



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

11th Annual Report and Accounts 1999





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STG
SWITCHING TECHNOLOGIES
GÜNTNER LIMITED
Plots 59, 610 & C1, (MEPZ)
Tambaram
Madras 600 045

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



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

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

GENERAL MANAGER
(OPERATIONS) : **V. KAMALANATHAN**

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

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
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E-Mail : madras.stg@elnet.ems.vsnl.net.in



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

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

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 11th Annual General Meeting of the members of Switching Technologies Günther Ltd. will be held on Tuesday, the 28th September, 1999 at Hotel Dakshin, 35, Venkatnarayana Road, Chennai 600 035, 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, 1999 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. M. UTTAM REDDI who retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.
3. To appoint Auditors and to authorise the directors to fix auditors' remuneration.

Special Business :

4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution, of which notice has been received by the company from a member :

"THAT Mr. KLAUS MORAWETZ, be and is hereby appointed as Director of the company in terms of Section 257 of the Companies Act, 1956.

For and on behalf of the Board,

Place : Chennai
Date : 15th July, 1999

M. UTTAM REDDI
Chairman

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 4

Mr. Klaus Morawetz is a qualified Electrical Engineer and Business Administrator. He has managerial experience of over 10 years as Production Manager (Electronics) and Plant Manager. Notice under Section 257 of the Companies Act, 1956, has been received from a member of the Company signifying his intention to propose the candidature of Mr. Klaus Morawetz for the office of the Director of the company. His knowledge and experience is expected to provide strategic and operational benefits to board of directors and it is considered to be in the best interest of the company to appoint him as Director of the Company. None of the Directors are concerned or interested in the resolution. The Directors recommend the resolution for the approval of the members as an ordinary resolution.

**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 21st September, 1999 to Tuesday, the 28th September, 1999 (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 have pleasure in presenting their 11th Annual Report together with the audited accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

	Year ended 31.03.99 (Rs.)	Year ended 31.03.98 (Rs.)
Sales and other Income	86,684,535	73,180,643
Profit before interest and depreciation	11,504,122	10,060,860
Profit before depreciation	8,089,159	6,262,703
Profit /(Loss) before taxation & Extra ordinary item	1,127,720	(172,477)
Profit after taxation & extra-ordinary item	1,127,720	972,097

PERFORMANCE OF THE COMPANY

Your Company performed satisfactorily during the financial year. Considerable efforts to streamline the operations and to improve the productivity were taken and implemented. Consequently production and exports reached higher levels and the profit before considering the exchange fluctuation loss (net) was Rs. 61.92 Lacs. However the net profit was reduced to 11.28 Lacs because of the exchange fluctuation loss (net) which was Rs.50.64 Lacs. Necessary steps are being taken to ensure that such exchange fluctuation does not affect the company's results in future.

FUTURE PROSPECTS

The company has comprehensive restructuring plans in order to improve the efficiency of the plant. Concentration on the production of Semi-automatic switches having high margins and low scrap rates has been identified as a strategic measure to be adopted to improve the profitability. Continuous technology transfer from the collaborator, training and development of work force, implementation of rigorous quality standards and effective maintenance of production facilities are accepted as the key drivers of profitability.

Due to the strategic shift in favor of producing Semi-automatic switches your company is poised for growth in profit even though a lower turnover may be expected in the immediate future. Several cost cutting measures are being implemented and your organisation is equipping itself to achieve growth in profits with stability of operations.

DIRECTORS

Pursuant to provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.M. Uttam Reddi and Mr. W. Ziwitza retire by rotation at the ensuing Annual General Meeting. Mr. M. Uttam Reddi being eligible offers himself for reappointment. Mr. Ziwitza has decided to enter into retirement and will not be seeking re-appointment. The directors extend special thanks and appreciation to Mr.Ziwitza whose dedicated personal support over the past 10 years has directly contributed to the successful performance and growth of your company. Mr. Ziwitza will be retiring after 32 years of service with the company, its holding company and their associate companies.



A notice under Section 257 of the Companies Act, 1956 has been received from a member of the company signifying his intention to propose the candidature of Mr. Klaus Morawetz for the office of Director of the Company. An ordinary resolution is proposed for the approval of the shareholders.

Y2K COMPLIANCE

The company does not anticipate major problems because of Y2K issue since the areas where Y2K non-compliance will be faced are very limited. Most of the systems are already Y2K compliant and full Y2K compliance is expected to be achieved by September 1999. An internal team has been formed to address this problem and external consultants are also engaged. The expenditure to ensure Y2K compliance is not expected to be significant. Necessary contingency plans had been formulated in order to address any contingencies.

DEPOSITS

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

PARTICULARS OF EMPLOYEES

There were no employees in receipt of Rs.6,00,000 or more during the period ended 31.03.99 or Rs.50,000/- 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 statutory 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. The company has entered into a comprehensive three-year wage settlement with the work force during the year which is expected to improve the productivity and industrial relations.

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, State Bank of India, Export Import Bank of India, International Finance Corporation (Washington) and Employees.

For and on behalf of the Board,

Place : Chennai
Date : 15th July, 1999

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

Your company is constantly searching for opportunities for energy conservation and small investments were made on regular and continuous basis in equipment intended for this purpose.

TECHNOLOGY ABSORPTION

Technology absorption remains one of the key area identified for achieving an efficient and effective plant utilisation. Your company had, as in the past, deputed employees to our collaborator's plant in Germany for training. German Collaborator also deputed their technical personnel for attending to problems and guidance in process control.

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. 868.09 lacs. Details of Foreign Exchange outgo are given below :

1. Outgo on Imported Raw Materials, Stores and Capital Goods	(Rs. in lacs) 475.42
2. Payment to IFC (Washington)	
Interest	17.05
Principal	27.34

For and on behalf of the Board,

Place : Chennai
Date : 15th July, 1999

M. UTTAM REDDI
CHAIRMAN

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