CMD's *message to Shareholders*

Dear Shareowners,

It gives me pleasure to share with you the highlights of another year of good performance .

Your Company was awarded the **"Best young value creator"** award by Outlook Money-NDTV Profit Summit and Awards 2007.

The Board has also considered and proposed bonus for the 7th consecutive year.

We have strengthened our position as a global Healthcare Devices company.The emphasis on Research and Development continued during the year with the Company receiving US FDA approval on two of its new generation range of Pulse Oximeters, enabling Opto to market its new Models of Pulse Oximeters in the United States. Additionally two other new products are in the pipeline, which, when launched will provide many advanced features in monitors and pulse-oximeters.

DIOR - the world's first CE approved drug coated coronary balloon dilation catheter was successfully introduced into the market.

OCI expanded its medical technologies portfolio by acquiring domestic manufacturing companies Devon Innovations Pvt. Ltd. and Ormed Medical Technology Ltd. The companies manufacture products like catheters, stone graspers, stone baskets and dilator sets for different specialized applications, mainly in the areas of urology, gastroenterology and gynecology and orthopedics.

Your Company acquired Criticare Systems Inc, a leading US-based healthcare company for $68 million in April 2008. Its expanded product line and leading edge technology will allow Opto Circuits to enter new markets and compete more effectively with leading manufacturers. In addition the acquisition adds the anesthesia gas monitoring capability to Opto's technology portfolio. Products of Criticare are expected to play a key role in the future growth strategy of the Company.

The global economy is facing uncertain times, with the global credit crunch and major economies in recession, the business landscape is changing dramatically worldwide. We are confident that the Healthcare industry will continue to be a sector that is vital to both developing and developed economies.

The demand for medical equipment in the domestic market is rising annually at an impressive rate of 15%. As one of the leading players in the Indian market, we are confident of achieving robust growth and improving our market share in the domestic market.

Our energies have also been focused on creating an efficient and productive manufacturing base. The work for setting up SEZ for specialized facilities is progressing. This will gear the Company's businesses to harness the full potential of emerging opportunities.

Acknowledgements

Although a number of factors have contributed to our success, we believe that the support and commitment of all our stakeholders including our customers, shareholders, employees, vendors and partners is what empowers us the most.

I am confident that with your encouragement and support, the Company will not only continue to prosper and achieve robust growth, but also be able to firmly establish itself as a key player in the Healthcare industry globally.

With best wishes,
Sincerely,

Vinod Ramnani
Chairman & Managing Director

DIRECTORS' REPORT TO THE SHARE HOLDERS

To:
The Members,

We are pleased to present the 16th Annual Report on the business and operations of your Company together with the audited financial statements and the Auditors' Report of your company for the financial year ended March 31, 2008.

The Financial highlights for the year under review are given below:

Opto Standalone **(Rs.in Lacs)**

Particulars for the year ended March 31,	2008	2007
Total Revenues	34,326.44	20,735.68
Profit before Depreciation	12,199.19	7,533.14
Depreciation	258.95	159.42
Profit before tax	11,940.24	7,373.72
Provision for taxation	43.38	96.50
Prior year adjustment	(17.45)	(59.48)
Profit for the year	11,879.41	7,217.73
APPROPRIATIONS		
Proposed Dividend	4,821.82	3,080.83
Tax on Dividend	819.47	523.59
Surplus carried to Balance Sheet	6,238.12	3,613.31

RESULTS OF OPERATIONS:

The business performance of the Company during the year has been commendable. The total revenue at Rs. 34,326.44 Lacs for the year ended 31st March 2008 as against Rs.20,735.68 Lacs for the corresponding period during the previous year is higher by 66% and profit after tax at Rs.11,879.41 Lacs for the year ended 31st March 2008 as against Rs.7,217.73 Lacs for the corresponding period during the previous year represents an increase of 65% over the previous year.

APPROPRIATIONS:

Dividend:

Considering the performance of the Company, your Directors are pleased to recommend for approval of members a Dividend at the rate of Rs.5/- per share for the year ended 31st March 2008 on the equity share capital.

Bonus Shares:

Your Directors are pleased to recommend Bonus Shares on the fully paid up shares in the ratio of 7 shares for every 10 shares held in the share capital of the Company. The necessary resolution is incorporated in the notice convening the Annual General Meeting for shareholders consideration.

Transfers to Reserves:

The Company proposes to transfer Rs.1,200.00 Lacs to General Reserve, out of the amount available for appropriation. An amount of Rs.12,328.53 Lacs is proposed to be retained in the profit and loss account.

Consolidated financial statements :

(Rs. in Lacs)

Particulars for the year ended March 31st,	2008	2007
Total Revenues	48,810.82	25,828.09
Profit before Depreciation	14,340.44	7,882.77
Depreciation	628.60	240.02
Profit before tax	13,711.83	7,642.75
Provision for taxation	384.02	220.94
Prior year adjustment	(196.27)	(96.40)
Profit for the year	**13,131.54**	**7,325.41**
APPROPRIATION		
Proposed Dividend	4,832.85	3,123.39
Tax on Dividend	834.28	538.40
Minority Interest	65.60	18.79
Surplus carried to Balance Sheet	**7,398.81**	**3,644.83**

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 Auditors Report thereon form part of the Annual Report. The Consolidated net profits of the Group for the year ended 31st March 2008 amounted to Rs.13,131.54 Lacs as compared to Rs.7,325.41 Lacs in the previous financial year representing a basic earning per shares of Rs.13.99 as against Rs.7.80 (Re-stated) in the previous year..

Preferential Issue

During July 2007, the Company made a preferential issue of 11,64,520 shares at the rate of Rs.360/- per share to Lehman Brothers Asia Limited and Alliance Bernstein Limited, Foreign Institutional Investors (FIIs). 11,00,000 Share Warrants were also issued to the promoters, directors of subsidiary companies & employees during July, 2007.

These Share Warrants are fully convertible into Equity Shares of the Company at the rate of Rs.360/- per share with in a period of 18 months from the date of allotment.

Subsidiary Companies' Accounts

Ministry of Corporate Affairs, Government of India, vide letter No. 47/493/2008-CL-III dated 21st July, 2008 has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said letter is disclosed in the Annual Report. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any investor of holding and 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

1. Industry Structure and Developments:

Your Company is engaged in the design, development, manufacture and marketing of Medical Electronic Devices and health care products, in both invasive and non-invasive segments.

The industry segment in which the Company operates has been growing at a rate exceeding 15% p.a and is expected to grow at 10% to 20% over the next ten years.

2. Opportunities and Threats:

The Opto Electronic Market in the recent past has achieved new heights. Opto Electronic Industry Development Association, forecasts strong and steady growth for the Industry over the next decade with revenues expected to surpass $1.2 trillion within the next decade.

The global cardiac Stents Market is estimated to reach $12 billion by 2013. The Indian Market for Cardiac Stents is estimated to grow at 15% over the next 2-3 years.

3. SEGMENT -WISE PERFORMANCE

The Company is mainly in one business segment of Medical Products

4. OUTLOOK:

Global Market for Stents is dominated by US, which accounts for 46% share, followed by Europe, 26% and Japan 12%. Eurocor, a subsidiary of Opto, has already received CE Certification for Stents and is currently registered in 34 countries. The Company is also making efforts to get US FDA approval for its products.

Your Company is strongly positioned in the Health Care Devices Industry and will continue efforts to grow both Organically and Inorganically.

Your Directors are happy to inform that the Company has acquired Criticare Systems Inc. a leading US based healthcare company for a consideration of $68 million. This will help the Company to expand it's non-invasive business products line and also expand it's global presence. With this acquisition the Company will be engaged in the designing, manufacturing and marketing of the extended range of non-invasive products including handheld pulse Oximeter, anesthesia gas monitors and vital view stations for remote monitoring of ICUs.

5. RISKS AND CONCERNS:

The Company operates in multiple geographies which increase geo-political and macro economic risks. But at the same time they reduce the risks of business concentration in specific area.

The working capital cycle of the Company is lengthy, which calls for high working capital requirements. This concern is however related to business dynamics. The products of the company relate to Critical Care Segment where inventory retention is high at vendors and at client level. As our clients are hospitals and other blue chip clients, possibility of defaults are remote which is vindicated by the absence of any provision for bad and doubtful debts.

The Company has applied for US FDA approval for its products, which is a very long drawn process involving continuous investments as well. As the US Market for Stents constitute 46% of the total global market any delay or hurdle in obtaining the same would affect the market growth of the Company.

The Company operates in the Industry exposed to product obsolescence, with high cost. The Company has built in systems to combat obsolescence and is endeavoring to be a leader in innovations with newer products and has been continuously improving its products line with new launches.

The working results of the Company is affected by changes in Government policies, regarding excise duty, service tax, import and export policies/duty, income tax, fringe benefit tax, VAT and any other Central/ State levy.

The assets of the Company have been adequately insured against natural calamities.

As is normal to any export oriented industry the Company is exposed to exchange rate fluctuations. However, this risk is mitigated by the fact that the company's import is also substantial.

A sluggish global economy, its impact on India and a possible recession may affect the Company. However the management is closely tracking these concerns and will take appropriate action as and when required.

6. INTERNAL CONTROL AND THEIR ADEQUACY:

The Company has a well defined organization structure. The policy guidelines and authority levels are clear and well established. The Internal Control Systems ensure that all resources are optimally used and there is accurate reporting of financial transactions. Strict compliance with all applicable Laws and Regulations are also ensured.

The Company is well staffed with qualified and experienced personnel and systems are in place to ensure that all the assets of the Company are safeguarded against loss from unauthorized uses or disposition and that all transactions are authorized, recorded and reported correctly and in time.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

RESULTS ON OPERATION:

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2008	Rs in Lacs	Rs in Lacs
Particulars	**2007-08**	**2006-07**
INCOME		
Sales	32,869.35	20,164.34
Other Income	1,183.19	266.55
Increase / Decrease in WIP & FG	273.90	304.80
TOTAL	**34,326.44**	**20,735.68**
EXPENDITURE		
Manufacturing Expenses	19,707.20	11,274.71
Administrative & Selling Expenses	1,543.49	1,429.62
Financial Expenses	876.57	498.21
Depreciation	258.95	159.42
TOTAL	**22,386.20**	**13,361.96**
Profit for the year before Tax	**11,940.24**	**7,373.72**
Add/(Less) Prior year adjustment	(17.45)	(59.48)
Provisions for Tax ation	43.38	96.50
Profit After Tax	**11,879.41**	**7,217.73**
Profit brought forward from Previous year	7,290.41	4,402.10
Profit available for appropriation	19,169.82	11,619.83
Amount Transferred to General Reserve	1,200.00	725.00
Proposed Dividend	4,821.82	3,080.83
Tax on Distributed Profits	819.47	523.59
Profit carried to Balance Sheet	**12,328.53**	**7,290.41**

COMPARISION OF FISCAL 2008 WITH 2007

SALES:

Particulars		**Rs in Lacs**
Item	**2007-08**	**2006-07**
Export Sales	32,822.23	20,078.86
Domestic Sales	47.12	85.47
TOTAL SALES	**32,869.35**	**20,164.34**

MATERIAL COST :

Material Cost for Mar-08 & Mar-07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Material Cost	19,441.90	11,003.97
Material cost as % of Sales	**59%**	**55%**

Increase in material cost is due to introducing new range of products.

FACTORY EXPENSES :

Factory Expenses for Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Factory Expenses	265.29	270.74
Factory Expenses as % of Sales	**0.81%**	**1.34%**

STAFF COST :

Staff Cost for Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Staff Cost	521.94	419.03
Staff Cost as % of Sales	**1.59%**	**2.08%**

ADMINISTRATIVE EXPENSES :

Administrative Expenses for Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Administrative Expenses	840.27	652.08
Administrative Expenses as % of Sales	**2.56%**	**3.23%**

SELLING EXPENSES :

Selling Expenses Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Selling Expenses	181.28	358.52
Selling Expenses as % of Sales	**0.55%**	**1.78%**

FINANCIAL CHARGES:

Financial Charges Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Financial Charges	876.57	498.21
Financial Charges as % of Sales	**2.67%**	**2.47%**

PBIDT :

PBIDT for Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
PBIDT	12,924.63	7,870.96
PBIDT as % of Sales	**39.32%**	**39.03%**

CASH PROFIT AFTER TAX:

Cash Profit after Tax for Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Profit	12,138.36	7,377.15
Profit as % of Sales	**36.93%**	**36.59%**

NET PROFIT:

Net Profit (Before Prior Period Adjustments) for Mar 08 & Mar 07 are compared below

Particulars		Rs in Lacs
Item	**2007-08**	**2006-07**
Net Profit	11,896.86	7,277.21
Net Profit as % of Sales	**36.19%**	**36.09%**

BALANCE SHEET AS ON 31ST MARCH 2008

(Rs in Lacs)

Particulars	2007-08	2006-07
SOURCE OF FUNDS		
SHARE HOLDERS FUND		
Share Capital	9,417.18	6,161.66
Share Warrants	396.00	-
Reserve & Surplus	22,134.32	14,959.09
LOANS FUNDS		
Secured Loans	8,135.86	4,903.42
Unsecured Loans	687.05	22.10
TOTAL	**40,770.41**	**26,046.27**
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	4,112.41	3,853.79
Less: Depreciation	1,002.78	749.76
Net Block	**3,109.63**	**3,104.03**
Capital Work In Progress	76.92	27.33
INVESTMENTS	10,255.23	4,287.11
CURRENT ASSETS & LOANS&ADVANCES		
Inventories	6,629.81	4,814.20
Sundry Debtors	20,046.99	12,892.65
Cash & Bank Balances	6,016.00	3,055.43
Loans & Advances	3,182.70	3,858.80
	35,875.50	**24,621.08**
Less: Current Liabilities & Provisions		
Liabilities	1,244.56	2,064.85
Provisions	7,316.82	3,946.56
Net Current Assets	**27,314.12**	**18,609.67**
Miscellaneous Expenditure	14.51	18.13
TOTAL	**40,770.41**	**26,046.27**

BALANCE SHEET ANALYSIS :

NET WORTH:

(Rs in Lacs)

Item	2007-08	2006-07
Equity Share Capital	9,417.18	6,161.66
Share Warrants	396.00	-
Reserves & Surplus	22,134.32	14,959.09
Total Net Worth	**31,947.50**	**21,120.75**

The net worth of the company has increased to Rs.31,947.50 Lacs in Mar-08 compared to Rs.21,120.75 Lacs in Mar-07. It has increased by Rs.10,826.75 Lacs.

The breakup of this increase is given below:

(Rs in Lacs)

Item	Amount
Issue of 11.64 Lacs Equity Shares on Preferential basis	4,192.63
Issue of 11 Lacs fully convertible share warrants	396.00
Current year Profit less Dividend and Dividend Tax	6,238.12
Total	**10,826.75**

LOAN FUNDS:

(Rs in Lacs)

Item	2007-08	2006-07
Secured Loans	8,135.86	4,903.42
Unsecured Loans	687.05	22.10
Total	**8,822.91**	**4,925.52**

SECURED LOANS:

Secured Loans have increased by Rs.3,232.44 Lacs due to the increase in the facilities availed from Banks and Financial Institutions to meet its business expansion.

UNSECURED LOANS:

Unsecured Loans have increased by Rs.664.95 Lacs due to acceptance of Deposits from the Directors of the Company.

FIXED ASSETS:

(Rs in Lacs)

Item	2007-08	2006-07
Gross Block	4,112.41	3,853.80
Capital work in progress	76.92	27.33
Depreciation	1,002.78	749.76
Net Block	**3,186.55**	**3,131.37**

During the year the Company has added Fixed Assets of Rs.287.21 Lacs mainly on account of expansion / modernization of manufacturing capacity.

INVESTMENTS:

(Rs in Lacs)

Item	2007-08	2006-07
Investments	10,255.24	4,287.11

The Company has made investments of Rs.5968.13 Lacs during the year. Devon Innovations Private Ltd., and Ormed Medical Technologies Ltd., were acquired during the year by Investing Rs.312.50 Lacs and Rs.85.01 Lacs respectively and these Companies are now wholly owned subsidiaries of Opto Circuits (India) Ltd. Rs. 5,570.62 Lacs was invested in Eurocor GmbH a wholly owned subsidiary

RAW MATERIAL INVENTORY:

(Rs in Lacs)

Item	2007-08	2006-07
Value of Raw Material	5,797.22	4,255.51
Stock of Raw Material in no. of months consumption	3.58	4.64
Raw Material as a % of sales	**17.64%**	**21.10%**

FINISHED GOODS AND WIP:

(Rs in Lacs)

Item	2007-08	2006-07
Value of finished goods & WIP	832.60	558.70
Finished goods & WIP stock in no of months sales	0.30	0.33
Finished goods & WIP as a % of sales	**2.53%**	**2.77%**

The level of finished goods & WIP inventory approximately remains the same as compared to the previous year.

DEBTORS :

(Rs in Lacs)

Item	2007-08	2006-07
Debtors	20,046.99	12,892.65
Debtors equal to no. of months sale	**7.32**	**7.67**

CURRENT LIABILITIES :

(Rs in Lacs)

Item	2007-08	2006-07
Current Liabilities	1,244.56	2,064.85
Current Liabilities equal to no of months sale	**0.45**	**1.23**

8. MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED.

The Company considers its employees as one of the important assets and they have been given all opportunities to harness their potential, spirit and energy to synchronize the same with the objectives of the Company. The success story of the Company has been made possible by the confidence and optimism of its employees. The Company constantly endeavors to create distributed leadership which ensures that the company's business is managed by a team of competent and inspired leaders who create a culture of learning, innovation and excellence.

The Company believes that training is an integral part of the business for achieving excellence and it is the highest multiplier of motivation and productivity. Training Programs are conducted to bring in contemporary skills to the Company.

The employee strength was 447 as on 31st March, 2008.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGH EXCHANGE EARNININGS AND OUTGO:

In pursuance of the provisions of Section 217 (1)(e) of the companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are furnished below:

Conservation of Energy: The Company is certified to ISO 14001. This is the international environmental management system standard. The environmental policy of the Company states about our commitment to conserve natural resources and minimize pollution.

The Company generates the necessary power for its operations at Bangalore with a captive power plant. An energy audit has been done at the facility to assess the areas for improvement in energy performance. Based on the audit report several short term and medium term projects have been taken up to realize reduction in energy consumption. The projected investment based on the energy audit report study to realize this energy conservation is Rs. 30.00 Lacs.

Implementing the measures based on the audit report and assessing the energy cost saved will reduce the overheads of the Company

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Research & Development: your company has launched a specialized Research & Development facility in Electronic City, Bangalore. The research activities focus on the design and development of new range of products.

During the year the Company developed "Intelligent Pulse Oximeter", iPox, which improves performance even when signals are low. Its technology can be used for future generation Pulse Oximeters and Vital Sign Monitors.

Advanced Finger Pulse Oximeter is another new development which is being planned for a commercial launch.

Three parameter Vital Sign Monitors are also being developed.

TECHNOLOGY ABSORPTION: Not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO: The Company earned Rs.26,402.45 Lacs in Foreign Exchange. Foreign Exchange outgo including expenditure on capital goods was Rs.21,569.42 Lacs.