

OPTO CIRCUITS (INDIA) LIMITED



Report Junction.com

SENSING TECHNOLOGY



14th Annual Report 2005-2006



Opto Circuits (India) Limited

BOARD OF DIRECTORS

- | | |
|-------------------------|------------------------------|
| • Vinod Ramnani | Chairman & Managing Director |
| • Usha Ramnani | Executive Director |
| • Jayesh C. Patel | Director |
| • Thomas Dietiker | Director |
| • Suleman Adam Merchant | Director |
| • V. Balasubramaniam | Director |
| • Dr. Anvay Mulay | Director |
| • Rajkumar Raisinghani | 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, 28th September 2006.

Time : 11.00 am.

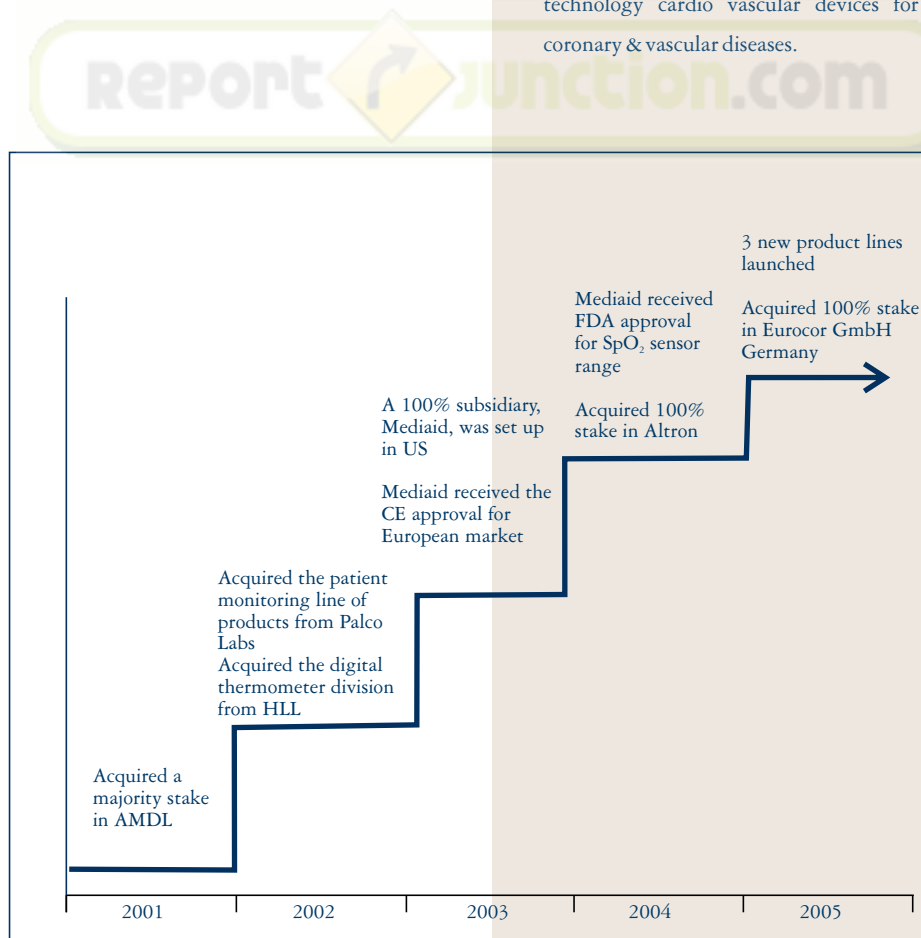
Venue : The Grand Ashok
Kumara Krupa High Grounds
Bangalore-560 001.

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SHOWCASE Key Milestones

The Year 2005 has seen a quantum leap in the history of Opto Circuits. The Company has diversified from non invasive segment to invasive segment of the healthcare domain.

Opto Circuits (I) Ltd has grown both organically & inorganically. The Company has proved its ability in aggressive take over and integration of these businesses. Keeping the organic growth intact, Opto Circuits has progressed & acquired Eurocor, a German company specializing in the design & manufacturing of high technology cardio vascular devices for successful treatment of coronary & vascular diseases.






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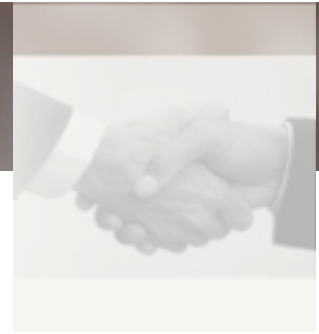
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A Window to Opto Circuits



BRAINS TRUST

Meet the Management

EXECUTIVE DIRECTORS

VINOD RAMNANI

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.

THOMAS DIETIKER

The Swiss born Thomas Dietikar, who is an American Citizen is a co-promoter of Opto Circuits established 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.

JAYESH PATEL

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.

USHA RAMNANI

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

INDEPENDENT DIRECTORS

SULEMAN MERCHANT

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.

NEW INDEPENDENT DIRECTORS

V BALASUBRAMANIAM

With over two and a half decades of global experience, Balasubramaniam is the founder-promoter of a software company. An MBA from Symbiosis Institute of Business Management, Pune, he is also a member of CPA & FCMA. The company benefits from his operational & resource management skills.

DR. ANVAY MULAY

A cardio-vascular thoracic surgeon (McH), Dr. Mulay has over a decade of medical experience and has also worked in the US & UK, before settling in India. Dr. Mulay brings to the table his vast experience and medical expertise.

RAJKUMAR RAISINGHANI

An industrialist with an electrical engineering background, Rajkumar has over two and a half decades of experience. His vast manufacturing experience stands the company in good stead.

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VISION & STRATEGY MUSINGS

-CMD



"Our performance for FY05-06 is well reflected in our strong numbers, and it pleases me to note that we were able to achieve our internal targets. The key highlights during the year were the receipt of a new distribution and pricing agreement from a Defence Personnel Support Centre based in Philadelphia and the acquisition of Eurocor."

"Eurocor has been the biggest acquisition in the history of Opto."

The acquisition provides us portfolio diversification as Opto was only present in the non invasive segment. The global market for stents is worth US\$8bn of which 50% is outside of the USA. We are targeting this market for growth. We have received CE approval for our products which allows us to sell our products anywhere in the world except the US & Japan. We are confident of capturing 3-5% of this market over the next two years through quality product offerings and aggressive marketing."

"The agreement with defence USA enables us to distribute the FDA approved SpO₂ Sensors and Patient Monitoring Devices at specific prices through the Medical Prime Vendor Programme. I am proud that Opto has become the first company from India to achieve this distinction."

"Opto has been acquiring companies only when the management feels that it is paying the right price for it. We have always looked at creating value for shareholders through acquisitions. So if an opportunity arises and if we believe that the acquisition would be a strategic fit for the company in the longer run at attractive valuations, we would go forward and acquire the company."

"In the near term, we would like to consolidate our position. We have successfully integrated Eurocor operations and would now focus on building a strong marketing team for our world class products. We

would also increase our focus on R&D initiatives to roll out new products which would help us remain competitive."

"We have already started selling stents in markets where we have registered our products. Our CE approval enables us to sell products in 36 countries and we have registered our products in 29 countries so far. By Dec 2006, we will have registrations in all the countries. I believe our products are equivalent if not superior in quality to our competitors who enjoy decades of experience in this market. Eurocor has a strong distribution network in 36 countries and we plan to leverage on that advantage. We shall also bank upon our low cost advantage by shifting low end manufacturing of stents to India."

"We require our products to be USFDA approved for selling them in the US market. We have already started taking the necessary steps for obtaining the USFDA approval. But it is a rigorous process spanning over 18-24 months."

"Domestic market is a very important growth driver for Opto. 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 250 member marketing and sales team spanning across the country. We leverage their extensive network and two decades of experience to drive sales."

"Our group turnover for FY05-06 itself was around Rs.145.45 crore. This year we will have the full effect of Eurocor's operations in our financials. Our game plan is to simultaneously drive growth through organic and inorganic means. 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 are confident of achieving a prestigious and challenging target of Rs500crore group turnover by 2008."

Vinod Ramnani

BUSINESS MODEL

Driving Growth through Niche Products

Opto has been very successful in introducing new products along with synergizing multiple acquisitions over the years. The company has moved from its traditional non invasive products to invasive products which is a big achievement in terms of business strategy.

The acquisition of Eurocor leads to product diversification for Opto. Prior to the acquisition, Opto was only present in the non invasive market. This development enables Opto to enter the invasive segment and enhance its product portfolio. On the other hand Opto can utilize Eurocor's distribution network which is in 36 countries to further its products in Germany, Poland & other parts of Europe.

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BUSINESS MODEL Driving Growth through Niche Products

Existing Business

NEW PRODUCTS



Model 30 Series

This is a new age hand-held Pulse Oximeter. It has a compact, sleek looking design with features like bar graph, bright LED display, patient data storage, USB & infrared ports. It is an Oximeter which can be used with a wide array of reusable & disposable sensors.



Model 150 (Access thermal bill printer)

Model 150 can either be used with Integral finger sensor or with cable adapter module. It features simultaneous display of Oxygen saturation & pulse rate. Model 150 can be used for sleep screening studies & it also comes with a memory to retain the data. This stored data can be printed directly on a printer using infrared port.

Industry Segment: Product Application

Health Care - Oximeter Probes (SpO₂)

- Multiparameter Monitors-Desk Top Pulse Oximeter
- Patient Monitoring Systems (Pulse Oximeter)
- Cholesterol Monitors
- IV Fluid Warmers
- Digital Thermometers

Opto's 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.

SpO₂ Sensors



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. It also checks the Pulse rate. SpO₂ Sensors 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 Sensors and can handle and assemble various kinds of tapes and housings for making them. All Sensors are tested comprehensively (100%) for its functionality. Depending on the customer requirement, each Sensor is identified for traceability and packed.

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.

BUSINESS MODEL

Driving Growth through Niche Products

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.

Pulse Oximeters



It uses non invasive method of monitoring the percentage of Hemoglobin saturated with oxygen. The Pulse Oximeter consists of a sensor attached to the patients finger/Ear lobe, which is linked to a computerized unit. It also gives a signal for each pulse beat and heart rate.

Mini Pulse Oximeter:



This is a small oximeter used at hospitals, at clinics, for sleep screening and for home health care. This can be used with either the integral finger sensor or with a cable adaptor module as well as with a variety of adult & pediatric sensors.

Cholesterol Monitors



Cholesterol Monitor is a portable battery-operated instrument. It is an invasive method of measuring the total cholesterol in the blood. A drop of blood when placed on a chemical strip changes the colour of the strip from white to gray. The unit also undertakes

health risk analysis based on the cholesterol value. This monitor can indicate heart attack and cardiac arrest risk for various biological ages. It is US-FDA approved.

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.

Digital Thermometer



Unlike the conventional mercury based thermometers, this product comes with a microprocessor chip and a thermistor for enabling quick and accurate measurement of body temperature. The sales of Opto's digital thermometers displayed a sharp uptrend during the SARS crisis.