



October 4, 2010

ICRA upgrades the ratings assigned to the bank facilities of Opto Circuits (India) Limited; assigns Stable outlook

ICRA has upgraded the rating of the Rs.464 crore¹ Fund Based Facility of Opto Circuits (India) Ltd (OCIL) from LA+ (pronounced L A plus) to "LAA" (pronounced as L double A)[†]. The outlook on the long-term rating is stable. ICRA has also reaffirmed the A1+ (pronounced as A one plus) ratings each to the Rs. 30 crore Short Term Loan and the Rs. 44 crore non-fund based limits of OCIL. While assigning the rating, ICRA has taken a consolidated view of OCIL and its subsidiaries.

The revision in rating takes into account improvement in OCIL's operating profitability, significant reduction in gearing from 1.01x as on March 31, 2009 to 0.22x as on March 31, 2010 on account of proceeds from qualified institutional placement utilised for debt repayments; and decrease in debtor days. The company has maintained healthy profitability over the last five years on account of its cost competitive operations in India and continuous product innovation. The ratings further draws comfort from OCIL's established position in the medical devices industry (both invasive and non-invasive segments) and its diversified product portfolio, which resulted in strong growth in its revenues and profits in the past. The ratings also consider OCIL's wide distribution network and its reputed client profile, factors that lower market and geographical concentration risks for the company. The ratings are however constrained by the company's track record of inorganic growth based on acquisitions and its planned capital expenditure, which can increase its debt requirements and impact its debt protection indicators. Besides, the ratings take into account the competitive nature of the industry marked by the presence of strong international players; OCIL's susceptibility to adverse movements in foreign exchange, given its significant export turnover; and its high working capital intensity, which affects its cash flows from operations. Nevertheless, ICRA expects OCIL's profits to remain strong in the medium term given its established position and the favourable industry prospects, which should translate into adequate debt protection indicators.

Recent Results

In 2009-10, OCIL has earned a net profit of Rs. 263.62 crore on an operating income of Rs. 1080.61 crore as compared to a net profit of Rs. 212.81 crore on an operating income of Rs. 819.28 crore in 2008-09.

About the Company

OCIL was originally promoted by Mr. Vinod Ramnani and Mrs. Usha Ramnani along with Elekon Industries (S) Pte Limited, Singapore, on June 8, 1992. In April, 2000 it was converted into a public limited company, and subsequently, Elekon Industries divested its shareholding in OCIL.

OCIL is engaged in the design, development, manufacture, marketing, and distribution of invasive and non-invasive medical devices with sales in 56 countries, and operations in India, Germany and the United States. The company offers a broad range of more than 90 medical devices across 17 categories spread over 12 medical fields. Its non-invasive medical devices comprise of patient monitoring devices such as pulse oximeters, multi-parameter monitors, anesthesia gas bench monitors, sensors and thermometers. Its invasive medical devices range focuses on therapeutic medical devices which comprise of stents and balloons, both drug-eluting as well as non-drug eluting, catheters and implants. In addition, OCIL, through its subsidiary, also provides information technology consulting, global positioning systems and electronic design automation services in India.

September 2010

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

PRESS RELEASE

Disclaimer: ICRA Ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Ratings are subject to a process of surveillance, which may lead to revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA Ratings outstanding.



ICRA Limited

An Associate of Moody's Investors Service

For further details, please contact:

Analyst Contacts:

Mr. Vikas Aggarwal (Tel No. +91-124-4545300)

vikas@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee, (Tel. No. +91-80-43326401/ 098 450 22459)

jayantac@icraindia.com

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex".
The classification of instruments according to their complexity levels is available on the website www.icra.in

PRESS RELEASE

Disclaimer: ICRA Ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Ratings are subject to a process of surveillance, which may lead to revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA Ratings outstanding.