his life. “I saw

DRIVING GROWTH

Established in 2015, OEL (Optimus Electronics) **was a joint venture between Optimus Infracom and Wistron Corp of Taiwan** for manufacturing smart devices, including smartphones



Manufacturing unit in Noida is **spread over 75,000 sq ft** with **20 assembly lines** and a monthly

production capacity of over 8.5 million smartphones per year



Used to make handsets for companies such as LG, BlackBerry, HTC, Oppo, OnePlus and JioPhones

Now OEL is a fully-owned subsidiary of Optimus Infracom Limited (OIL)



Has a capacity to manufacture 1 million

wearable and hearable devices per month **Plans to touch 2 million** units per month by end of August

Recently signed an MoU with American audio electronics major HARMAN

(now a Samsung subsidiary) for manufacturing of hearable and wearable products in India

Another manufacturing unit in Noida is geared up to produce laptops and telecom products

TIE-UP WITH TAIWANESE BIGGIE WISTRON

Last August, OIL announced a **strategic partnership with Taiwanese manufacturing giant Wistron** for manufacturing electronics products in India

The companies were **among the first to be approved under the government’s PLI scheme for mobile and electronics manufacturing**

Tie-up is **for manufacturing of IT hardware products, laptops, automotive products and electric vehicles**

OIL **to invest ₹1,350 crore** to increase capacities in its plants, which are set to make mobiles, laptops, tablets and servers

back-to-back failures,” says Gupta, now 36. The folding up of the Zen Mobile business and the failed bet in BlackBerry was devastating for the second-generation entrepreneur, who had always erred on the side of caution while taking decisions to make products. Zen Mobile was a chance to give Optimus a consumer face. It failed. BlackBerry was another attempt to have a play in B2C business. It bombed. To go for a third attempt could have been fatal, especially when they had everything to lose.

Gupta decided to dump all his B2C aspirations. He spotted a faint opportunity in the business of making hearables and wearables, and Optimus geared up to become a back-end player. The move, though, didn’t appear to be smart. The reason was clear: A pony market size, which was projected to remain small. Look at the numbers for 2019. While the Indian market for smartwatches was at 1.1 million units, the earwear category was at 8.4 million units, according to market intelligence firm International Data Corporation (IDC). With Apple, Samsung, JBL, Harman Kardon and Infinity dominating the space, there was no Indian manufacturer in the hearable and wearable space. “I wanted to take the leap,” says Gupta. “To me, it was a smart move, but people perceived it to be stupid.”

Cut to June 2022. Gupta’s bet is paying off handsomely. Thanks to the pandemic, the market for hearables and wearables has exploded, and Gupta is well placed to make most of the early-mover advantage. While smartwatches jumped from 2.63 million in 2020 to 12.23 million in 2021, truly wireless stereo (TWS) increased from 11.3 million units to 20.3 million during the same period. It meant a windfall for Optimus, which tied up with Taiwanese manufacturing giant Wistron for manufacturing electronics products in India in 2015.

With Indian players overwhelmingly dominating the space, Optimus emerged as a reliable partner for many, including Noise.

There has been no looking back since. Optimus almost doubled its revenue in FY22 to ₹429.73 crore, and posted profit of ₹18.53 crore, from a loss of ₹4.94 crore in FY21. Last August, it entered into another deal with Wistron for manufacturing electronics products in India. The companies were among the first to be approved under the government's production-linked incentive (PLI) scheme for mobile and electronics manufacturing. The tie-up, says Gupta, is for manufacturing of IT hardware products, laptops, automotive products and electric vehicles.

Industry observers reckon that Optimus has pivoted its business model, which now has the potential to scale into something big. "They are at the right place at the right time

and already have a momentum," says Anshika Jain, senior analyst at Counterpoint Research. Qualifying for the PLI for mobile phones, IT hardware and telecom products makes it a right partner for brands who have multiple products and ambitions to scale and localise their operations in India. The partnership with Wistron, she adds, will give it access to not just know-how, but also expertise in future expansion as technology plays a key role in manufacturing.

Apart from the deal with Wistron, which has beefed up the tech muscle of the homegrown electronics equipment maker, Optimus roped in the man responsible for kick-starting Apple's production in India. A Gururaj, former managing director at Wistron India from 2016 till 2019, joined as managing director last June. "I always wanted to work for an Indian entity,"

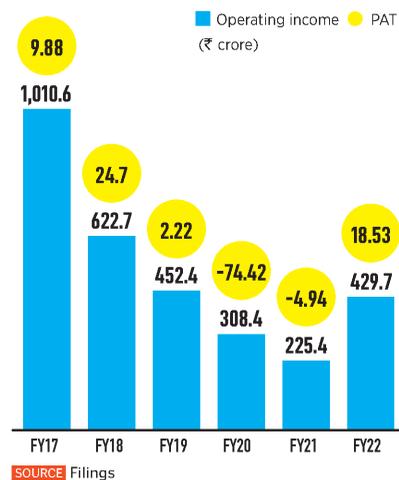
"When I talked about electronic manufacturing in India in 2003, people didn't take me seriously at all. Look at what is happening now."

A Gururaj, managing director, Optimus Electronics



Optimus had been manufacturing handsets for the likes of LG and HTC at its Noida facility

OIL: REPORT CARD (Optimus Infracom Limited)



SOURCE: Filings

says Gururaj, adding that the desire to play a role in creating world-class Indian entities was the trigger to join Optimus. For sustainable supply chains across the world, he says, strong Indian entities have to be built.

Crediting Gupta for making the right call on starting manufacturing hearable and wearable devices, Gururaj reckons that the company has hit the right note. "There is no other Indian electronics manufacturer with a global partner," he says, alluding to Optimus's partnership with Wistron.

Gupta, for his part, is making sure that he makes a diversified bet this time. From mobiles to hearables, wearables and laptops, he is widening his net as much as possible. "A space that we see really growing fast is connected devices," he says, adding that laptops and connected laptops would be a huge market for Optimus. "We are running our trials and will start making laptops soon," he says. Optimus, he says, doesn't want to be an electronics manufacturer. "We want to be an experiential manufacturer and make world-class products from India and for the world." **F**