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SWITCHING TECHNOLOGIES GUNTHER LIMITED

16th Annual Report and Accounts 2004

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SWITCHING TECHNOLOGIES GÜNTHER LIMITED

BOARD OF DIRECTORS	:	**M. UTTAM REDDI,** *Chairman* **ELSON D. NOWELL** **KLAUS MORAWETZ** **ROBERT P. ROMANO** **C.VENKATARAMAN** **R.S.IYER** (Alternate to KLAUS MORAWETZ)
BANKERS	:	**STATE BANK OF INDIA** **HDFC BANK LIMITED**
AUDITORS	:	**A.F.FERGUSON ASSOCIATES** *Chartered Accountants* No.5, Nandanam Extension 1st Street, Nandanam Chennai 600 035
SECRETARIAL CONSULTANT	:	**J.CHANDRASEKARAN** *Practicing Company Secretary*
REGISTERED OFFICE & WORKS	:	Plots B9, B10 & C1, Madras Export Processing Zone Kadapperi, Tambaram Chennai 600 045 Phone : 91-44-22628093 91-44-22628198 Fax : 91-44-22628271 e-mail : stgltd@eth.net
REGISTRAR FOR ELECTRONIC CONNECTIVITY	:	**CAMEO CORPORATE SERVICES LTD** Subramanian Building 1, Club House Road, Chennai 600 002
REGISTRAR OF SHARES IN PHYSICAL MODE	:	**SECRETARIAL DEPARTMENT OF THE COMPANY**

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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 16th Annual General Meeting of the members of Switching Technologies Gunther Ltd. Will be held on Thursday, the 30th September, 2004 at Arasampatti Restaurant, 15, Duariswamy Reddy Street, West Tambaram, Chennai 600 045 at 3.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account and Cash Flow Statement for the year ended 31st March, 2004 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 Robert P.Romano who retires by rotation and is eligible for reappointment.
3. To appoint a Director in the place of M.Uttam Reddi who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

   M/s A.F.Ferguson Associates, Chartered Accountants, Chennai, Auditors of the Company hold office till the conclusion of this Annual General Meeting and are eligible for re-appointment.

For and on behalf of the Board

Place : Chennai
Date : 3rd September, 2004

M. UTTAM REDDI
Chairman

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ANNEXURE TO THE NOTICE

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. Members / Proxies should bring the Attendance Slips sent herewith duly filled in for attending the meeting and hand it over at the entrance.
3. Members are requested to bring their copies of the Annual Report to the meeting.
4. Members are requested to immediately intimate any change in their address registered with the Company quoting their respective Folio Number(s).
5. 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.

For and on behalf of the Board

Place : Chennai
Date : 3rd September, 2004

M. UTTAM REDDI
Chairman

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DIRECTORS' REPORT

The Board of Directors of your company present their 16h Annual Report together with the audited accounts for the year ended 31st March 2004.

FINANCIAL RESULTS	Year Ended 31.03.2004 (Rs.)	Year ended 31.03.2003 (Rs.)
Sales and other Income	58,994,642	67,229,800
Profit /(Loss) before interest and depreciation	7,554,359	9,719,708
Interest	1,012,081	1,178,314
Profit/(Loss) before depreciation	6,542,278	8,541,394
Depreciation	5,446,452	5,961,474
Net Profit / (Loss)	1,095,826	2,579,920

PERFORMANCE OF THE COMPANY

In spite of W.Gunther GmbH becoming insolvent the sales of the Company has registered a marginal improvement. The Company is now exporting its products to Gunther America Inc. During the financial year high value switches with higher contribution margins were exported.

AUDITOR'S QUALIFICATION

As regards the observation of the auditors note 16 is self explanatory

FUTURE PROSPECTS

The Company will continue to export high value switches to Gunther America Inc. and expects to improve profitability.

LITIGATION

Notes 20 and 21 gives details of litigation against the Company These are pending before the Madras High Court.

DEPOSITS

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

DIRECTORS

Pursuant to provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.Robert P.Romano and Mr.M.Uttam Reddi retire by rotation at the ensuring Annual General Meeting and are eligible for reappointment.

PARTICULARS OF EMPLOYEES

There were no employees 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 ensuing Annual General Meeting and are eligible for reappointment.

PERSONNEL

The industrial relations continued to remain cordial throughout the period.

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DEMATERIALISATION OF SHARES

To facilitate the dematerialization of shares your company has appointed M/s. Cameo Corporate Services Limited, Chennai as Electronic Share Transfer Agent for providing electronic connectivity with National Securities Depository Ltd. and Central Depository Services (India) Ltd. Share transfer in physical form continues to be handled by the share department of the company.

LISTING WITH STOCK EXCHANGES

Your company's shares are listed in Madras, Mumbai and Ahmedabad Stock Exchanges. The listing continued throughout the year and the listing fees due to date have been paid.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of annual accounts, the applicable Accounting Standards have been followed.
2. The Directors had selected such accounting policies and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a 'going concern' basis.

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

The information required under Sec.217 (1)(e) of the Companies Act, 1956 and rules framed thereunder 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 thank 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 the guidance and assistance rendered to the company.

For and on behalf of the Board

Place : Chennai
Date : 3rd September, 2004

M. UTTAM REDDI
Chairman

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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:

Adequate repairs and maintenance of production facilities and improvements in infrastructure were carried out throughout the financial year for achieving energy conservation.

TECHNOLOGY ABSORPTION:

Technology absorption in different areas was effected in a continuos manner throughout the year.

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. 508.67 lacs. Foreign exchange outgo on account of Imported Raw Materials, Stores and Capital Goods was Rs. 259.05 lacs whereas expenditure in foreign currency on account of Interest was Rs. 10.12 lacs.

For and on behalf of the Board

Place : Chennai
Date : 3rd September, 2004

M. UTTAM REDDI
Chairman

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