



SENSING TECHNOLOGY

ANNUAL REPORT 2015-16

BOARD OF DIRECTORS

Vinod Ramnani, Chairman & Managing Director
Jayesh C Patel, Director
Thomas Dietiker, Director
Dr. Suleman Adam Merchant, Director
Dr. Anvay Mulay, Director
Rajkumar Raisinghani, Director
Dr. Suchitra Misra, Director
Somadas G.C, Director

CHIEF FINANCIAL OFFICER

V. Sundar

COMPANY SECRETARY

Supriya Kulkarni

REGISTERED OFFICE

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

AUDITORS

Messrs B.V Swami & Co
Chartered Accountants
No.6, Commanders Place,
Richmond Circle, RRMR Road,
Bengaluru -560025

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

24TH ANNUAL GENERAL MEETING

Day & Date: Wednesday, September 07, 2016
Time: 11:30 Am
Venue: # 83, Electronics City,
Bengaluru 560 100, Karnataka, India

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.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 Shareholder,

This year has continued to be a challenging one for your Company.

Your Company reported Consolidated Revenues of Rs. 347 Crores for the Financial Year 2016. The reason for this drop in revenues was, as reported in the Annual Report last year, the loan liability of Cardiac Science Corporation, by secured lenders DBS Bank Ltd was sold to Aurora Capital through its subsidiary CFS.

CFS has filed for Chapter XI of the US Bankruptcy code in US Bankruptcy Courts and the assets of Cardiac Science Corporation were taken over by CFS in December 2015. Hence, the revenues of Cardiac Science Corporation for the year were not booked in our revenues.

Your Company, however seeking appropriate legal remedial measures against this hostile takeover in the US Courts and shall keep you posted on further developments.

The shares of Criticare Corporation has also been pledged to DBS Bank Ltd for additional facilities granted by them. CFS had filed for winding up of Criticare. We have bought back the assets of Criticare through an open auction.

As a result of the above actions, while there is a drop in the group's revenues, the liabilities to the extent of USD \$ 82 Million Rs. 544 Crores has also been extinguished.

Opto Eurocor Healthcare Limited., Subsidiary Company, has launched a new Sirolimus based drug eluting stent 'SIROPRIME' in the Asian markets and The Company is also processing for other approvals for the European market which should be obtained in the current financial year. The Company also launched a shunt Balloon Catheters (high pressure Drug Eluting Balloon) for the treatment of shunt Stenosis, which is very useful for Dialysis patients. The Company will be launching this product in India soon.

The customer response to these recently launched products has been very encouraging and we look forward to rapid growth in the coming quarters.

Your Company R&D team continues to develop test and refine technologies to offer more efficient / effective patient care for the Global markets.

The focus over the past couple of years has been to integrate the various acquisitions and to take measured steps to ease the asset – liability mismatch, which has been achieved partially this year and Your Company is confident of completing this process soon.

We are working of setting things right to make your Company a stronger and more efficient Company. Focus will be on maximizing profits to the benefit of all stakeholders in your company.

I take this opportunity to thank all our stakeholders for their patience and continued trust in the Company. We continue to have strong IP backed products and customers and an extremely loyal customer's base, of course supported by an excellent management team around the World.

Yours Sincerely,

Vinod Ramnani

Chairman and Managing Director.

BOARD'S REPORT

To
The Members,

Your Board is pleased to present the 24th Annual Report on the business and operations of Opto Circuits (India) Limited, together with the financial statements of your Company for the financial period 1st April 2015 to 31st March 2016.

FINANCIAL HIGHLIGHTS: OPTO CIRCUITS – STANDALONE

₹ in Lakhs

Particulars for the year-ended March 31st	2016	2015
TOTAL REVENUES	7,667.51	14,092.24
Expenditure	9,422.80	16,036.52
Profit before Depreciation	(805.69)	(19,111.48)
Depreciation	949.60	972.80
Profit before Tax	(1,755.29)	(20,084.28)
Provision for Taxation	46.58	66.88
Profit for the year	(1,801.87)	(20,151.16)
Surplus carried to Balance Sheet	(1,801.87)	(20,151.16)

OPERATIONS - STANDALONE

Standalone Total Revenues was at Rs. 7,667.51 lakhs for the Financial Year ended 31st March 2016 as against Rs. 14,092.24 lakhs for the corresponding Financial Year ended March 31, 2015, a decline of 45.59 %. Standalone profit/ (loss) after tax for the Financial Year ended 31st March 2016 is at Rs. (1,801.87) lakhs, as against Rs.(20,151.16) Lakhs for the corresponding period Financial Year ended March 31, 2015.

DIVIDENDS

Your Directors have not recommended any dividend for the year ended 31st March 2016.

TRANSFER TO RESERVES

An amount of Rs. (1,801.87) lakhs is proposed to be retained in the Statement of Profit and Loss.

CHANGES IN SHARE CAPITAL.

There is no change in the Authorized, Issued and Paid Up Share Capital of the Company.

DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

During the year under review, the Company has not issued Shares with Differential Rights.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS:

During the year under review, the Company has not issued Shares under Employee Stock Options.

DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES:

During the year under review, the Company has not issued Sweat Equity Shares.

GROUP FINANCIAL HIGHLIGHTS: OPTO CIRCUITS – CONSOLIDATED

₹ in Lakhs

Particulars for the year-ended March 31st	2016	2015
TOTAL REVENUES	34,678.16	121,191.72
Expenditure	30,620.55	127,270.08
Profit before Depreciation	4,057.61	(6,078.36)
Depreciation	4,136.71	9455.28
Profit before Tax	(79.10)	(15,533.64)
Provision for Taxation	114.91	171.28
Profit for the year	(194.01)	(15,704.92)
APPROPRIATIONS		
Proposed Dividend	-	-
Tax on Dividend	-	-
Minority Interest	48.63	(67.47)
Surplus carried to Balance Sheet	(242.64)	(15,637.45)

OPERATIONS - CONSOLIDATED

Consolidated Revenue is at Rs. 34,678.16 lakhs for the Financial Year ended 31st March 2016 as against Rs. 121,191.72 lakhs for the corresponding period of Financial Year 2015. Consolidated Profit after tax for the year ended 31st March 2016 is at Rs. (194.01) lakhs, as against Rs. (15,704.92) lakhs for the corresponding period of financial year 2015. Earnings per share for the year ended 31st March 2016 is at Rs. (0.10) (Basic).

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, the Company continues to have Nine (9) direct Subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and all its subsidiaries, which forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC - 1 is appended as Annexure A to the consolidated financial statement and hence not repeated here for the sake of brevity.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link:

<http://www.optoindia.com/pdf/OCIL%20-%20Policy%20on%20Material%20Subsidiariesx.pdf>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Medical devices are an eminent part of the healthcare sector. The medical device industry includes devices which simplify the prevention, diagnosis and treatment of diseases and illnesses. The devices range from pacemakers, dialysis machines to thermometers, vital signs monitors, and pulse oximetry sensors which are used in diverse primary, secondary and tertiary medical establishments. North America is the largest market accounting for over 40% followed by Europe and rest of the World. In rest of the World, developing economies in particular China, India, Africa, Middle East and Brazil have been growth contributors over the past couple of years.

While an aging population, chronic lifestyle diseases, expansion of emerging markets and advances in technology are expected to drive growth, however there are certain

factors which are considerably altering the healthcare demand and delivery landscape.

Companies in the industry need to adapt their R&D strategy. Policy on pricing and mechanics of their supply chain to strive in the changing regulatory, clinical and business landscape. Consequently, companies will need to create technologies that help reduce healthcare costs, focus on the needs of the emerging markets, and fit into the reimbursement patterns in developed economies.

The Indian medical device industry though in its nascent stages shows great potential due to its strong private healthcare system, growing middle class with increasing income levels, change in the disease profiles (lifestyle diseases), greater penetration of health insurance, government focus on healthcare infrastructure development and rising awareness of personal healthcare.

COMPANY OVERVIEW

Opto Circuits (India) Limited is an established global medical devices and technology group with a diversified product portfolio which is headquartered out of Bangalore, India. Your Company along with its Subsidiaries are engaged in the design, development, manufacture, marketing and distribution of a range of medical products that are used by primary, secondary and tertiary healthcare establishments as well as in public access facilities such as schools, fire stations, police offices in over 150 countries. Your Company specializes in vital signs monitoring, emergency cardiac care, vascular treatments and sensing technologies. Your US FDA listed and CE marked products are manufactured in India, Malaysia, Germany and the United States.

Your Company's interventional products include stents, balloons both drug eluting and non-drug eluting and AV Shunts used for the treatment of coronary and peripheral arterial diseases, as well as catheters and implants that are inserted in the human body. Your Company has proprietary technology with respect to the design and development of these products allowing us to differentiate these from competing devices. Some of our well known brands in this segment are Dior, Freeway, E-Magic Plus, and Genius Magic, Siro Prime, Freeway Shunt Balloon Catheter.

Your Company develops, manufacture, and market a broad range of advanced cardiac diagnostic and therapeutic

devices and state of the art patient monitoring systems. Your Company's products include automated patient monitoring devices and services, vital signs monitors, pulse oximeters and peripheral artery disease diagnostic equipment.

Your Company also sell a variety of related products and consumables and offer a portfolio of related training and key support services, including the installation, training, monitoring and maintenance of our equipments, which allow our customers to optimize the usage of our products and provide us with recurring revenues on a contracted basis. Some of our well known brands in this segment are, Revo NCompass, NGenuity, Poet IQ, etc.

STRENGTHS OF YOUR COMPANY

One of the biggest competitive advantage is the propriety technology developed by our in-house teams which gives us control over features and intellectual property costs of devices and helps minimize our dependence on third party technologies. The focus on research and development activities has enabled us to develop devices which we believe are technologically superior to other devices available in the market. Your Company's diversified product portfolio across invasive and non-invasive caters to the needs of primary, secondary and tertiary care establishments is well balanced and includes technologies that command high profit margins and also allows to achieve sales and distribution synergies coupled with economies of scale. The global distribution network is supported by a large team of third-party distributors and highly qualified international team of sales personnel spread across Europe, United States and other parts of the world. Your Company's extensive distribution, sales and service network allows to be closer to end-users and enables us to be more responsive to market demand. Your Company has been in the medical devices business since 1992 and have established long- standing relationships with physicians, general practitioners and specialists, clinics and hospitals. Further Your Company believes that our long-term relationships and the quality of our customer base is a key strength that enables us to expand our business and operations.

BUSINESS PERFORMANCE ANALYSIS CONSOLIDATED

The Company reported consolidated Sales of 347 Crores in Financial Year 2015-16, a decline of 71% over ₹ 1,212 Crores reported in Financial Year 2014-15. The decline in sales can

be attributed to partly the hostile takeover of CSC, reported elsewhere, causing CSC not to be a Subsidiary of Opto Circuits (India) Limited, hence the entire revenues of CSC were not taken into this year's revenues combined with, and a softening of European Markets and overall economic slowdown. Further, Opto Eurocor Healthcare Limited and the Standalone entity were entities that witnessed a significant decrease in revenues thereby contributing to the overall decline in consolidated revenues.

The Company reported a net loss of Rs. 2.4 Crores in Financial Year 2015-16 which apart from being caused by the revenue decrease was also impacted by the hostile takeover of CSC as detailed below.

The loan liability of Cardiac Science Corporation by secured lender DBS Bank Limited was sold by them to Aurora Capital through its Subsidiary CFS.

The Shares of Criticare Systems Inc, had also been pledged to DBS, for additional lines granted by them to DBS. CFS has filed Chapter XI of the US Bankruptcy Code, in US Bankruptcy Courts in the Western District of Wisconsin of Cardiac Science Corporation, to facilitate Debt Restructuring and to protect itself from miscellaneous creditors. Opto Circuits (India) Limited and Opto Cardiac Care Limited as owners of Cardiac Science Corporation are seeking appropriate legal recourse to protect the rights of the Shareholders.

Your Directors are fighting the legal battle against this hostile takeover, which may take some time, but are confident that it will be to the benefit of your Company and also to Shareholders.

STANDALONE

The standalone Company reported Sales of Rs. 76.67 Crores in Financial Year 2015-16, a decline of 47.54% over 146.14 Crores reported in Financial Year 2014-15. The Company reported a net loss of Rs. 18.01 Crores in the Financial Year 2015-16 being affected by the decreased sales.

Your Company continues efforts to win more customers and a bigger pie of the existing business, to improve the overall performance.

RESULTS OF OPERATIONS

STATEMENT OF PROFIT AND LOSS - STANDALONE

The following table sets forth selected financial data from our audited standalone Statement of profit and loss, the component of which are also expressed as a percentage of our total income for the periods indicated:

₹ in Lakhs

Particulars for the year ended March 31st	2016	% of Total Income	2015	% of Total Income
INCOME				
Sales	7,667.15	100.00	14,614.32	103.70
Other Income	0.36	0.00	(522.08)	(3.70)
TOTAL	7,667.51	100.00	14,092.24	100.00
EXPENDITURE				
Manufacturing Expenses	3,311.16	-	7,373.71	-
Increase/Decrease in WIP&FG	144.79	-	31.35	-
Net Manufacturing Expenses	3,455.95	45.07	7,405.07	52.55
Administrative & Selling Expenses	1,865.57	24.33	1,877.05	13.32
Financial Expenses	3,151.68	41.10	5,781.61	41.03
Depreciation	949.60	12.38	972.80	6.90
Exceptional Items	-	-	18,140.00	128.72
TOTAL	9,422.80	122.89	34,176.52	242.52
Profit before Tax	(1,755.29)	(22.89)	(20,084.28)	(142.52)
Provision for Taxation	46.58	0.61	66.88	0.47
Profit after Tax	(1,801.87)	(23.50)	(20,151.16)	(142.99)

INCOME

Total Turnover

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Sales	7,667.15	14,614.32
Other Income	0.36	(522.08)
Total Income	7,667.51	14,092.24

Factory expenses of Rs. 653.85 Lakhs in FY 2016 vs 986.83 Lakhs in FY 2015 is due to decrease in expenses towards Research & Development.

ADMINISTRATIVE AND SELLING EXPENSES

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Administrative Expenses	746.34	705.14
Staff Expenses	977.96	1,006.96
Selling Expenses	141.28	164.94
Total Expenses	1,865.58	1,877.05
Total Expenses as % of Income	24.33%	13.32%

OTHER INCOME

Other Income which was Rs.(522.08) lakhs in FY 2015 has an income of 0.36 lakhs in FY 2016. Major components of other income comprise of income/loss from foreign exchange fluctuations.

EXPENDITURE

NET MANUFACTURING EXPENSES

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Manufacturing Expenses	2,657.31	6,386.88
Less: (Inc)/Dec in WIP & Finished Goods	144.79	31.35
Factory Expenses	653.85	986.83
Total Expenses	3,455.95	7,405.06
Total Expenses as % of Income	45.07%	52.55%

FINANCIAL EXPENSES

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Financial charges	3,151.68	5,781.61
TOTAL	3,151.68	5,781.61
Total Expenses as % of Income	41.10%	41.03%

In FY 2016, financial expenses largely comprised interest cost on working capital.

PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Profit before Depreciation, Interest & Tax	2,345.99	(13,329.87)
Profit before Depreciation, Interest & Tax as % of Total Income	30.60%	-94.59%

NET PROFIT AFTER TAX

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Net Profit after Tax	(1,801.87)	(20,151.16)
Net Profit after Tax as % of Total Income	-23.50%	-142.99%

BALANCE SHEET- STANDALONE

₹ in Lakhs

Particulars	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES		
Share Holders Funds		
(a) Share Capital	24,231.94	24,231.94
(b) Reserve and Surplus	102,465.09	104,266.96
	126,697.03	128,498.90
Non -Current Liabilities		
(a) Long Term Borrowings	-	387.50
	-	387.50
Current Liabilities		
(a) Short- term borrowings	64,789.34	86,907.16
(b) Trade payables	22,784.22	11,777.84
(c)Other Current Liabilities	11,444.82	14,756.20
(d) Short-term provisions	125.25	93.77
	99,143.63	113,534.97
Total	225,840.66	242,421.37
ASSETS		
Non-Current Assets		
(a) Fixed Assets		
(i) Tangible assets	8,498.49	9,491.43
(ii) Intangible assets	10,210.43	-
	18,708.92	9,491.43
(b) Non-current investments	38,166.45	38,166.46
(c) Deferred tax assets (net)	5.95	35.00
	38,172.40	38,201.46
Current Assets		
(a) Inventories	28,098.68	34,165.16
(b) Trade Receivables	59,977.61	64,599.91
(c) Cash and Cash Equivalents	276.05	175.75
(d) Short-term-loans and advances	80,599.79	95,779.76
(e) Other current assets	7.21	7.90
	168,959.34	194,728.48
Total	225,840.66	242,421.37

NET WORTH

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Share Capital	24,231.94	24,231.94
Reserves & Surplus	102,465.09	104,266.96
Net Worth	126,697.03	128,498.90

LOAN FUNDS

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Short Term Borrowings	64,789.34	86,907.16
Long Term Borrowings	775.00	1,756.51
Total Loan Funds	65,564.34	88,663.67

FIXED ASSETS

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Total Net Block	18,708.92	9,491.43

RAW MATERIAL INVENTORY

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Raw Materials & Consumables	19,203.69	25,125.37
Number of days to Sales	914	628

FINISHED GOODS AND WORK IN PROCESS

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Finished Goods and Work-in process	8,894.99	9,039.78
Number of days to sales	423	226

DEBTORS

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Debtors	59,977.61	64,599.91
Number of days to Sales	2855	1613

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

CURRENT LIABILITIES

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Trade payables	22,784.22	11,777.84
Other current liabilities	10,669.82	13,387.19
Short-term provisions	125.25	93.77
Total Current Liabilities	33,579.29	25,258.80
Number of days to sales	1599	631

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 Lakhs

Particulars for the year ended March 31st	2016	% of Total Income	2015	% of Total Income
INCOME				
Sales	31,297.65	90.25%	118,711.79	97.95%
Other Income	3,380.51	9.75%	2,479.93	2.05%
TOTAL	34,678.16	100.00%	121,191.72	100.00%
EXPENDITURE				
Cost of materials consumed	16,805.05		65,517.72	
Increase/Decrease in W I P & Finished Goods	293.44		(391.49)	
Net Manufacturing Expenses	17,098.49	49.31%	65,126.23	53.74%
Employee benefit expense	5,279.50	15.22%	13,679.67	11.29%
Financial Cost	4,366.33	12.59%	14,350.99	11.84%
Depreciation/Amortization	4,136.71	11.93%	9,455.28	7.80%
Other Expenses	8,236.89	23.75%	15,973.19	13.18%
Exceptional Items	(868.57)	-2.50%	18,140.00	14.97%
Extraordinary Items	(3,492.08)	-10.07%	-	0.00%
TOTAL	34,757.27	100.23%	136,725.36	112.82%
Profit for the year before Tax	(79.11)	-0.23%	(15,533.64)	-12.82%
Provision for Taxation	114.90	0.33%	171.28	0.14%
Profit After Tax	(194.01)	-0.56%	(15,704.92)	-12.96%

INCOME

TOTAL TURNOVER

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Sales	31,297.65	118,711.79
Other Income	3,380.51	2,479.93
Total Income	34,678.16	121,191.72

STAFF & OTHER EXPENSE

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Staff Expenses	5,279.50	13,679.67
Other Expenses	8,236.89	15,973.19
Total	13,516.39	29,652.86
Total expense as % of Income	38.98%	24.47%

EXPENDITURE

MANUFACTURING EXPENSE

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Manufacturing Expenses	16,805.05	65,517.72
Less: (Inc)/Dec in WIP & Finished Goods	293.44	(391.49)
Total expense	17,098.49	65,126.23
Total expense as % of Income	49.31%	53.74%

FINANCIAL EXPENSES

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Financial Charges	4,366.33	14,350.99
Total	4,366.33	14,350.99
Financial expense as % of Income	12.59%	11.84%

NET PROFIT

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Net Profit after Tax	(194.01)	(15,704.92)
Net Profit as % of Income	-0.56%	-12.96%

DEPRECIATION & AMORTISATION

₹ in Lakhs

Particulars	31.03.2016	31.03.2015
Depreciation & Amortization	4,136.71	9,455.28
Total	4,136.71	9,455.28
Depreciation & Amortization as % of Income	11.93%	7.80%