



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

MD	<input checked="" type="checkbox"/>				BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>				DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>				DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>				AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>				SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>					

10th Annual Report and Accounts 1998

Sensing the World's needs

Assembly and technology finely matched to offer both standard and custom switch and sensor products to industry

Bauteile und Technologie wurden soweit in Einklang gebracht, daß sie sowohl für Standard-Schalter und Schalter-Sonderanfertigungen als auch für Sensor-Produkte auf dem Markt angeboten werden können

Les assemblages et la technologie ont été accordés pour qu'ils puissent être offerts sur le marché non seulement pour les interrupteurs standards et spéciaux mais encore pour les capteurs

Assemblaggi e tecnologia opportunamente uniti per offrire interruttori standard o custom e sensoristica per l'industria.



GÜNTHER AMERICA

263 HILLSIDE AVENUE
NUTLEY
NEW JERSEY 07110
U.S.A.

Telephone: (201) 667-8200
Fax: (201) 667-6837



COMUS

COMUS INTERNATIONAL
263 HILLSIDE AVENUE
NUTLEY
NEW JERSEY 07110
U.S.A.

Telephone: (201) 667-8200
Fax: (201) 667-6837



GÜNTHER

W. GÜNTHER GmbH
VIRNSBERGER STR. 51
D. 90431 NÜRNBERG
GERMANY

Telephone: (911) 65520
Fax: (911) 6552239



ASSEMtech

ASSEMTECH EUROPE LIMITED
RICEBRIDGE INDUSTRIAL ESTATE
THORPE-LE-SOKEN
ESSEX
ENGLAND CO16 0HH

Telephone: (0255) 862236
Fax: (0255) 862014



STG

SWITCHING TECHNOLOGIES
GÜNTHER LIMITED
Plots B9, B10 & C1, (MEPZ)
Tambaram
Madras 600 045



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

BOARD OF DIRECTORS : M. UTTAM REDDI, *Chairman*
ELSON D. NOWELL
Dr. BEHRAM H. WADIA
W. ZIWITZA
ROBERT P. ROMANO

FINANCE CONTROLLER-CUM-
COMPANY SECRETARY : K. B. KASIVISWANATHAN

GENERAL MANAGER
(OPERATIONS) : V. KAMALANATHAN

BANKERS : STATE BANK OF INDIA

AUDITORS : A.F. FERGUSON ASSOCIATES
Chartered Accountants
7th Floor, Guna Office Complex Annexe,
305/1, Anna Salai
Chennai 600 018

REGISTERED OFFICE & WORKS : Plots B9, B10 & C1,
Madras Export Processing Zone
Kadapperi, Tambaram
Chennai 600 045
Phone : 91-44-2368093
91-44-2368198
Fax : 91-44-2368271
E.Mail : madras.stg@einet.ems.vsnl.net.in



CONTENTS	Page
Notice to the Shareholders	3
Director's Report	4
Auditors Report	7
Balance Sheet	10
Profit and Loss Account	11
Schedules	12
Notes to the Accounts	17
Cash Flow Statement	21
Attendance Slip,& Proxy Form	23



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

Regd. Office: B9, B10 & C1, Madras Export Processing Zone, Tambaram, Chennai 600 045

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 10th Annual General Meeting of the shareholders of Switching Technologies Günther Ltd. will be held on Monday, the 28th September, 1998 at Hotel Kanchi, 28, Commander-in-Chief Road, Chennai 600 105, at 3.00 p.m. to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Profit and Loss Account and Cash Flow Statement for the year ended 31st March, 1998 and the Balance Sheet as on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Mr. ROBERT P. ROMANO who retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of MR. ELSON D. NOWELL who retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

Place : Chennai
Date : 31st July, 1998

For and on behalf of the Board,
M. UTTAM REDDI
Chairman

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY TO BE VALID, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 22nd September, 1998 to Monday, the 28th September, 1998 (both days inclusive).
3. Members / Proxies attending the Annual General Meeting are requested to occupy their seats at least fifteen minutes before the scheduled time for the commencement of the meeting to avoid interruptions in the proceedings. Please also avoid being accompanied by non-members and children.
4. Members / Proxies should bring the Attendance Slips sent herewith duly filled in for attending the meeting and hand it over at the entrance.
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. Members seeking any information with regard to accounts are requested to write to the Company at least 15 days in advance so as to enable the Company to keep the information ready.
7. Members are requested to immediately intimate any change in their address registered with the Company quoting their respective Folio Number (s).
8. Members who have multiple folios in identical names or joint names in the same order are requested to intimate to the Company these folios to enable the Company to consolidate all such shareholdings into one folio.



DIRECTORS' REPORT

Your Directors present their 10th Annual Report together with the audited accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Year ended 31.03.98 (Rs.)	Year ended 31.03.97 (Rs.)
Sales and other Income	73,180,643	62,631,851
Profit before interest and depreciation	10,060,860	12,201,602
Interest	3,798,157	4,160,107
Profit before depreciation	6,262,703	8,041,495
Depreciation	6,435,180	6,661,143
Profit / (Loss) before taxation		
& Extra ordinary income	(172,477)	1,380,352
Extra-ordinary item	1,144,574	-
Profit after taxation & extra-ordinary item	972,097	1,380,352

PERFORMANCE OF THE COMPANY

Your Company has posted a turnover of Rs. 731.81 lacs for the financial year 1997-98 which is the highest achieved so far. The quantity of switches exported also recorded the highest being 121.13 lacs. This evidences the long term stabilization of manufacturing process which will help the Company to increase its profitability in the future.

However, the result for the year was adversely affected by the shift in customer demands from the higher profit margin standard switches to the low profit margin sub-miniature reed switches. Additional problems arising from varying quality of the precious metal baths, which were detected only after a time gap due to its technical peculiarity, resulted in high scrap rate. Scrap was also higher because of the exceptional high frequency of power interruptions and voltage fluctuation. These scrap rates also had negatively influenced the profitability for the year.

FUTURE PROSPECTS

The prevailing unfavourable market conditions forced your Company to cancel the proposed Rights Issue. However, the Company will continue to explore the possibility of a Rights Issue as and when the market conditions improve significantly.

Due to the constant interruptions in power supply and the resulting scrap, your Company has installed 500 KVA Generator in the last months of the fiscal year. Growing volume of production and reduced scrap rate resulting from the use of Generator is expected to increase the profitability in future.

In order to provide technical and managerial guidance Mr. W. Ziwitiza, Director is being involved in the affairs of the Company on a continuous basis and this will definitely help you Company in better performance.



DEPOSITS

The Company has not invited or accepted any deposits during the year.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Robert P. Romano and Mr. Elson D. Nowell retire by rotation at the ensuing Annual General Meeting and offer themselves for reappointment as Directors.

PARTICULARS OF EMPLOYEES

There were no employees in receipt of Rs. 3,00,000 or more during the period ended 31.03.98 or Rs.25 000/- per month during any part of the period under review within the purview of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS

The Auditors of the Company, M/s. A. F. Ferguson Associates, Chartered Accountants, retire at the conclusion of the Annual General Meeting and are eligible for reappointment.

PERSONNEL

The industrial relations continued to remain cordial throughout the period; negotiations on a comprehensive new wage settlement package remain pending.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Sec. 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report to Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the Annexure, forming part of this report.

ACKNOWLEDGEMENT

The Directors wish to record their appreciation of the guidance and assistance received by the Company from W. Günther GmbH, authorities of Madras Export Processing Zone, Reserve Bank of India, Export Import Bank of India, International Finance Corporation (Washington), State Bank of India and Employees.

For and on behalf of the Board,

Place : Chennai
Date : 31st July, 1998

M. UTTAM REDDI
Chairman



ANNEXURE TO DIRECTORS' REPORT

Information as required under Section 217(1) (e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

A number of small investments were made throughout the year in order to reduce the energy consumption. Spending on power and fuel is expected to decrease once the 15 kilo litre diesel tank is installed after obtaining necessary statutory clearances.

TECHNOLOGY ABSORPTION

In order to expedite Technology Absorption, you Company sent employees to Germany for training in manufacturing process and German Collaborator also deputed their technical personnel for attending to problems and improving quality.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned on the export of Reed Switches and others on FOB basis during the period under review amounts to Rs. 706.33 lacs

1. Outgo on Imported Raw Materials, Stores and Capital Goods	(Rs. in lacs)
	358.11
2. Payment to IFC (Washington)	
Interest	17.22
Principal	24.08

For and on behalf of the Board,

Place : Chennai

Date : 31st July, 1998

M. UTTAM REDDI
CHAIRMAN