



SENSING TECHNOLOGY

ANNUAL REPORT

2013-14

BOARD OF DIRECTORS

Vinod Ramnani, Chairman & Managing Director
Jayesh C Patel, Director
Thomas Dietiker, Director
Dr. Suleman Adam Merchant, Director
V. Balasubramaniam, Director
Dr. Anvay Mulay, Director
Rajkumar Raisinghani, Director
Bhaskar Bodapati, Director

COMPANY SECRETARY

V. Sundar

REGISTERED OFFICE

83, Electronics City,
Bengaluru 560 100, Karnataka, India

AUDITORS

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

BANKERS

State Bank of India
United Bank of India
IndusInd Bank Ltd.
DBS Bank Ltd.
Standard Chartered Bank
HDFC Bank Ltd.
YES Bank Ltd.
ICICI Bank Limited
The Bank of Nova Scotia

22ND ANNUAL GENERAL MEETING

Day & Date: Tuesday, 30th September 2014
Time: 12:00 Noon
Venue: Manipal County
No.65 Singasandra, Off Hosur Road,
Bengaluru 560 068

COMPANY CO-ORDINATES FOR INVESTORS

9am IST – 5pm IST, Weekdays
83, Electronics City,
Bengaluru 560 100, Karnataka, India
T: 91 80 2852 1040/41/42
F: 91 80 2852 1094
E-mail: investorsservices@optoindia.com |
ir@optoindia.com

GROUP WEBSITES

www.optoindia.com | www.amdlcorp.com |
www.cardiacscience.com | www.csiusa.com |
www.devoncath.com | www.eurocor.de |
www.mediaidinc.com | www.nsremedies.com |
www.optoeurocor.com | www.ormedortho.com |
www.unetixs.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

During the year 2013-14, your Company reported Consolidated Net Revenue of ₹ 1471 crores as compared to the previous year's Consolidated Revenue of ₹ 2406 crores. Your Company reported a Consolidated Profit of ₹ 90 crores vis-à-vis a Consolidated Net Profit of ₹ 382 crores in FY 2012-13.

The past year was filled with challenges for your Company. The Revenues of Opto at group level have dropped in FY 2013-14 compared to FY 2012-13 on account of:

The sale of CMD (Cardiac Monitoring division) which was part of Cardiac Science Corporation Inc., USA (a step-down subsidiary of Opto Circuits) resulted in a significant dip in the revenues.

One of the other reasons for drop in revenue was tough market conditions & weak economic scenarios prevailing in Europe, Middle East and Far East. An increase in the Material and Freight cost in the US and Europe which could not be passed on to the customers also contributed to this drop in revenues and margins.

The dip in the revenue of standalone entity in FY 2013-14 also contributed to overall drop in the group revenue. Standalone revenues have dropped due to supply chain disruption in our Vizag facility because of political uncertainties. However, through innovative means we have been able to keep our customer's requirements by shipping products from our Malaysian facility.

The invasive segment revenues have dipped because of changing markets, primarily moving from Paclitaxel DES to Sirolimus DES. We have started test marketing E-magic plus in Asia and parts of Far East and expect to get a CE approval for this by end of this year..

Apart from the launch of Powerheart® AED G5, (Cardiac Science product) in Europe, We have got US FDA clearance for Powerheart® AED G5, and hence allowing your Company to begin selling the AED later this year along with its successful Powerheart® G3 product line. The Powerheart® G5 will be available for sale in the United States later this year.

We are glad to share that our AED's once again have been very successful in saving many lives this year around the world, the stories of which we have been sharing through our Blogs.

In April 2014, Unetixs' Vascular Inc., step-down subsidiary of Opto Circuits and a leading manufacturer of peripheral vascular devices has also received CE mark for the product MultiLab® Series II,3-CP Vision. It is a Dual-Channel peripheral vascular diagnostic system and vascular profiler which enables vascular technologists to perform non-invasive diagnosis study about the Peripheral Arterial and Venous Diseases. This CE certification will enable the Company to market and sell this device in Europe, Asia, Latin America and other countries with such regulatory requirements.

Our R&D team is working on several new products designed especially for the emerging markets which we expect will contribute significantly to the revenue of your Company in the coming years.

On the working capital situation we are aggressively following up with our errant distributors to collect past over dues. We are also working on reducing our inventory levels across the globe.

Every Company goes through tough times either because of markets, products or the economy which teaches us valuable lessons for the future. We are confident that this downturn will end soon and we will emerge stronger.

On this note, I would like to take this opportunity to thank you all for your unwavering trust and support especially our shareholders, customers, bankers and our employees.

Yours Sincerely,

Vinod Ramnani

Chairman and Managing Director

DIRECTOR'S REPORT TO THE SHAREHOLDERS

To
The Members,

We are pleased to present the 22nd Annual Report of OPTO CIRCUITS (INDIA) LIMITED, together with the Audited Financial Statements and the Auditor's Report of your Company for the year ended 31st March 2014.

FINANCIAL HIGHLIGHTS: OPTO CIRCUITS – STANDALONE OPERATIONS

₹ in Lacs

Particulars for the year-ended March 31st	2014	2013
TOTAL REVENUES	26,110.89	69,698.08
Expenditure	20,937.86	45,210.72
Profit before Depreciation	5,965.29	25,148.51
Depreciation	792.27	661.15
Profit before Tax	5,173.02	24,487.36
Provision for Taxation	957.23	382.99
Profit for the year	4,215.79	24,104.37
Surplus carried to Balance Sheet	4,215.79	24,104.37

OPERATIONS

Standalone Total Revenues are at ₹ 26,110.89 lacs for the year ended 31st March, 2014 as against ₹ 69,698.08 lacs for the corresponding period of Financial Year 2013. Standalone Profit after Tax for the year ended 31st March, 2014 is at ₹ 4,215.79 lacs, as against ₹ 24,104.37 lacs for the corresponding period of Financial Year 2013.

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year 2013-14 and the date of this Report.

DIVIDENDS

Your Directors have not recommended any dividend for the year ended 31st March 2014.

TRANSFER TO RESERVES

An amount of Rs 4,215.79 lacs is proposed to be retained in the Profit and Loss Account.

GROUP FINANCIAL HIGHLIGHTS: OPTO CIRCUITS – CONSOLIDATED

₹ in Lacs

Particulars for the year-ended March 31st	2014	2013
TOTAL REVENUES	147,132.58	240,666.39
Expenditure	128,361.01	192,522.88
Profit before Depreciation	18,771.57	48,143.52
Depreciation	7,570.14	9,595.14
Profit before Tax	11,201.43	38,548.38
Provision for Taxation	2,197.43	312.19
Profit for the year	9,004.00	38,236.19
APPROPRIATIONS		
Proposed Dividend	0	0
Tax on Dividend	0	0
Minority Interest	(93.23)	254.72
Surplus carried to Balance Sheet	9097.23	37,981.47

As stipulated in the Listing Agreement with the Stock Exchanges, the consolidated financial statements have been prepared by the Company in accordance with the relevant Accounting Standards issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements, together with the Auditor's Report, thereon, form part of the Annual Report.

OPERATIONS

Consolidated Revenue is at ₹ 147,132.58 lacs for the year ended 31st March, 2014 as against ₹ 240,666.39 lacs for the corresponding period of Financial Year 2013. Consolidated Profit after Tax for the year ended 31st March, 2014 is at ₹ 9,004.00 lacs, as against ₹ 38,236.19 lacs for the corresponding period of Financial Year 2013. Earnings per Share for the year-ended 31st March 2014 is at ₹ 3.75 (Basic).

INVESTMENT BY OPTO CIRCUITS (INDIA) LTD.

As on 31st March 2014, your Company had nine direct subsidiary companies, listed as under:

Sl. No.	Name of the Company	Country of Incorporation	% Holding
1.	Advanced Micronic Devices Ltd.	India	59.71%
2.	Opto Eurocor Healthcare Ltd.	India	96.85%
3.	Mediaid Inc.	USA	100%
4.	Ormed Medical Technology Ltd.	India	100%
5.	Devon Innovations Pvt. Ltd.	India	100%
6.	Opto Infrastructure Ltd.	India	87.20%
7.	Opto Circuits (Malaysia) Sdn. Bhd	Malaysia	100%
8.	Maxcor LifeScience Inc	USA	100%
9.	Opto Cardiac Care Ltd.	India	100%

SUBSIDIARY COMPANY ACCOUNTS

Ministry of Corporate Affairs, Government of India, vide General CircularNo.2/2011, dated 8th February 2011, granted a general exemption from attaching various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956. Accordingly, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Annual Report of the Company. However, Financial information of the subsidiary companies, as required under the said Circular, have been furnished under "Details of Subsidiaries" forming part of the Annual Report. The Company will make available the annual accounts of subsidiary companies and the related detailed information to any investor, of holding and of subsidiary companies, seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor at the registered office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL INFORMATION ABOUT THE COMPANY

Opto Circuits India Ltd. is a multinational medical device company headquartered out of Bengaluru, India. The Group companies such as Cardiac Science, Criticare, Eurocor, Mediaid, AMDL and Unetixs Vascular are leaders in vital signs monitors, emergency cardiac care equipment, vascular treatments and sensing technologies.

The Company USFDA listed and CE marked products are marketed in more than 150 countries - European Union, North and South America, Middle East, Asia and Asia-Pacific through a set of 1,300 distributors. (Strong Global Distribution network) and also sold through direct and indirect sales channels across many emerging and developing economies. Your Company runs facilities and offices in North America, Europe and Asia.

Your Company research and development facilities are located in the United States, Germany and India. Now, with more than 20 years of medical product design and development experience, your Company understands medical device industry challenges very well. Hence your Company's R&D Centers are committed to develop High Quality & Reliable products that meet statutory, regulatory and customer requirements, by innovative design solutions & systematic development process.

Every effort is made by your Company to achieve world class design standards by continually monitoring and improving the Design & Development process. Your Company's R&D also supports development of new products for the OEM (Original Equipment Manufacturer) partners.

STRENGTHS OF THE COMPANY

Your Company relies on a combination of proprietary technology and inhouse know-how to design and sell unique medical devices in global markets. The technical leadership and unique features contained in your Company's products allow it to significantly differentiate the products from competitors. Another strength your Company possesses is, the global reach with products approved for sale in over 150 countries around the globe. Going forward your Company plans to further leverage the cost effective manufacturing sites in South East Asia which will allow your Company to maintain and grow product gross margins.

BUSINESS PERFORMANCE ANALYSIS

STANDALONE

The Revenues of the standalone entity in Financial Year 2013-14 have seen a dip primarily on account of supply chain disruption in our Vizag facility arising out of political disturbances.

To make up for the delay in transit times, your Company had to expedite the shipment of most of the raw materials, which resulted in an increase in Freight costs. Some of the materials had to be sourced from new suppliers at higher prices. Your Company was able to meet most of its customer's requirements by supplying them the products from its overseas manufacturing locations where the cost of manufacturing is higher, causing the margins to dip.

Because of the disruptions in the production plan in India and consequent delay in the shipments of the finished goods some of your Company's customers cancelled their orders which resulted in a dip in Revenues for the Financial Year 2013-14 in India.

Your Company could not pass on the increase in freight and material costs to its customer as they were pre-existing contracts. During the same period, your Company has also not shipped its products to a few customers who were delaying payments.

Your Company is confident that our efforts will bear fruits in the coming quarters thereby benefitting your Company and its shareholders.

CONSOLIDATED

The Revenues of Opto at group level have also dropped in Financial Year 2013-14 compared to Financial Year 2012-13 on account of: The sale of CMD (Cardiac Monitoring division) which was part of Cardiac Science Corporation Inc., USA (a step down subsidiary of Opto) which resulted in a significant drop in the revenue. One of the other reasons for drop in revenue was tough market conditions & weak economic scenarios prevailing in Europe, Middle East and Far East. An increase in the Material and Freight cost in US and Europe could not be passed on to the customers. Further, for the product line in our Invasive segment, your Company was awaiting for the CE certification which delayed the release of new products in the global market. Your Company is continuously striving to cut operational costs and improve operational efficiencies to improve the margins. It is envisaged that it will take another four quarters to rationalize the supply chain and our distribution network. As mentioned earlier your Company have tightened its credit policies especially to errant distributors to reduce the overall working capital cycle.

RESULTS OF OPERATIONS

STATEMENT OF PROFIT AND LOSS - STANDALONE

The following table sets forth selected financial data from our audited Standalone Profit and Loss statement, the components of which are also expressed as a percentage of our Total Income for the periods indicated:

₹ in Lacs

Particulars for the year ended March 31st	2014	% of Total Income	2013	% of Total Income
INCOME				
Sales	26,278.48	100.64	69,925.35	100.33
Other Income	(167.59)	(0.64)	(227.27)	(0.33)
TOTAL	26,110.89	100.00	69,698.08	100.00%
EXPENDITURE				
Manufacturing Expenses	13,211.06	-	40,529.12	-
Increase/Decrease in WIP&FG	(349.87)	-	(398.88)	-
Net Manufacturing Expenses	12,861.19	49.26	40,130.24	57.58%
Administrative & Selling Expenses	1,926.22	7.38	2,219.07	3.18%
Financial Expenses	5,358.19	20.52	2,200.26	3.16%
Depreciation	792.27	3.03	661.15	0.95%
TOTAL	20,937.87	80.19	45,210.72	64.87%
Profit before Tax	5,173.02	19.81	24,487.36	35.13%
Provision for Taxation	957.23	3.67	382.99	0.55%
Profit after Tax	4,215.79	16.14	24,104.37	34.58%

INCOME

Total Turnover

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Sales	26,278.48	69,925.35
Other Income	(167.59)	(227.27)
Total Income	26,110.89	69,698.08

Factory expenses of ₹ 918.61 lacs in FY 2014 vs ₹ 939.20 lacs in FY 2013.

ADMINISTRATIVE AND SELLING EXPENSES

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Administrative Expenses	612.54	799.12
Staff Expenses	995.02	953.36
Selling Expenses	318.66	466.60
Total Expenses	1,926.22	2,219.07
Total Expenses as % of Income	7.38%	3.18%

OTHER INCOME

Other Income which was Rs.(227.27) lacs in FY 2013 has an income of (167.59) lacs in FY 2014. Major components of other income comprise of income/loss from foreign exchange fluctuations.

EXPENDITURE

NET MANUFACTURING EXPENSES

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Manufacturing Expenses	12,292.45	39,589.92
Less: (Inc)/Dec in WIP & Finished Goods	(349.87)	(398.88)
Factory Expenses	918.61	939.20
Total Expenses	12,861.19	40,130.24
Total Expenses as % of Income	49.26%	57.58%

FINANCIAL EXPENSES

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Financial charges	5,358.19	2,200.26
TOTAL	5,358.19	2,200.26
Total Expenses as % of Income	20.52%	3.16%

In FY 2014, financial expenses largely comprised interest cost on working capital.

PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)

₹ in Lacs		
Particulars	31.03.2014	31.03.2013
Profit before Depreciation, Interest & Tax	11,323.49	27,348.77
Profit before Depreciation, Interest & Tax as % of Total Income	43.37%	39.24%

NET PROFIT AFTER TAX

₹ in Lacs		
Particulars	31.03.2014	31.03.2013
Net Profit after Tax	4,215.79	24,104.37
Net Profit after Tax as % of Total Income	16.14%	34.58%

BALANCE SHEET- STAND ALONE

₹ in Lacs		
Particulars	As at March 31 2014	As at March 31 2013
EQUITY AND LIABILITIES		
Share Holders Funds		
(a) Share Capital	24,231.94	24,231.94
(b) Reserve and Surplus	125,399.05	1,21,183.26
	149,630.99	1,45,415.20
Non -Current Liabilities		
(a) Long Term Borrowings	775.00	0.63
	775.00	0.63
Current Liabilities		
(a) Short- term borrowings	86,365.73	80,078.03
(b) Trade payables	3,722.58	5,541.57
(c)Other Current Liabilities	10,831.77	16,372.58
(d) Short-term provisions	1,062.30	103.59
	101,982.38	1,02,095.77
Total	252,388.37	2,47,511.60
ASSETS		
Non-Current Assets		
(a) Fixed Assets		
(i) Tangible assets	11,319.81	12,090.02
(ii) Capital work-in-progress	128.83	128.83
	11,448.64	12,218.85
(b) Non-current investments	38,166.46	38,166.46
(c) Deferred tax assets (net)	53.08	34.89
	38,219.54	38,201.35
Current Assets		
(a) Inventories	43,886.76	36,052.72
(b) Trade Receivables	61,500.63	58,426.22
(c) Cash and Cash Equivalents	230.82	216.03
(d) Short-term-loans and advances	97,090.14	102,375.41
(e) Other current assets	11.84	21.02
	202,720.18	1,97,091.40
Total	252,388.37	2,47,511.60

NET WORTH

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Share Capital	24,231.94	24,231.94
Reserves & Surplus	125,399.05	121,183.26
Net Worth	149,630.99	145,415.20

The Increase in network is Rs. 4,215.79 lacs.

LOAN FUNDS

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Short Term Borrowings	86,365.73	80,078.03
Long Term Borrowings	1,756.97	1,275.34
Total Loan Funds	88,122.70	81,353.37

FIXED ASSETS

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Total Net Block	11,448.64	12,218.85

RAW MATERIAL INVENTORY

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Raw Materials & Consumables	34,815.62	27,331.46
Number of days to consumption	484	252

**FINISHED GOODS [FG] AND
WORK-IN-PROCESS[WIP]**

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Finished Goods and Work-in process	9,071.14	8,721.26
Number of days to sales	126	46

DEBTORS

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Debtors	61,500.63	58,426.22
Number of days to sales	854	305

Delay in receiving payments from distributors in Europe & Asia, because of difficult market conditions has increased the debtors' days.

CURRENT LIABILITIES

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Trade payables	3,722.58	5,541.57
Other current liabilities	10,831.77	16,372.58
Short-term provisions	1,062.30	103.59
Total Current Liabilities	15,616.65	22,017.74
Number of days to sales	217	115

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

STATEMENT OF PROFIT & LOSS - CONSOLIDATED

₹ in Lacs

Particulars for the year ended March 31st	2014	% of Total Income	2013	% of Total Income
INCOME				
Sales	140,800.79	95.70%	239,935.47	99.70%
Other Income	6,331.79	4.30%	730.92	0.30%
TOTAL	147,132.58	100.00%	240,666.39	100.00%
EXPENDITURE				
Cost of materials consumed	79,926.59		136,505.11	
Increase/Decrease in W I P & Finished Goods	553.18		(1,854.97)	
Net Manufacturing Expenses	80,479.77	54.70%	134,650.14	55.95%
Employee benefit expense	15,858.37	10.78%	19,969.34	8.30%
Financial Cost	13,714.19	9.32%	10,923.55	4.54%
Depreciation/Amortization	7,570.14	5.15%	9,595.14	3.99%
Other Expenses	18,077.52	12.29%	25,830.95	10.73%
Extraordinary Items	231.16	0.16%	1,148.90	0.48%
TOTAL	135,931.15	92.39%	202,118.02	83.98%
Profit for the year before Tax	11,201.43	7.61%	38,548.38	16.02%
Provision for Taxation	2,197.43	1.49%	312.19	0.13%
Profit After Tax	9,004.00	6.12%	38,236.19	15.89%

INCOME

Total Turnover

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Sales	140,800.79	239,935.47
Other Income	6,331.79	730.92
Total Income	147,132.59	240,666.39

FINANCIAL EXPENSES

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Financial Charges	13,714.19	10,923.55
Total	13,714.19	10,923.55
Financial expense as % of Income	9.32%	4.54%

EXPENDITURE

MANUFACTURING EXPENSE

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Manufacturing Expenses	79,926.59	136,505.11
Less: (Inc)/Dec in WIP & Finished Goods	553.18	(1,854.97)
Total expense	80,479.77	134,650.15
Total expense as % of Income	54.70%	55.95%

DEPRECIATION & AMORTISATION

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Depreciation & Amortization	7,570.14	9,595.14
Total	7,570.14	9,595.14
Depreciation & Amortization as % of Income	5.15%	3.99%

PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Profit before Depreciation, Interest & Tax	32,485.76	59,067.06
PBDIT as % of Income	22.08%	24.54%

STAFF & OTHER EXPENSE

₹ in Lacs

Particulars	31.03.2014	31.03.2013
Staff Expenses	15,858.37	19,969.34
Other Expenses	18,077.52	25,830.95
Total	33,935.88	45,800.28
Total expense as % of Income	23.06%	19.03%