

opto circuits (india) limited

BOARD OF DIRECTORS

- | | |
|-------------------------|------------------------------|
| • Vinod Ramnani | Chairman & Managing Director |
| • Usha Ramnani | Executive Director |
| • Jayesh C. Patel | Director |
| • Thomas Dietiker | Director |
| • Mahesh C. Patel | Director |
| • Suleman Adam Merchant | Director |

AUDITORS

- Anand Shenoy & Co.
Chartered Accountants
S-2, II Floor, Gem Plaza,
No. 66, Infantry Road,
Bangalore - 560 001

COMPANY SECRETARY

- Mrs. Rose Chintamani

BANKERS

- State Bank of India
- State Bank of Travancore

REGISTERED OFFICE

- No. 83, Electronics City,
Hosur Road, Bangalore - 561 229.

Annual General Meeting

Day & Date : Thursday, 21st July 2005.

Time : 10.00 am.

Venue : The Grand Ashok
Kumara Krupa High Grounds
Bangalore-560 001.



A Letter from the Chairman's Desk

Dear Shareholders,

*There comes a tide in the affairs of men,
Which taken at the flood, leads on to fortunes,
Omitted, All the voyages and journeys of their lives,
Are bound in shallows and in miseries,
On such a full sea we are now afloat,
And must take the tide when it serves us best.....*

- Sir William Shakespeare

Tides appear for companies too. Towards the end of the second quarter of FY0405, your company, OPTO CIRCUITS grabbed the tide when it received US FDA approval for its SPO2 product. The US market size for this product is estimated at 70% of the total global demand of USD 0.5 billion and we have targeted a market share of 5-10% thereof. We believe that this is one of the many major milestones that your company will achieve in its ongoing success march.

In a few months from now, we will complete five years of being associated since the company made its IPO in September, 2000. Although our performance always lived up to the promises we made, depressed stock market conditions and lack of adequate awareness about the niche segments the company operates in, resulted into an undervalued share-price. However, you never lost hope and stayed on as shareholders reposing faith in our management team. On our part, we decided that since we were performing well and enjoying excellent cash flows, we should reward you with handsome dividends and bonuses. Our track record on this front, over the last four years must rank among the best across listed companies. As you are aware, we have announced a dividend of 35% for FY0405 along with a 5:10 bonus. We have also proposed a stock-split as we feel that it will further enhance liquidity of our stock at the bourses.

Our fast-growing company manufactures products like optical sensors, medical electronics, security systems and optoelectronic equipments. It is also one of the very few companies in India that undertakes the design of optoelectronic devices. Our strategy of driving growth simultaneously through both, organic and inorganic means, has yielded rich rewards, and today, we appear well placed to achieve our group turnover target of Rs.500 crore.

On behalf of our management team, I wish to personally thank each one of you for the faith you have reposed in us. We assure you of our continued best efforts as we take the company onto a higher success plane and adherence to our simple management mantra 'Shareholders, First'.

Vinod Ramnani
Managing Director

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TORCHLIGHT

MEET THE MANAGEMENT



A Mechanical Engineer by profession, Vinod is the driving force behind Opto Circuits. Having worked with Organizations in India and abroad, he had a wealth of experience to back him, when, in 1990, he along with Thomas Dietikar (the American co-promoter of Opto Circuits) and others decided to establish M/s Elekon Industries Pte Ltd., in Singapore. Thereafter, Vinod initiated a move to shift the manufacturing facilities to the Silicon Valley of India (Bangalore) and Opto Circuits was formed in 1992 with Vinod as the Managing Director. His passion to see Opto Circuits scale new heights is reflected in the hands-on management style in which he manages the company.

Vinod Ramnani

Thomas Dietikar

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The Swiss born Thomas Dietikar, who is an American Citizen, was a co-founder of Elekon Industries, along with Vinod Ramnani in 1990, before becoming a co-promoter of Opto Circuits in 1992. An Electronics Engineer, Thomas (Tom) brings to the table, extensive experience in business Development, Products and a wide range of related electronic assemblies. Since the inception of Opto Circuits, Tom has executed a business strategy of targeted marketing and sole-source product development. The market share for the company has steadily increased to a point where, the company enjoys a prominent position in medical sensors, X-ray detectors and various other key applications of Optoelectronic products.

An Electronic Engineer by profession, Jayesh brings with him almost a decade and a half of engineering and R & D expertise to the company's product line. He has been instrumental in the product design and conception of a multitude of Opto-electronic products for the company.

Jayesh Patel

Usha Ramnani

A post-graduate in Commerce, Usha has two decades of experience in the field of administration. Having been with the company's since its inception, she oversees its Administration and Personnel Functions.

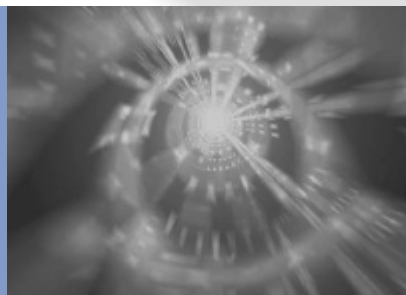
A prominent radiologist, Dr. Suleman Merchant is the Chairman of the Department of Radiology at Sion Hospital in Mumbai. A well-known member of the national and international medical fraternity, Dr. Merchant brings to the table his vast experience and medical expertise.

Suleman Merchant

Mahesh Patel

A Chartered Accountant with a legal degree, Mahesh has more than a decade and a half of advisory expertise in legal and business matters. Opto Circuits benefits from his legal and financial acumen while closing business deals.

SPOTLIGHT WITH OPTO'S CMD



Vinod Ramnani, the Chairman and Managing Director (CMD) of OPTO CIRCUITS (INDIA) LIMITED is not a man who minces words. When placed under the spotlight, he characteristically launched headlong into the questions thrown at him by a potential investor.

Hereunder are key excerpts from the Spotlight session:

Qs. It has been a very fruitful journey for your domestic shareholders from your IPO in 2000 to date. You have now proposed a GDR or FCCB issue. What are the prime objectives of making this issue?

CMD: Yes, it has indeed been a fruitful journey for our original shareholders who have clocked aggregate gains of over 500 per cent and annualized gains in excess of 100 per cent. The prime objectives of our proposed GDR or FCCB issue include acquisitions and the expansion of our R&D facilities. This will drive our growth, both, inorganic as well as organic.

Qs. What is the management's game plan to achieve higher growth? Are you likely to rely more on organic or inorganic growth?

CMD: Our game plan has always been to drive growth. We propose to do this by sustaining our organic growth through more aggressive selling of our existing products by penetrating new markets and geographies. Simultaneously, we plan to drive inorganic growth through expansion of our product lines through acquisitions. The objective here would be to achieve synergies while leveraging our selling and distribution strengths in both, the overseas and domestic markets.

Qs. Give us your perspective of the company's performance during FY04-05 and what you rate as the most significant developments in the company during this period?

CMD: Our performance for FY 04-05 is well reflected in our strong

numbers, and it pleases me to note that we were able to achieve our internal targets. As for significant developments, the US FDA approval we obtained during the year for our SPO2 product was a big boost as also was our successful introduction of two new products, namely desktop pulse oximeters and multi-parameter monitors.

Qs. How would you respond to the criticism that you are fast diluting your equity base? After three continuous bonuses, you have once again declared a bonus issue for FY04-05.

CMD: At the outset, let me make it clear that the dilution if at all it can be so referred to, is to shareholders and not to outsiders at the cost of shareholders. Whether it is a negative or positive, depends on the perspective with which you view this issue. As far as my management team and I are concerned, we believed we performed well from the outset and delivered on all our IPO promises, but the stock-market took its time to discover our potential. In the interim, we believed that our shareholders should be rewarded for their faith and patience. Hence, we ensure that following every good performance, we reward our shareholders with a decent dividend and bonus payout. In fact, considering our bonus and dividend track-record, the effective yield for investors who have stayed with us since our IPO works out to be fairly high. We believe no reward is too high for our shareholders.

Qs. What is your strategy to make further inroads into the US, European and other overseas markets?

CMD: We drive our US market operations through Mediaid, which is what we renamed the patient monitoring division of Palco Labs, USA which we acquired in 2003. We are already well placed there and as for our initiative in the other markets, you may note that we have opened four new offices in Europe, South-East Asia, Latin America and the Middle East. Hence, our geographies are increasing and at last count we had 100 plus distributors across all these regions.

Qs. What potential do you foresee for your products in the domestic market and what is your game plan in this regard?

CMD: Our domestic market product sales are driven through Advanced Micronic Devices Limited (AMD), a listed Indian company, in which we acquired a majority stake in 2001. AMD has a 200 member marketing and sales team spanning across the country and we leverage their extensive network and two decades of experience to drive sales.

Qs. Are you on track to deliver on your target of a Rs.500 crore group turnover by 2008. From where do you expect the revenue mix to flow?

CMD: You would have noted that our group turnover for FY-0405 itself was around Rs.133 crore. After spending the last couple of years, consolidating our business and setting a solid base, my management team and I feel that we are now well placed to take our growth onto the next plane. Our game plan is to simultaneously drive growth through organic and inorganic means. We are seriously considering a couple of acquisitions and hopeful that they may materialize in the near future. Even without factoring in contributions from potential acquisitions, we are targeting a 40-50 per cent growth rate. Given our past growth track record and where we are placed now, we at Opto feel that the target of a Rs.500 crore group turnover should not be too difficult to achieve.

OPTO'S PREMISES



OCI Plant

Opto Circuits (I) Ltd.
#83, Electronics City
Bangalore - 560 100.

Opto Monitors Division (OMD)

A110, KSSIDC Complex
Block II
Bangalore - 560 100.

Opto Circuits (India) Ltd., has two manufacturing units in Bangalore, each of which have 100% EOU status and the company is also registered with the Federal Drug Authority, USA.

The company's manufacturing facilities operate in Class 10000 environment with antistatic workstations wherever necessary and is completely powered by captive DG equipment for uninterrupted clean power.

The company's manufacturing facilities comprise state-of-the-art facilities such as Disco Wafer Dicing, Die Attach, Component Forming, Wire Bonders, Transfer Molding and Re-flow Ovens. The same is backed by a comprehensive range of inspection and reliability testing equipment, such as Bond Pull, Shear Testers, Stereo Microscopes, IR Viewers and Spectrometers.

The company also has state of the art R & D facilities, which enables it to target the niche market through customized designing of the products to suit the requirements of customers.

ISO9001,2000 certified

ISO9001,2000 &
ISO13485,,2000 certified

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OPTO'S PRODUCTS



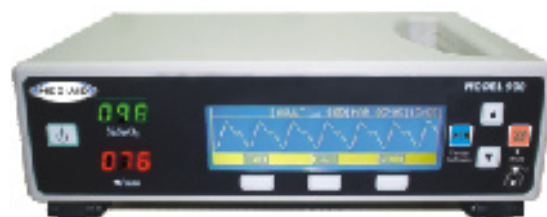
OPTO'S NEW PRODUCTS

Opto's R&D team works round the clock to design new products. The fruits of their labour were borne out by the two new products added to the company's portfolio during FY-0405. The two new products include:

Multiparameter Monitors

These are used in operation theatres & intensive care units. These systems are used for monitoring the patient's vital signs such as ECG, blood pressure, temperature & oxygen level saturations.

The world market size for multiparameter monitors is estimated at 225mn USD.



Desktop Pulse Oximeter

This range consists of desk top pulse oximeters, which are used in operation theatres as well as intensive care units. These have now been enhanced with added features like connectivity to the computer, nurse call back facility & features like battery back up, which puts it in the league of International brands.

The world market for Desktop pulse oximeters is estimated at 500mn USD.



Industry Segment : Product Application

Health Care	<ul style="list-style-type: none">- Oxymeter Probes (SpO₂)- Digital Thermometers- IV Fluid Warmers- Patient Monitoring Systems (Pulse Oxymeter)- Cholesterol Monitors- Multiparameter Monitors (New Product)- Desk Top Pulse Oxymeter (New Product)
Industrial	<ul style="list-style-type: none">- RF Identification Tags
Electronics	<ul style="list-style-type: none">- Detectors for CT Scanners- Detectors for X-ray machines

Opto's Backbone - Its Product Range

The term opto-electronics implies the combination of optical and electronics phenomena in a single device. The company's coverage of optoelectronics component products largely reflects that definition.

Range of Products:

Baggage Scanners: Opto Circuits manufactures a line of custom X-ray detectors used by the security equipments industry. Opto Circuits currently manufactures detectors used for line scanners for a manufacturer on the east coast of the United States. Their detectors are fairly complex to manufacture and test, due to tight mechanical tolerances between the silicon photodiode and the scintillator. Opto Circuits is among the few companies with the capability to manufacture this sensor, and has been doing so for the past eight years. The next generation of automatic baggage scanners that have been developed use computer topography technology, which is the same as those used in CT scanners, barring the speed.

It is worth noting here that Opto Circuits' aforementioned American customer is the only supplier in the world that is approved by the Federal Aviation Administration (FAA). More importantly, Opto Circuits, on the other hand, is currently the only source for the detectors used in the equipment.

Fluid warmer: It is used during surgeries and blood transfusions, as it helps in maintaining the temperature of blood at 37 degree Celsius (human body temperature) for smooth flow of blood. It is particularly necessary in cold areas, where the blood becomes thicker resulting in thermal shocks that can often prove fatal for patients. This product has been extensively used by the US army in Iraq.

SPO₂ Probes: These consist of Oxy sensors (Emitter and Detector assemblies) coupled with specialized cable assemblies or customized interface circuitry to link to overall patient monitoring system for checking the percentage of Saturated Oxygen in the blood and Pulse rate. SPO₂ probes can meet all the specifications and requirements of customers. Opto Circuits has the capability to make the Emitters and Detectors of both Lead frames as well as ceramic versions, required for the SPO₂ Probes and can handle and assemble various kinds of tapes and housings for making the SPO₂ Probes. All probes are tested comprehensively (100%) for its functionality. Depending on the customer requirement, each probe is identified for traceability, and packed.

