



OPTO CIRCUITS (INDIA) LIMITED

Dear Shareholder,

July 11, 2013

It gives me great pleasure to thank you for your continued support and faith in the company.

For the past 12 years, we have seen phenomenal growth and we have grown from strength to strength leading your company to be one of the largest Medical Device Manufacturers in India. This was achieved through strategic and successful acquisitions in various domestic and International locations combined with robust organic growth. It has been my dream to see your company transform from an Indian OEM to an International Company which has successfully created market presence, globally, in more than 150 countries.

Every business goes through varying business cycles and in the past year, your company has seen some slow down. In most down turns, it is usually weakening demand or lack of markets or customers. However, in our case, it is largely due to a stretched working capital, which has impacted our operating cash flows. Fortunately, we have a healthy order backlog and loyal customers waiting for our products despite competition.

We have been addressing these issues through improving debtor collection and the recovery status is closely monitored periodically. We are rationalizing our distribution network to improve working capital cycle. In addition, we are actively reviewing our asset portfolio to divest any non-core assets to improve working capital. Our bankers have been extremely supportive through this difficult phase and are working with us on various short term as well as long term solutions to address the issue.

Our debt, which I might remind you, exists largely due to our acquisitions in the USA. These companies have huge potential in their respective markets. We have been in the process of assessing, cost cutting and improving the operational efficiency of these entities. As a result:

- We are engaging our existing bankers and are also pursuing new relationships (especially in North America and Europe) to realign our loan portfolio.
- In our initiative to rationalize our product portfolio to focus on high growth and high margin products, we concluded that our Diagnostic Cardiology line had low growth potential and low margins and hence this division was sold for approximately USD 21 million.

We at Opto believe that with such a strong business model and steady fundamentals, the performance will exceed expectation as the cycle comes to an end. Unlocking the potential of all our subsidiaries has already begun but as with all good things, time is of the essence to see perceivable results.

As a first initiative of unlocking such potential, Eurocor GmbH, one of the subsidiaries of Opto located in Germany, entered into a licensing agreement with Biosensors International Group Ltd. for the Drug-eluting Balloon Range.

In the past year, we have made changes internally to strengthen our management to support our growing business. To strengthen our board, a decision was taken and we have inducted Mr. Bodapati Bhaskar [Sr. Director at Bengaluru International Airport Ltd.] as an Independent Director. Mr Bodapati Bhaskar was also appointed the chairman of the audit committee of the company.

I am aware that your expectations from the Company have been high in terms of performance and growth and we thank you for all your support whilst we grow and uphold our beliefs.

We have over the years, kept up your faith through consistent dividends and bonuses and have taken proactive steps to record and respond to your request, queries and inputs.

With regard to my personal commitment as well as my partners who are also co-founders, I would like to take this opportunity to highlight the fact that NONE OF US HAVE PLEDGED OUR SHARES TO ANY BANK OR FINANCIAL INSTITUTION in India or anywhere else in the world.

Your support and patience with the company is solicited.

Thank you once again for your continued faith & support.

Yours Sincerely

Vinod Ramnani
Chairman & Managing Director