



**OPTO CIRCUITS
(INDIA) LTD.**

SENSING TECHNOLOGY

Report  junction.com

**17th
ANNUAL
REPORT
2008 - 09**

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Board Of Directors

- | | |
|-----------------------------|------------------------------|
| • Vinod Ramnani | Chairman & Managing Director |
| • Usha Ramnani | Executive Director |
| • Jayesh C. Patel | Director |
| • Thomas Dietiker | Director |
| • Dr. Suleman Adam Merchant | Director |
| • V. Bala Subramaniam | Director |
| • Dr. Anvay Mulay | Director |
| • Rajkumar Raisinghani | Director |
| • Dr. William Walter O'Neil | Director |

Auditors

Anand Amarnath & Associates
Chartered Accountants
S-2, II Floor, Gem Plaza,
No. 66, Infantry Road,
Bengaluru 560 001.

HLB Treumerkur,
Hofkamp 24, 42103 Wuppertal,
Germany.

Company Secretary

- R. Vijayendra

Bankers

- State Bank Of India
- State Bank Of Travancore
- United Bank Of India
- ABN AMRO Bank
- DBS Bank Ltd.

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Registered Office

Plot No. 83, Electronic City,
Hosur Road, Bengaluru 560 100, India.

17th Annual General Meeting

Day & Date: Tuesday 29th September 2009

Time : 12.00 Noon

Venue: St. John's Medical College Hospital Auditorium,
Opp. Kormangala BDA Complex, 100 Feet Road,
Kormangala, Bengaluru 560 034, India.

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SENSING TECHNOLOGY



Dear Shareholders,

We are in the ninth year of a very special relationship that has created India's only indigenous medical device Company addressing patient safety and interventions in more than 10,000 healthcare facilities in 56 countries. I am proud to be your partner and custodian of a corporate legacy that, in the span of a decade, holds 35 international patents and offers nearly 100 products across 12 medical applications covering significant areas of hospital care and recovery. Your Company, by virtue of its segmented product portfolio, is also the only one of its kind to develop and market a large base of non invasive monitoring equipment along with strong and growing brands in minimally invasive cardiovascular and peripheral devices. The Opto Group, today, reflects a synergistic mix of developmental capabilities, manufacturing excellence, distribution reach and brand equity.

Some small and some giant steps, we've moved from merely making sensors for Fortune 500 companies in the year 2000 to assertively developing and selling our own brand of technology-intensive and industry comparable medical devices in the year 2009. We've also progressed from monitoring patients on vital signs to now treating serious diseases in specialized therapeutic facilities. Our touch points in hospitals go beyond general practitioners and their nursing staff to include such specialists like interventional cardiologists, radiologists, anesthetists and urologists. We've modeled ourselves to include the latest innovations and discoveries in, both, opto-electronics and biotechnology. Over the years, we've cast ourselves to benefit from our local roots whilst growing wings to attain global success.

We acquired 29 year-old Wisconsin, US-based Criticare Systems Inc. (CSI) in April 2008 and thus started the last fiscal welcoming a new member into our family; this was our eighth acquisition. Post the acquisition, we charted three main goals for the year: a) increase operating margins, b) expand geographical reach of the products and c) develop and launch new products.

As planned, we are in the process of moving various CSI products to India in a phased manner to achieve substantial cost savings. We adopted a leaner Management approach, further cutting down costs and increasing efficiencies, resulting in significant improvements in the operating results of the Company.

We bundled our products and used Mediad's distribution reach to bring back the CSI brand into its erstwhile markets while also introducing the range into high acuity and emerging anesthesia monitoring markets. With a renewed focus and fresh enthusiasm, CSI participated in various tradeshows around the world including Arab Health in Dubai, UAE and Medica in Düsseldorf, Germany.

Over the months, we worked with CSI's team of engineers to develop modular - scalable monitors with contemporary features to go with modern-day health facilities. CSI launched two new USFDA approved and CE certified vital signs patient monitors - eQuality and nCompass, both developed in-house. CSI also converted a bulky bedside gas bench into a portable module that can be used in CSI's range of multi parameter monitors and by systems integrator companies in their own branded equipment. Additionally, OCI developed sensors to adapt to CSI's new range of patient monitors. CSI also receives substantial engineering development support from the OCI team in Bengaluru.

The CSI brand, well known in the patient monitoring industry, especially in North America and Western Europe, made for a progressive fit for OCI's non invasive range of products. CSI's patented and niche technologies for anesthetic and respiratory gas monitoring, with a 10 per cent market share in a multi-million dollar industry, propelled us further within the critical care business. Owing to the requirements on high scientific knowledge and process controlled manufacturing, CSI's proprietary competition in this field is limited to very few players, considerably enhancing the significance of the products and of the company to the industry.

Mediad Inc., another wholly-owned US-based subsidiary of OCI in the non invasive segment, received approval from the USFDA for Model 900, a bedside monitor, and Model 960, a vital signs monitor. Both monitors have been designed and developed by OCI's R&D centre at Bengaluru.

Last year, we embarked on a unique forward integration by entering into the fast developing Specialty Ambulance business in India. Our subsidiary, Advanced Micronic Devices Limited (AMD) is now bidding for developing turnkey solutions in Basic Life Support and Advanced Life Support Ambulances; some of our own monitoring equipment will be fitted into these ambulances, creating a fresh revenue stream for our in-house product range of 40 monitors. This industry is expected to be worth USD 150 million in the next five years, due also to Government of India's initiatives in launching schemes for mobile healthcare delivery systems in rural and semi-urban areas.

AMD's Strategic Electronics Division, offering products based on Global Positioning Systems (GPS) for navigation, control, guidance, timing and ionospheric research, worked with the Indian Space Research Organization (ISRO) for precision products that were used in the prestigious Chandrayan project- India's first manned lunar mission. We are very proud to have evolved into a Company that can work with technologies transcending from sensors to satellites.

Your Company's invasive line of products, especially for Eurocor GmbH, our wholly-owned German subsidiary, continues to make inroads in many important cardiovascular markets; the focus on creating brands in this segment is inherent to all our marketing initiatives. The team is also working on a product pipeline that goes beyond cardiovascular applications and the preferred drug-in-use, in turn expanding our addressable market size.

In the last fiscal, we launched DIOR, a drug eluting balloon catheter, in many Asian countries including India, Singapore and Vietnam;

the response to this unique concept for treatment in in-stent restenosis, bifurcation stenting and small lesion stenting is tremendous and is equal to the interest and demand generated out of the European markets. We expect the product, research on which is well published and discussed at various international interventional cardiology conferences, to be approved for and widely used in many more clinical applications, like valvoplasties, in the future. DIOR also helped Eurocor find a footprint in the concentrated UK market through a large distributor; we launched the product at The Advanced Cardiovascular Intervention meeting in London, last fiscal. More than 6000 patients in 4 countries are presently being followed up for clinical data for various applications on DIOR.

Eurocor will be introducing another unique product in the coming year for which it has already received a CE approval. The Magical Stent system, a combination of a drug eluting balloon with a bare metal stent, is expected to be yet another path breaking offering from the OCI Group. We are awaiting sufficient clinical data to launch the product in different markets.

We also forged a strategic relationship with North Carolina, US-based coating company Micell Technologies for jointly developing new stent and balloon systems for world markets. Micell, which has a strong intellectual property portfolio, will coat products developed on Eurocor technologies.

Fiscal 2009's highly challenging economic conditions presented us with opportunities and ideas to fortify our business models and to ensure that our products assimilate the principles that drive the dynamics of the global healthcare industry. The strategy to tie up equipment sales with sustained consumables' supplies and the continued and deliberate focus on vital signs-only monitoring and critical cardiac care assured yet another steady growth year. Additionally, the non-discretionary nature of these products ensured that uncertain hospital capital expenditure budgets do not affect the products' global need and demand. Infact, the influx of sovereign funds into many capital systems and the subsequent contribution to building more stable healthcare infrastructure are only creating a larger market for some of our affordable and high quality offerings. Your Company's ability to offer need-based and customer-driven variants also played an important role in successfully adapting to the changing business environment.

OCI's consolidated 3-year sales CAGR of around 48 per cent, far supersedes the global industry rate of 8-10 per cent. We currently have five products in the pipeline and expect more geographical and distribution benefits to accrue out of these. Our business model and product portfolio affords us the scope for even better opportunities and growth for the future. In the next few years, some of our key endeavours would be to a) double our market share in the anesthetic monitoring market by also developing an OEM-model for the gas modules, b) develop a strong IP driven sensor supplies model for CSI's existing installed base of around 200,000 monitors and for all new launches thereafter, c) leverage on our niche technologies like DIOR and Magical which are also expected to be disruptive to the present angioplasty industry, d) focus on creating brands out of our star product names and e) find a cohesive balance between the invasive and non invasive segments and between the developing and developed markets of relevance.



Lastly, it gives me great pleasure in sharing with you that your Company has been commended and recognized for its track-record in shareholder wealth creation and a sustained excellence at business and operations by two leading media brands. In March 2009, we were declared the winner of the Business Standard "Star SME" award and in September 2008, Forbes Asia ranked us amongst the top 200 "Best under a billion" companies in the Asia Pacific region.

All said, none of the above achievements, accolades and prospects are possible without your commitment and faith in the Company and its Management. On behalf of my colleagues from across the Group and the globe, I am signing off with the conviction that your support and trust will continue to guide us in the coming year and will help us scale newer heights.

Sincerely,

Vinod Ramnani
Chairman and Managing Director



EUROCOR Dìor



EUROCOR Magical

GROUP FINANCIAL HIGHLIGHTS

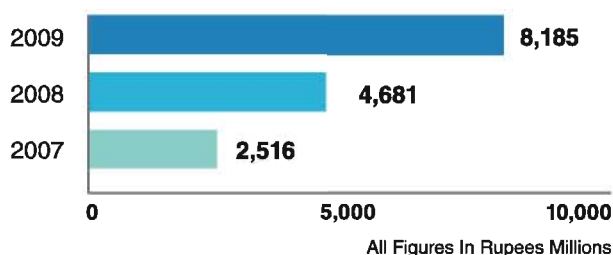


Three Years At a Glance

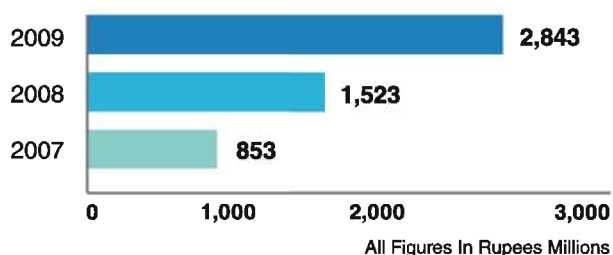
FINANCIAL DATA SUMMARY		2007	2008	2009
PROFIT AND LOSS				
Sales	UOM			
	Rs mio	2,516	4,681	8,185
EBITDA	Rs mio	853	1,523	2,843
PBT	Rs mio	755	1,352	2,168
PAT	Rs mio	733	1,313	2,093
BALANCE SHEET				
Gross block	Rs mio	607	778	2,660
Net block	Rs mio	459	556	1,995
Net current assets	Rs mio	2,034	3,174	6,134
Share capital	Rs mio	616	981	1,615
Reserves and surplus	Rs mio	1,509	2,364	3,551
Capital employed	Rs mio	2,848	4,442	10,682
PERFORMANCE RATIOS				
EBITDA/Sales	%	34%	33%	35%
PBT/Sales	%	30%	29%	26%
PAT/Sales	%	29%	28%	26%
RETURN RATIOS				
ROTA	%	21%	23%	19%
ROCE	%	26%	30%	20%
ROE	%	34%	39%	41%
TURNOVER RATIOS				
FA turnover Ratio		5.49	8.42	4.10
WC turnover Ratio		1.24	1.47	1.33
LEVERAGE				
Debt/Equity Ratio		0.30	0.30	1.04
Equity/Total Assets	%	55%	53%	36%
CASH AND LIQUIDITY				
Current Ratio		3.01	2.67	2.65
SHARE DATA				
Dividend	%	50%	50%	40%
Dividend per share		5	5	4
Diluted EPS (restated)		4.54	8.13	12.96
OTHER KEY PARAMETERS - BALANCE SHEET				
Goodwill/Total Assets	%	9%	7%	16%
Capital expenditure/Sales	%	8%	3%	18%
R&D/Sales	%	4%	7%	12%
OTHER KEY PARAMETERS - P & L				
Employee Cost/Sales	%	6%	5%	5%
SGA total/Sales	%	15%	12%	12%
Interest cost/Sales	%	3%	2%	7%

Key Parameters - Profit & Loss Account

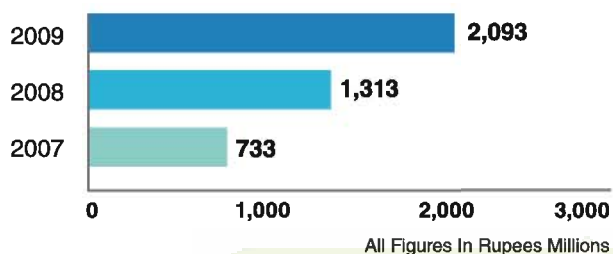
SALES



EBITDA



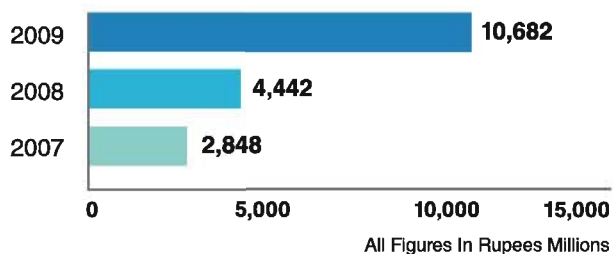
PAT



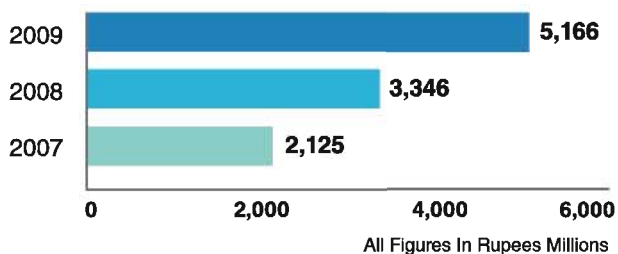
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Key Parameters - Balance Sheet

CAPITAL EMPLOYED



NET WORTH

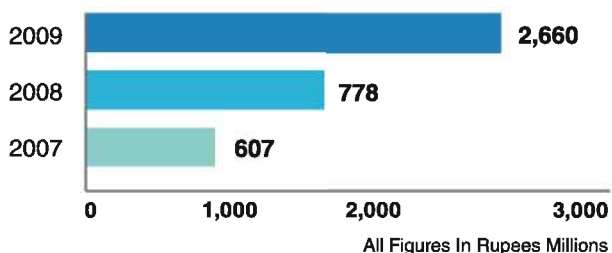


EPS

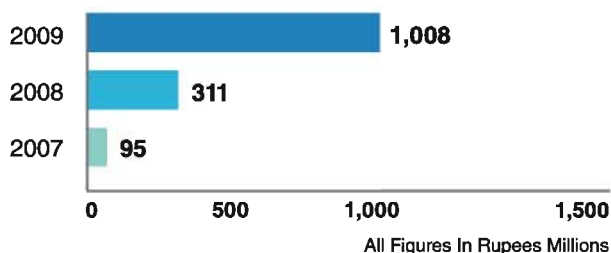


Investing For Sustained Industry Relevance

GROSS BLOCK

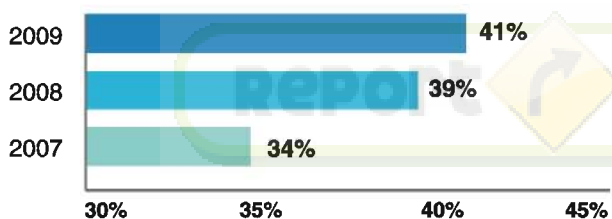


R&D



Return on Equity

ROE



Debt Equity Mix

FY 2009 D:E MIX



DEBT EQUITY

FY 2008 D:E MIX



DEBT EQUITY

FY 2007 D:E MIX



DEBT EQUITY