



**19th Annual Report and Accounts 2007**




## 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 sowohl in  
Einkauf 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.




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**STG**

**SWITCHING TECHNOLOGIES  
GÜNTHER LIMITED**  
Plots B9, B10 & C1, MEPZ  
Tambaram  
Chennai 600 045

SWITCHING TECHNOLOGIES GÜNTHER LIMITED



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## SWITCHING TECHNOLOGIES GÜNTHER LIMITED

Regd. Office: B9, B10 & C1, Special Economic Zone (MEPZ), Kadapperi, Tambaram, Chennai 600 045

BOARD OF DIRECTORS	:	<b>JOHN D.ROLLO (Chairman)</b> <b>ROBERT P.ROMANO</b> <b>MICHEL VANDERVELPEN</b> <b>P.RAMESH</b> (Alternate to Robert P. Romano)
BANKERS	:	<b>STATE BANK OF INDIA</b> <b>HDFC BANK LIMITED</b>
AUDITORS	:	<b>A.F.FERGUSON ASSOCIATES</b> Chartered Accountants No.5, Nandanam Extension 1st Street, Nandanam Chennai 600 035
SECRETARIAL CONSULTANT	:	<b>J.CHANDRASEKARAN</b> <i>Practicing Company Secretary</i>
REGISTERED OFFICE & WORKS	:	Plots B9, B10 & C1, Special Economic Zone (MEPZ) Kadapperi, Tambaram Chennai 600 045 Phone : 91-44-22628093 91-44-22628198 Fax : 91-44-22628271 e-mail : <a href="mailto:stgindia@airtelbroadband.in">stgindia@airtelbroadband.in</a>
REGISTRAR FOR ELECTRONIC CONNECTIVITY AND PHYSICAL SHARE TRANSFERS	:	<b>CAMEO CORPORATE SERVICES LTD</b> Subramanian Building No.1, Club House Road, Chennai 600 002  Phone : 91-44-28460390 (5 Lines) Fax : 91-44-28460129 Email : <a href="mailto:cameosys@cameoindia.com">cameosys@cameoindia.com</a>

SWITCHING TECHNOLOGIES GÜNTHER LIMITED



**SWITCHING TECHNOLOGIES GÜNTHER LIMITED**

Regd. Office: B9, B10 & C1, Special Economic Zone (MEPZ), Kadapperi, Tambaram, Chennai 600 045

**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 19th Annual General Meeting of the members of Switching Technologies Günther Ltd. Will be held on Wednesday, the 26<sup>th</sup> September, 2007 at Hotel Grand Palace, 257, G.S.T Road, Chromepet, Near MIT Gate, Chennai 600 044. at 2.30 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 2007 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. John D Rollo who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to fix their remuneration.

M/s A.F.Ferguson Associates, Chartered Accountants, Chennai, Auditors of the Company had informed that they need not be considered for re-appointment as Auditors. It is therefore proposed to appoint M/s R. Subramanian and Company, Chartered Accountants, Chennai as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

**AS SPECIAL BUSINESS**

4. To consider and if thought fit to pass either with or without modification the following Resolution as an Ordinary Resolution

"RESOLVED THAT Mr. Michel Vandervelpen who was appointed as an Additional Director by the Board under section 260 of the Companies Act, 1956 on 7<sup>th</sup> June 2007 and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed a Director of the Company."

**Explanatory Statement**

Mr. Michel Vandervelpen joined the Board of the Company on 7<sup>th</sup> June 2007 as an Additional Director and as per provisions of section 260 of Companies Act, 1956 he will hold office as a Director up to the date of this Annual General Meeting. Company has received Notice as prescribed under section 257 of the Companies Act, 1956 from a member along with deposit of Rs. 500, signifying his intention to propose Mr. Michel Vandervelpen for appointment as a Director.

Mr Michel Vandervelpen is aged 51 and has considerable experience in the line of business of the Company and his appointment is expected to benefit the company. The Board of Directors recommends the passing of the resolution.

None of the Directors, except, Mr. Michel Vandervelpen is in any way concerned or interested in the resolution

For and on behalf of the Board

**JOHN D.ROLLO**

Chairman

Place: Chennai

Date : 31-07-2007

SWITCHING TECHNOLOGIES GÜNTHER LIMITED



**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.
6. The Share transfer Register and Register of members will be closed from Monday, 24<sup>th</sup> September, 2007 to Wednesday, 26<sup>th</sup> September, 2007 (both days inclusive)



## SWITCHING TECHNOLOGIES GÜNTHER LIMITED



## DIRECTORS' REPORT

The Board of Directors of your company present their 19th Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March 2007

<b>FINANCIAL RESULTS</b>	Year ended 31.03.2007 (Rs.)	9 Months ended 31.03.2006 (Rs.)
Sales and other Income	99,334,941	67,409,827
Profit /(Loss) before interest and depreciation	5,012,922	19,017,958
Interest	—	1,219,628
Profit/(Loss) before depreciation	5,012,922	17,798,330
Depreciation	4,757,067	2,008,411
Profit / (Loss) before		
Taxation and exceptional item	255,855	15,789,919
Exceptional item	—	10,766,444
Profit/ (Loss) before taxation after exceptional item	255,855	26,556,363
Provision for taxation		
- Current	28,707	1,160,000
- Fringe benefit tax	198,675	116,000
Profit / ( Loss) after taxation and exceptional item	28,473	25,280,363

### PERFORMANCE OF THE COMPANY

The Sales performance during the year was higher by 52% compared to the previous period. The Company has incurred a loss of Rs 197.36 lakhs before waiver and a marginal profit of Rs 2.56 lakhs after waiver. The Earnings (loss) per share before the waiver was Rs (8.06) per share and after considering the waiver and write back was Rs. 0.01 per share.

### AUDITOR'S QUALIFICATION

Regarding the qualification as to "Going concern" the Company's net worth had already become positive as at 31<sup>st</sup> March 2006 and the company has earned profits during the last two years. The Company is taking several steps to improve the sales and profitability and hence the accounts were prepared as a going concern. The Company could not pay the fringe benefit tax for the quarter ended 30<sup>th</sup> June 2006 due to cash flow and working capital constraint and would be paying the same on or before 31<sup>st</sup> October 2007.

### Preferential Issue

Regarding issue of shares on preferential basis, the Mumbai Stock Exchange has advised us that, the proposed preferential issue approved by the shareholders at the Extraordinary General Meeting held on 07-03-2007 would attract SEBI Substantial Acquisition and Takeover Regulations since the Holding company already holds in excess of 55% of the shareholding and hence the Company did not proceed with the issue.

### FUTURE PROSPECTS

The Management is taking various steps to improve the profitability of the company. However due to stiff competition and appreciation of rupee, the company is affected and it is expected that it will take a couple of years for the company to make reasonable profits.

## SWITCHING TECHNOLOGIES GÜNTHER LIMITED

**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. John D. Rollo retires by rotation at the ensuing Annual General Meeting. Mr. C. Venkataraman, wholetime Director of the Company resigned with effect from 31<sup>st</sup> May 2007. Mr Nicholas Lee Gilbert also resigned which was accepted at the Board Meeting held on 31-07-2007. Mr. Michel Vendervelpen was appointed by the Board of Directors as Additional Director on 7<sup>th</sup> June 2007. He holds office only upto the date of the Annual General Meeting and the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his appointment as a Director at the forthcoming Annual General Meeting.

Mr. P. Ramesh vacated his office as Alternate Director to Mr. Robert P. Romano on 11-12-2006 and was appointed as Alternate Director to Mr. Nicholas Lee Gilbert on 11-12-2006. He again vacated his office on 5-2-2007 and was appointed as Alternate Director to Mr. Robert P. Romano on that date. He again vacated his office on 26-3-2007 and was appointed as Alternate to Mr. Nicholas Lee Gilbert on 28-3-2007. He vacated his office on 31-7-2007 and was appointed as Alternate Director to Robert P. Romano on 31-7-2007

**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**

M/s A.F. Ferguson Associates, Chartered Accountants, Chennai, Auditors of the Company had informed that they need not be considered for re-appointment as Auditors. It is therefore proposed to appoint M/s R. Subramanian and Company, Chartered Accountants, Chennai as Auditors of the Company hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

**PERSONNEL**

The industrial relations continued to remain cordial throughout the period.

**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. Cameo Corporate Services Limited, Chennai is handling the dematerialization of shares and share transfers – both electronic and physical.

**LISTING WITH STOCK EXCHANGES**

Your company's shares are listed in Mumbai Stock Exchange. The listing continued throughout the year and the listing fees due to date have been paid. Your company had submitted delisting application to Madras and Ahmedabad stock exchanges as approved by the shareholders at their meeting held on 8<sup>th</sup> March ,2006 and the same are under consideration.

**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 except in the case of Accounting Standard AS-28 Impairment of assets where in the company has been followed.

## SWITCHING TECHNOLOGIES GÜNTHER LIMITED



2. The Directors had selected such accounting policies and have applied them consistently and made judgments 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 of the Company for the year
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 there under 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

JOHN D.ROLLO

Date : 31-07-2007

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:**

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

#### **TECHNOLOGY ABSORPTION:**

Presently the Company does not have a technical collaboration.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange earned on the export of Reed Switches and others on FOB basis during the year under review amounts to Rs.792.22 lacs. Foreign exchange outgo on account of Imported Raw Materials, Stores and Capital Goods was Rs. 427.07 lacs whereas expenditure in foreign currency on account of Interest was Rs.Nil

For and on behalf of the Board,

JOHN D.ROLLO

CHAIRMAN

Place : Chennai

Date : 31-07-2007





## AUDITORS' REPORT TO THE MEMBERS OF SWITCHING TECHNOLOGIES GÜNTHER LIMITED

We have audited the attached balance sheet of Switching Technologies Günther Limited as at March 31, 2007 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4 A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that

- (i) we have obtained all the information and explanations; which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) *despite substantial erosion of networth, the accounts for the year have been prepared on the basis that the company is a "going concern" (Refer note 3)*
- (vii) *subject to our comments in paragraph (vi) above, the effect of which on the financial statements could not be determined, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information*