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SWITCHING TECHNOLOGIES GÜNTHER LIMITED

21st Annual Report and Accounts 2009

GÜNTHER AMERICA

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COMUS

Comus International
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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

COMUS

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STG

SWITCHING TECHNOLOGIES
GÜNTHER LIMITED
Plots: B9, B10 & C1,
Special Economic Zone (MEPZ),
Kadapperi, Tambaram,
Chennai 600 045

SWITCHING TECHNOLOGIES GÜNTHER LIMITED

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

BOARD OF DIRECTORS	: JOHN D.ROLLO (Chairman) ROBERT P.ROMANO MICHEL VANDERVELPEN P. RAMESH (Managing Director)
BANKERS	: HDFC BANK LTD STATE BANK OF INDIA
AUDITORS	: R. SUBRAMANIAN AND COMPANY Chartered Accountants New No. 6, (Old No.36), Krishna Swamy Avenue, Luz, Mylapore, Chennai – 600 004.
SECRETARIAL CONSULTANT	: J. CHANDRASEKARAN Practicing Company Secretary
REGISTERED OFFICE & WORKS	: Plots B9, B10 & C1, MEPZ - Special Economic Zone Kadapperi, Tambaram, Chennai 600 045. Phone : 91-44-43219096 91-44-22622460 Fax : 91-44-22628271 email : stgindia@airtelmail.in
REGISTRAR FOR ELECTONIC CONNECTIVITY AND PHYSICAL SHARE TRANSFERS	: CAMEO CORPORATE SERVICES LTD Subramanian Building, No.1, Club House Road, Chennai 600 002 Phone : 91-44-28460390 (5 Lines) Fax : 91-44-28460129 email : cameosys@cameoindia.com

SWITCHING TECHNOLOGIES GÜNTHER LIMITED**SWITCHING TECHNOLOGIES GÜNTHER LIMITED**

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

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 21st Annual General Meeting of the members of Switching Technologies Günther Ltd. will be held on Thursday, the 24th September, 2009 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 period ended 31st March 2009 and the Balance Sheet as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in the place of Mr. Michel Vandervelpen who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to fix their remuneration.

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

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 in pursuance of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, Mr Yash Dev Trehan be and is appointed as Managing Director and CEO for a period from 25th September 2008 to 27th March 2009 subject to the superintendence, direction and control of the Board of Directors on the following terms and conditions :-

1. No remuneration will be paid in view of the difficult financial position of the Company.
2. He will be allowed to use Company's car and telephone free for official use."

5. To appoint a Director in the place of Mr P Ramesh who was appointed as Additional Director on 28th March 2009 and holds office till the date of this Annual General Meeting and for this purpose to consider and, if thought fit, to pass, either with or without modification, the following resolution as an Ordinary Resolution for which notice under Section 257 of the Companies Act, 1956 has been received from a shareholder

"Resolved that Mr P Ramesh be and is appointed as Director of the company liable to retire by rotation".

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

SWITCHING TECHNOLOGIES GÜNTHER LIMITED



"Resolved that in pursuance of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, Mr P Ramesh be and is appointed as Managing Director for a period of 3 years with effect from 28th March 2009 on the following terms and conditions:-

- a. Basic Salary Rs. 15,406 p.m.
- b. Dearness Allowance Rs. 3,610 p.m. (Subject to changes based on consumer price index)
- c. HRA Rs. 4,000 p.m.
- d. Conveyance Allowance Rs. 4,075 p.m.
- e. Office Attire Allowance Rs. 2,000 p.m.
- f. Medical reimbursement Rs. 15,000 per annum.
- g. Leave Travel Allowance Once a Year subject to the limit of Basic Salary plus Dearness Allowance
- h. Provident Fund, Gratuity and Leave Encashment – As per Rules of the Company

For and on behalf of the Board

JOHN D.ROLLO

Chairman

Place: USA

Date : 31st July 2009

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. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business is annexed herewith.
3. Members / Proxies should bring the Attendance Slips sent herewith duly filled in for attending the meeting and hand it over at the entrance.
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. Members are requested to immediately intimate any change in their address registered with the Company quoting their respective Folio Number(s).
6. 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.
7. The Share transfer Register and Register of members will be closed from Monday, 21st September, 2009 to Thursday, 24th September, 2009 (both days inclusive)

SWITCHING TECHNOLOGIES GÜNTHER LIMITED

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 annexed to the notice dated 31st July 2009.

Item No. 4

The Board appointed Mr. Yash Dev Trehan as Managing Director and CEO for a period of Five Years with effect from 25th September 2008 without remuneration. Mr. Yash Dev Trehan is aged 74 Years and has 10 Years of experience in production and marketing at senior level. He is a qualified engineer.

This appointment requires confirmation of the shareholders. Since Mr. Yash Dev Trehan had resigned on 27th March 2009, the shareholders' approval is sought for the period from 25th September 2008 to 27th March 2009.

None of the Directors is deemed to be interested in the Resolution.

Item No. 5

Mr. P. Ramesh was appointed as Additional Director at the Board meeting held on 28th March 2009 and holds office till the date of the Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder proposing his appointment as a director along with due deposit.

None of the Directors except Mr P Ramesh is deemed to be interested in the Resolution.

Item No. 6

The Board appointed Mr. P. Ramesh as Managing Director for a period of three years with effect from 28th March 2009 as per the terms set out in detail in the Resolution. Mr. P. Ramesh is aged 45 Years and has 21 Years of experience in production and operations in our company. He is a qualified Mechanical & Production Engineer.

The Proposed remuneration has been approved by the Remuneration committee of the Board of directors and is well within the limits set out in Clause A of Section II of part II of Schedule XIII to the Companies Act, 1956. This appointment and remuneration requires the approval of the Shareholders under Part III of Schedule XIII to the companies Act, 1956. Hence the Resolution.

None of the Directors except Mr. P. Ramesh is deemed to be interested in the Resolution.

For and on behalf of the Board

JOHN D.ROLLO

Chairman

Place: USA

Date : 31st July 2009

SWITCHING TECHNOLOGIES GÜNTHER LIMITED



DIRECTORS' REPORT

The Board of Directors of your company present their 21st Annual Report together with the audited accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
Sales and other Income	107,625,397	101,854,984
Profit /(Loss) before interest and depreciation	(2,862,124)	(15,003,302)
Interest	—	—
Profit/(Loss) before depreciation	(2,862,124)	(15,003,302)
Depreciation	1,616,952	1,283,092
Profit / (Loss) before taxation and exceptional item	(4,479,076)	(16,286,494)
Prior Year adjustments	181,436	—
Exceptional items-Waiver	—	—
And write back	4,278,287	16,730,350
Profit/ (Loss) before taxation	—	—
after exceptional item	(19,353)	443,856
Provision for taxation	—	—
- Current	—	—
- Fringe benefit tax	175,067	161,784
Profit / (Loss) after taxation and exceptional item	(194,420)	282,072

PERFORMANCE OF THE COMPANY

The Sales and other income during the year was marginally higher at Rs. 107.63 million compared to Rs.101.85 million the previous year.

The company has, in the current year, incurred a loss of Rs. 4.48 million compared to Rs. 16.29 million last year, before exceptional items and prior year adjustments. The operations were affected during the year due to recession affecting orders from US and Europe. The company was also affected by severe powercut situation in Tamilnadu and had been resorting to layoffs for minimum of 7 days in a month. Despite these adverse factors, due to the cost cutting measures and productivity improvements effected by the present management and the unstinted support from the Comus Group, the company was able to reduce the operational loss from Rs.16.29 million to Rs. 4.48 million. The company had incurred a loss of Rs. 194 thousand after exceptional items and tax compared to a profit of Rs. 282 thousand for the last year.

SWITCHING TECHNOLOGIES GÜNTHER LIMITED**AUDITOR'S QUALIFICATION**

Regarding the qualification as to "Going Concern" the Company's net worth had already become positive as at 31st March 2006 and the company has earned cash profits during the last four years. The Company is taking several steps to improve the sales and profitability and hence the accounts were prepared as a Going Concern. Regarding employee benefits, provision for gratuity and Leave encashment has been made on the basis of Actuarial Valuation as per Accounting Standard AS-15. The Company is unable to fund the liability provided, due to cash flow problems. The Fringe benefit tax dues was not paid due to cash flow problems and will be paid in August 2009.

ISSUE OF PREFERENCE SHARES

The Company had issued 98178 Zero Coupon Redeemable Preference Shares of Rs 100/- each totalling to Rs 9.82 million on 14-02-2009 after paying the compounding fee to Reserve Bank of India.

FUTURE PROSPECTS

The Management is taking various steps to improve the profitability of the company. However due to the severe recession in USA and Europe the order position is very low. In addition the company is resorting to layoff for a minimum of 7 days in a month to tide over the powercut. The management is also considering the option of downsizing the workforce by resorting to retrenchment to cut costs and survive through this tough time.

DEPOSITS

The Company has neither invited nor accepted any deposits during the year.

DIRECTORS

Pursuant to provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Michel Vandervelpen retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr. Yash Dev Trehan was appointed as Additional Director and Managing Director for a period of five years with effect from 25th September 2008. Mr. Yash Dev Trehan has resigned on 27th March 2009 which was accepted by the board. Mr. P. Ramesh was appointed as Additional Director on 27th March 2009 and holds office only upto the proposed Annual General Meeting. At the same meeting he was appointed as Managing Director of the company with effect from 28th March 2009 for a period of three years. The tenure of Mr. P. Ramesh as additional Director comes to an end on 24/09/2009. Mr. P. Ramesh is 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.

COMPLIANCE CERTIFICATE UNDER SECTION 383A OF THE COMPANIES ACT, 1956

The Compliance Certificate under Section 383A of the Companies Act, 1956 from Mr J Chandrasekaran, Practicing Company Secretary is annexed to this report.

SWITCHING TECHNOLOGIES GÜNTHER LIMITED**AUDITORS**

The Auditors of the Company, M/s. R Subramanian and Company, Chartered Accountants, Chennai 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.

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. The delisting application to Ahmedabad stock exchange as approved by the shareholders at their meeting held on 8th March, 2006 was accepted and the shares were delisted at Ahmedabad stock exchange from 26th June 2008.

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 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 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.

SWITCHING TECHNOLOGIES GÜNTHER LIMITED**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, HDFC Bank for the guidance and assistance rendered to the company and the employees for their efforts and co-operation.

For and on behalf of the Board

Place: New Jersey, USA

Date : 30th June, 2009

JOHN D.ROLLO

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 PERIOD UNDER REVIEW AMOUNTS TO Rs. 1025.87 LACS. FOREIGN EXCHANGE OUTGO ON ACCOUNT OF IMPORTED RAW MATERIALS, STORES AND CAPITAL GOODS WAS Rs. 515.32 LACS. WHERE AS EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF INTEREST WAS Rs. NIL

For and on behalf of the Board

Place: New Jersey, USA

Date : 30th June, 2009

JOHN D.ROLLO

CHAIRMAN