

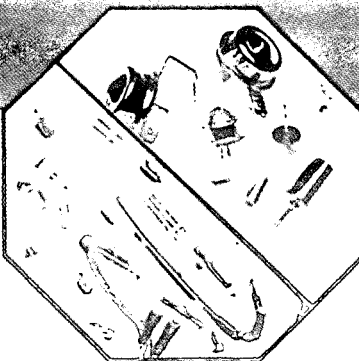


**SWITCHING TECHNOLOGIES GÜNTHER LIMITED**

**21st Annual Report and Accounts 2009**

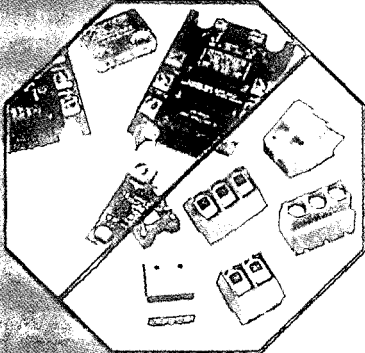
**GÜNTHER AMERICA**

454 Allwood Road  
Clifton, NJ 07012 USA  
Phone : 973-777-6900  
Fax : 973-777-8405  
Email : comusInt@aol.com



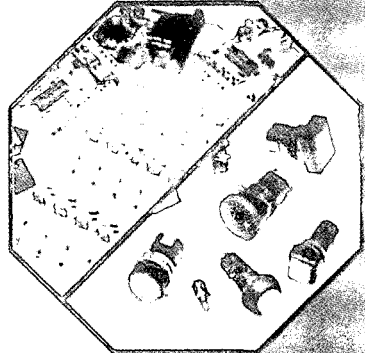
**COMUS**

Comus International  
454 Allwood Road  
Clifton, NJ 07012 USA  
Phone : 973-777-6900  
Fax : 973-777-8405  
Email : info@comus-intl.com



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Overhaamlaan 40  
3700, Tongeren, Belgium  
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Fax : 32 12 235754  
Email : info@comus.be

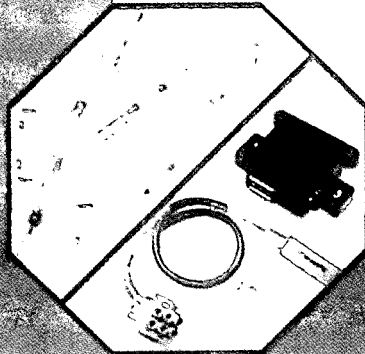
Bauteile und Technologie wurden soweit in  
Einklang gebracht daß sie sowohl für  
Standard-Schalter und  
Schalter-Sonderanfertigungen als auch für  
Sensor-Produkte auf dem Markt angeboten  
werden können

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

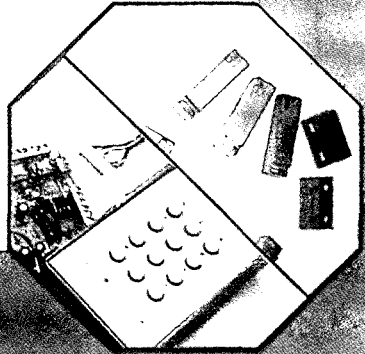
**ASSEMtech**  
EUROPE

Assemtech Europe Limited  
Rice Bridge Industrial Estate  
Thorpe le Soken  
Essex, CO16 0HL  
Telephone : + 1255 862236  
Fax : 1255 862014



**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**

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

**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 21st Annual General Meeting of the members of Switching Technologies Gunther 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.



“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)

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

## 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	Year ended
	31.03.2009	31.03.2008
	(Rs.)	(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.

**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 25<sup>th</sup> September 2008. Mr. Yash Dev Trehan has resigned on 27<sup>th</sup> March 2009 which was accepted by the board. Mr. P. Ramesh was appointed as Additional Director on 27<sup>th</sup> 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 28<sup>th</sup> 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.



## 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.



**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

## Compliance Certificate

REGISTRATION NO: L29142TN1988PLC015647

NOMINAL CAPITAL: 60,000,000/-

To,  
THE MEMBERS,  
SWITCHING TECHNOLOGIES GUNTHER LIMITED  
CHENNAI.

I have examined the registers, records, books and papers of SWITCHING TEHNOLOGIES GUNTHER LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company the comments regarding compliance with restrictions applicable to private companies are not required.
4. The Board of Directors duly met SIX times on 30-06-2008, 31-07-2008, 25-09-2008, 28-11-2008, 14-02-2009 and 27-03-2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 23<sup>rd</sup> September 2008 to 25<sup>th</sup> September 2008 after duly complying with the provisions of the ACT.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2008 was held on 25<sup>th</sup> September 2008. Due notice for the meeting was given to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra ordinary General meeting(s) was held during the financial year.
8. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in the section 295 of the ACT.

9. The Company has not entered into contracts falling within the purview of section 297 of the Act during the year.
10. The Company has made necessary entries in the register maintained under section 301 of the ACT.
11. The Company was not required to obtain any approval under section 314 of the ACT during the year for appointment of persons holding office or place of profit.
12. The Company has issued duplicate share certificates during the Financial Year after complying with the provisions of the ACT.
13.
  - (i) There was allotment of 98,178 zero coupon Redeemable preference shares of Rs 100/-each on 14-02-2009 after complying with the provisions of the ACT. Share transfers/transmission of shares were effected during the year, after duly complying with the provisions of the ACT.
  - (ii) The Company has not declared any dividend during the year and hence the question of commenting on depositing the dividend amount in a separate bank account within 5 days from the date of declaration of dividend does not arise.
  - (iii) The Company has not declared any dividend during the year and hence commenting on the posting of dividend warrants/cheques does not arise.
  - (iv) The Company has no amount to transfer, in respect of unpaid dividend account, application money due for refund; matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years, to Investor Education and Protection Fund.
  - (v) The Company has duly complied with the requirements of section 217 of the ACT.
14. The Board of Directors of the Company is duly constituted. There was appointment of additional directors during the year after complying with the provisions of the ACT.
15. Mr. Yash Dev Trehan was appointed as Managing Director on 25-09-2008 after complying with the provisions of the ACT. On his resignation on 27-03-2009, Mr. P. Ramesh was appointed as Managing Director after complying with the provisions of the ACT.
16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company was not required to obtain approval from the Central Government, Company Law Board, Regional Director and or such other authorities as prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.



19. The Company has issued 98,178 zero coupon redeemable preference shares of Rs 100/- each on 14-02-2009 as per the sanction of the shareholders given at the extra-ordinary general meeting held on 11-03-2008.
20. The Company has not bought back shares during the financial year.
21. The Company has not redeemed preference shares/debentures during the year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted deposits falling under the purview of Section 58 A of the ACT, during the Financial year.
24. The Company has not made any borrowings during the financial year to which the provisions of Section 293 (1)(d) of the ACT apply.
25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate to which sec 372A of the ACT apply.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny after complying with the provisions of the ACT.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offence under the ACT.
32. The Company has not received any money as security from its employee during the financial year
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the ACT.

Place: Chennai

Signature:

Date: 30-06-2009

Name of Company Secretary:

**J. Chandrasekaran.**

C. P. No. : 1424



**Annexure A**

**Registers as maintained by the Company**

**I. Statutory Registers**

1. Register of Members u/s150 and Index of Member u/s 151.
2. Minutes books of meetings of share holders and Board of Directors u/s 193
3. Books of Account u/s 209
4. Register of Directors shareholding u/s 307.
5. Register for Share Transfers
6. Register for Charges
7. Register of Contracts under Section 301

**II. Other Registers being Maintained**

- 1 Register of Directors' attendance
2. Register of Shareholders' attendance

**Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2009

1. Form 23 for the Special Resolutions passed at the Extra-ordinary General Meeting held on 11-03-2008 filed on 09-04-2008
2. Form 5 for alteration of capital clause passed at the Extra-ordinary General Meeting held on 11-03-2008 filed on 16-06-2008 with additional fee.
3. Balance Sheet and Profit and Loss account- Filed u/s 220 for year ending 31.03.2008. Filed on 24-10-2008.
4. Annual Return Filed u/s 159 for financial year ending 31.03.2008 Filed on 18-11-2008.
5. Form 32 for appointment of Mr Yash Dev Trehan filed on 27-11-2008 with additional fees
6. Form 25C for appointment of Mr Yash Dev Trehan as Managing Director was filed on 25-02-2009 with additional fees.



## REPORT OF THE AUDITORS TO THE MEMBERS OF SWITCHING TECHNOLOGIES GUNTHER LIMITED

We have audited the attached Balance Sheet of Switching Technologies Gunther Limited as at March 31, 2009 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 to the extent they are applicable to the company.

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 account 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 the 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 2009 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 net worth, the accounts for the year have been prepared on the basis that the Company is a "Going Concern" (Refer note 2(ii));*
- (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 required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
  - a. *in the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2009;*
  - b. *in the case of the Profit and loss account, of the loss for the year ended on that date;*
  - c. *in the case of the Cash flow statement, of the cash flows for the year ended on that date;*

For **R. SUBRAMANIAN AND COMPANY**

Chartered Accountants

**N. KRISHNAMURTHY**

Partner

Membership No. 19339

Place: Chennai

Date : 27th July, 2009

**Annexure referred to in paragraph 3 of the auditors' report to the members of Switching Technologies Günther Limited on the accounts for the year ended 31st March 2009**

- i. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

The Company has formulated a programme of physical verification of all the fixed assets over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified during the year by the management and no material discrepancies were noticed on such verification.

During the year, the Company has not disposed off a substantial part of fixed assets, and therefore paragraph 4(i) (c) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as 'the Order') is not applicable.

- ii. (a) Physical verification of inventories was conducted by the management during the year and, in our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in the relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company is maintaining proper records of inventory and no material discrepancies have been noticed on physical verification of inventories as compared to the book records.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and therefore paragraph 4(iii) of the order is not applicable.
- iv. In our opinion and according to information and explanations given to us, having regard to the explanation that most of the items purchased / sold are of a special nature for which alternative quotations are not available, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses, if any, in internal control system.
- v. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions of purchase of goods and material and sale of goods, materials and services made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 and therefore paragraph 4(v) of the Order is not applicable.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore paragraph 4(vi) of the Order is not applicable.
- vii. In our opinion the Company has an internal audit system which is commensurate with the size and nature of its business.
- viii. We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the Company's products and therefore paragraph 4(viii) of the Order is not applicable.
- ix. (a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees





State Insurance, Income Tax, Sales tax, Customs duty, Excise duty, Cess, Service tax, Investor Education Protection Fund, Wealth tax, VAT and other material statutory dues, if any, applicable to it with the appropriate authorities. As at the last day of the financial year, there are no arrears of such undisputed statutory dues outstanding for a period of more than six months from the date they became payable except for fringe benefit tax amounting to Rs.11,840/- and Rs.33,227/- which are due since June 15 and September 15, 2008 respectively.

- (b) As at 31st March 2009 according to the records of the Company, there are no disputed dues on account of Sales tax, Excise duty, Customs duty, Income tax, Service tax and Cess.
- x. The accumulated losses at the end of the year are more than fifty percent of its net worth and the Company has not incurred cash losses during the current financial year as well as in the previous financial year.
  - xi. The Company has availed vehicle loan during the year from a bank and has paid the installments due during the year. No loans have been availed from financial institution.
  - xii. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and therefore paragraph 4(xii) of the Order is not applicable.
  - xiii. The provisions of any special statute applicable to chit fund and Nidhi/Mutual benefit fund/Society are not applicable to the Company and therefore paragraph 4(xiii) of the Order is not applicable.
  - xiv. The Company is not dealing or trading in shares, securities, debentures and other investments and therefore paragraph 4(xiv) of the Order is not applicable.
  - xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions and therefore paragraph 4(xv) of the Order is not applicable.
  - xvi. The Company had not availed any term loans during the year and therefore paragraph 4(xvi) of the Order is not applicable.
  - xvii. The company has not availed any short term loans during the year.
  - xviii. The company had made preferential allotment of preference shares during the year to its holding Company and the price at which the shares have been issued is not prejudicial to the interests of the company.
  - xix. The Company has not issued any debentures during the year and therefore paragraph 4(xix) of the Order is not applicable.
  - xx. The Company has not raised any money by way of public issues during the year and therefore paragraph 4(xx) of the Order is not applicable.
  - xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants

**N. KRISHNAMURTHY**  
Partner  
Membership No. 19339

Place: Chennai  
Date : 27th July, 2009

**SWITCHING TECHNOLOGIES GÜNTHER LIMITED**



**BALANCE SHEET AS AT 31ST MARCH, 2009**

<b>SOURCES OF FUNDS</b>	<b>SCHEDULE</b>	<b>( in Rupees ) As at</b>	<b>( in Rupees ) As at</b>
		<b>31st March,2009</b>	<b>31st March,2008</b>
<b>Shareholders' funds :</b>			
Share capital	1	34,317,800	24,500,000
Reserves and surplus	2	<u>3,500,000</u>	<u>3,500,000</u>
		37,817,800	28,000,000
Share Application Money Pending Allotement		-	9,817,868
<b>SECURED LOANS:</b>			
Car Loan from HDFC Bank (Secured by hypothecation of Vehicle)		979,000	-
<b>TOTAL</b>		<u><u>38,796,800</u></u>	<u><u>37,817,868</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>	3		
Gross Block		101,480,716	100,586,510
Less : Depreciation		<u>87,339,607</u>	<u>86,390,925</u>
Net Block		14,141,109	14,195,585
Current assets, loans and advances			
Inventories	4	23,087,002	25,159,953
Sundry debtors	5	3,543,671	4,477,615
Cash and bank balances	6	2,471,869	2,615,441
Loans and advances	7	<u>2,748,202</u>	<u>3,114,164</u>
		<u>31,850,744</u>	<u>35,367,173</u>
<b>Less: Current Liabilities and provisions</b>	8		
Current liabilities		20,110,021	26,310,560
Provisions		<u>13,121,434</u>	<u>11,276,312</u>
		<u>33,231,455</u>	<u>37,586,872</u>
Net Current assets/(liabilities)		(1,380,711)	(2,219,699)
Profit and loss account		<u>26,036,402</u>	<u>25,841,982</u>
<b>TOTAL</b>		<u><u>38,796,800</u></u>	<u><u>37,817,868</u></u>
Notes to the accounts	11	-	-

Per our report attached

For **R.SUBRAMANIAN AND COMPANY**

Chartered Accountants

**N.KRISHNAMURTHY**

Partner

Membership No.19339

Place : Chennai

Date : 27th July 2009

**ROBERT P.ROMANO**

Director

For and on behalf of the Board

**JOHN D.ROLLO**

Director

**MICHEL VANDERVELPEN**

Director

Place : New Jersey, USA

Date : 30th June 2009

**P. RAMESH**

Managing Director



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	( in Rupees ) year ended 31st March, 2009	( in Rupees ) year ended 31st March, 2008
<b>INCOME</b>			
Sales		103,088,720	80,141,581
Other Income	9	4,536,677	21,713,403
		<u>107,625,397</u>	<u>101,854,984</u>
<b>EXPENDITURE</b>			
Manufacturing and other expenses	10	105,846,362	100,128,036
Depreciation		1,616,952	1,283,092
		<u>107,463,314</u>	<u>101,411,128</u>
Profit / (Loss) before taxation		162,083	443,856
Prior Period Adjustments		(181,436)	-
Profit / (Loss) before taxation		(19,353)	443,856
Provision for taxation :			
- Current Tax		-	-
- Fringe benefit		175,067	161,784
Profit/(Loss) after taxation		(194,420)	282,072
Balance (Loss) brought forward		(25,841,982)	(26,124,054)
(Loss) carried forward		<u>(26,036,402)</u>	<u>(25,841,982)</u>
Notes to the accounts	11		
Earnings per share (after exceptional item)			
Basic and diluted		(0.08)	0.12

Per our report attached

For **R.SUBRAMANIAN AND COMPANY**  
Chartered Accountants

For and on behalf of the Board

<b>N.KRISHNAMURTHY</b>	<b>ROBERT P.ROMANO</b>	<b>JOHN D.ROLLO</b>	<b>MICHEL VANDERVELPEN</b>	<b>P. RAMESH</b>
Partner	Director	Director	Director	Managing Director

Membership No.19339

Place : Chennai

Date : 27th July 2009

Place: New Jersey, USA

Date : 30th June 2009

# SWITCHING TECHNOLOGIES GÜNTHER LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation and exceptional item	(19,353)	443,856
Adjustments for:		
Depreciation	1,616,952	1,283,092
Unrealised Exchange Fluctuation (net)	(271,969)	(315,826)
Interest expense	-	-
Loss on assets sold/scrapped	45,724	-
Interest income	71,593	-
	1,462,300	967,266
Operating profit before working capital changes	1,442,947	1,411,122
Adjustments for:		
(Increase)/Decrease in sundry debtors	(1,076,884)	(1,360,886)
(Increase)/Decrease in inventories	(2,072,951)	(7,387,300)
(Increase)/ Decrease in loans and advances	(365,962)	(538,033)
Increase/(Decrease) in current liabilities and provisions	4,208,109	8,610,068
	(692,312)	(676,151)
Cash generated from operations	750,636	734,971
Taxes paid	-	(227,382)
<b>A. NET CASH FROM OPERATING ACTIVITIES</b>	750,636	507,589
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets (including capital work in progress and advances)	(894,207)	(1,501,068)
Proceeds from sale of fixed assets	-	-
Interest received	-	-
<b>B. NET CASH USED IN INVESTING ACTIVITIES</b>	(894,207)	(1,501,068)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share application money received	-	-
Repayment of Borrowings	-	-
<b>C. CASH FLOW FROM/ (USED) FINANCING ACTIVITIES</b>	-	-
<b>NET CASH FLOWS DURING THE YEAR (A+B+C)</b>	(143,571)	(993,479)
Cash and cash equivalents (opening balance)	2,615,441	3,608,920
Cash and cash equivalents (closing balance)	2,471,870	2,615,441

Per our report attached to the balance Sheet

For **R.SUBRAMANIAN AND COMPANY**

For and on behalf of the Board

Chartered Accountants

**N.KRISHNAMURTHY**

**ROBERT P.ROMANO**

**JOHN D.ROLLO**

**MICHEL VANDERVELPEN**

**P. RAMESH**

Partner

Director

Director

Director

Managing Director

Membership No.19339

Place : Chennai

Place : New Jersey, USA

Date : 27th July 2009

Date : 30th June 2009



	( in Rupees ) As at 31st March, 2009	( in Rupees ) As at 31st March, 2008
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
50,00,000 (Prev.year 60,00,000) Equity Shares of Rs.10 each	50,000,000	60,000,000
100,000 (Prev. year Nil) Redeemable Preference Shares of Rs.100 each	10,000,000	-
	60,000,000	60,000,000

**ISSUED, SUBSCRIBED AND FULLY PAID UP :**

2,450,000 equity shares of Rs. 10 each (Of the above 15,00,000 equity shares are held by Gunther America Inc ,the holding company )	24,500,000	24,500,000
98,178 Zero Coupon Preference Shares of Rs.100 each, redeemable at par after the expiry of 5 years from the date of allotment (The whole of the above issued zero coupon preference shares are held by Gunther America Inc, the Holding Company)	9,817,800	-
	34,317,800	24,500,000

**SCHEDULE 2**

**RESERVES AND SURPLUS:**

Capital reserve:		
Capital Subsidy received from State Govt.	3,500,000	3,500,000
	3,500,000	3,500,000

**SCHEDULE 3**  
**FIXED ASSETS**

( in Rupees)

Description	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	Cost as on 01.04.2008	Additions	Deductions	Cost as on 31.03.2009	As on 01.04.2008	For the Year	Deductions	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Factory building	9,556,864	—	—	9,556,864	5,687,762	319,199	—	6,006,961	3,549,903	3,869,102
Plant and machinery	82,125,711	524,696	—	82,650,407	74,117,322	618,511	—	74,735,833	7,914,574	8,008,389
Electrical installation	3,910,124	88,120	—	3,998,244	2,818,548	215,958	—	3,034,506	963,738	1,091,576
Office equipment	872,016	—	—	872,016	606,192	40,109	—	646,301	225,715	265,824
Furniture and fixtures	1,804,678	15,375	—	1,820,053	1,381,783	109,914	—	1,491,697	328,356	422,896
Vehicles	823,995	958,000	823,995	958,000	629,404	75,920	668,271	37,053	920,947	194,591
Computer	1,493,121	71,249	—	1,564,370	1,149,914	235,424	—	1,385,338	179,032	343,207
Software	—	60,762	—	60,762	—	1,916	—	1,916	58,846	—
	100,586,509	1,718,202	823,995	101,480,716	86,390,925	1,616,952	668,271	87,339,607	14,141,110	—
Previous year	99,085,442	1,501,068	—	100,586,510	85,107,833	1,283,092	—	86,390,925	—	14,195,585

	( in Rupees ) As at 31st March, 2009	( in Rupees ) As at 31st March, 2008
<b>SCHEDULE 4</b>		
<b>INVENTORIES</b>		
(Valued at cost and as certified by the Management)		
Raw materials	13,837,227	16,220,945
Stores and spares	1,140,976	1,043,604
Work in process	6,318,943	7,547,027
Finished goods	1,789,856	348,377
	<u>23,087,002</u>	<u>25,159,953</u>
<b>SCHEDULE 5</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
Debts outstanding for more than Six months	384,095	4,477,615
Others	3,159,576	-
	<u>3,543,671</u>	<u>4,477,615</u>
<b>SCHEDULE 6</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	23,270	48,430
Balances with scheduled banks :		
On current accounts	2,448,599	2,567,011
	<u>2,471,869</u>	<u>2,615,441</u>
<b>SCHEDULE 7</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good )		
Advances recoverable in cash or in kind or for value to be received	2,748,202	3,063,146
Taxation (net of provision)	-	51,018
	<u>2,748,202</u>	<u>3,114,164</u>

	(in Rupees) As at 31st March, 2009	(in Rupees) As at 31st March, 2008
<b>SCHEDULE 8</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors		
- Dues payable to small scale industrial undertakings	632,574	554,197
- Others Trade Creditors	16,578,720	21,071,671
- Advance from customers	2,898,726	4,684,692
	20,110,021	26,310,560
<b>PROVISIONS</b>		
Provision for Bonus/Ex-Gratia	455,013	-
Provision for Leave encashment	967,983	853,970
Provision for Gratuity	11,504,591	10,220,166
Provision for Fringe Benefit Tax/Income tax	193,848	202,176
	13,121,434	11,276,312
	33,231,455	37,586,872
<b>SCHEDULE 9</b>		
<b>OTHER INCOME</b>		
Liability no longer required written back	1,964,132	16,730,350
Sundry credit balance written back	2,314,155	-
Scrap sales	186,797	157,616
Misc. Income	-	4,825,437
Interest Income	71,593	-
	4,536,677	21,713,403



# SWITCHING TECHNOLOGIES GÜNTHER LIMITED



<b>SCHEDULE 10</b>	(in Rupees) As at	(in Rupees) As at
<b>MANUFACTURING AND OTHER EXPENSES</b>	31st March, 2009	31st March, 2008
Raw materials and components consumed		
Opening Stock	16,220,945	10,169,912
Add : Purchases during the year	<u>59,342,374</u>	<u>61,527,521</u>
	75,563,319	71,697,433
Less : Closing Stock	<u>13,837,227</u>	<u>16,220,945</u>
	61,726,092	55,476,488
Stores and spare parts consumed		
Opening Stock	1,043,604	1,021,765
Add : Purchases during the year	<u>2,412,958</u>	<u>1,816,441</u>
	3,456,562	2,838,206
Less : Closing Stock	<u>1,140,976</u>	<u>1,043,604</u>
	2,315,586	1,794,602
(Increase) / Decrease in work in progress and finished goods		
Opening stock		
- Work in process	7,547,027	6,374,269
- Finished goods	<u>348,377</u>	<u>206,707</u>
	7,895,404	6,580,976
Closing stock		
- Work in process	6,318,943	7,547,027
- Finished goods	<u>1,789,856</u>	<u>348,377</u>
	8,108,799	7,895,404
	(213,395)	(1,314,428)
Power and fuel	5,296,739	6,872,323
Payments to and provisions for employees :		
- Salaries, allowances and bonus	20,537,788	22,741,743
- Gratuity	1,990,092	-
- Leave Encashment	660,686	-
- Contributions to Provident Fund and ESI	2,750,909	2,668,528
- Staff welfare expenses	<u>2,101,409</u>	<u>2,257,516</u>
	28,040,884	27,667,787
Repairs and maintenance :		
- Plant and machinery	530,950	1,056,757
- Buildings	210,868	153,181
- Others	<u>277,516</u>	<u>211,100</u>
	1,019,334	1,421,038
Rent	991,443	354,670
Insurance	74,050	21,580
Rates and taxes	203,311	321,039
Travelling and conveyance	251,530	304,151
Postage and telephones	292,224	318,529
Printing and stationery	294,068	265,284
Bank charges	67,880	64,968
Directors sitting fees	-	2,500
Exchange fluctuation loss ( net )	129,029	2,339,337
Freight charges	2,790,771	2,235,729
Loss on assets sold / scrapped	45,724	-
Miscellaneous expenses	2,360,251	1,982,439
Mobilisation Charges	75,000	277,825
Registration Fees	85,840	-
<b>TOTAL</b>	<u><u>105,846,362</u></u>	<u><u>100,128,036</u></u>

## SCHEDULE 11

### ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

#### 1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and materially comply with the mandatory accounting standards. The significant accounting policies followed by the company are as stated below:

##### i. Fixed Assets and Depreciation

Fixed assets are capitalized at acquisition cost including any directly attributable cost of bringing the assets to their working condition for the intended use.

Depreciation on fixed assets is provided on straight line method in accordance with Schedule XIV to the Companies Act, 1956. Where the carrying value of an asset has undergone subsequent changes on account of exchange fluctuation, the depreciation on the revised unamortised depreciable amount is provided prospectively over the residual useful life of the asset.

##### ii. Impairment of Fixed Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value based in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

##### iii. Foreign Exchange Transactions

Foreign exchange transactions are recorded in the books by applying the exchange rate as on the date of the transaction. Foreign currency liabilities (other than for acquisition of fixed assets from outside India) are converted at exchange rates prevailing on the last working day of the accounting year or settlement date as applicable and for fixed assets acquired from outside India the exchange difference is adjusted to the cost of the assets. Other foreign currency assets and liabilities are converted at the exchange rate prevailing on the last working day of the accounting year or settlement date, as applicable and the exchange difference is adjusted to the profit and loss account.

##### iv. Inventories

Inventories are valued at lower of cost and net realisable value except stores and spares, which are valued at cost. The determination of cost of various categories of inventories is as follows:

a. Stores and spares and raw materials are valued at rates determined on "first in - first out" method.

b. Work-in-process and finished goods are valued on full absorption costing method based on annual average cost of production.

##### v. Revenue Recognition

Revenue is recognized at the point of dispatch of finished goods to customers from plant.



vi. Retirement Benefits

Contributions to provident fund are made monthly, at predetermined rates, and debited to the profit and loss account on an accrual basis. 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.

vii. Contingent Liabilities

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes to the accounts.

viii. Taxes on Income

Income taxes are accounted for in accordance with Accounting Standard 22 - Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Deferred tax is accounted under the liability method, subject to consideration of prudence for deferred tax assets, at the current rate of tax, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. The carrying amount of Deferred Tax Assets and Liabilities are reviewed at each Balance Sheet date.

## 2. NOTES TO THE ACCOUNTS

i. DEFERRED TAX

On principles of prudence no deferred tax asset has been recognized in the accounts as the company has substantial carry forward losses.

ii. Consequent to total erosion of the company's net worth, as on 30.06.2005, the report as required under section 23 of the Sick Industrial companies (Special Provision) Act 1985 was submitted to the Board for Industrial and Financial Reconstruction (BIFR) on 06.02.2006. The management is taking steps to improve the profitability of the Company by increasing the production of switches with higher margins and introduction of additional product lines such as proximity switches, high vacuum switches, ball switches, etc which will give a higher contribution. The company has also secured waiver of certain dues. As the company has recorded cash profits for the year 2005-06, 2006-07, 2007-08 and 2008-09, the management is confident that the operations of the company are expected to register improvement and accordingly the accounts have been prepared on a "Going Concern" basis.

iii. The company imports raw materials and exports finished goods to Comus International Bvba. Comus International Bvba has waived an amount of Euro 29,124.14 (equivalent to Rs.1,964,132) against dues of Euro 189,775.63 (equivalent to Rs. 12,798,468.49) up to 31.03.2009, on the basis of a wavier agreement entered into between the Company with Comus International Bvba. Accordingly, the said amount of Rs.1,964,132 has been reckoned as "Provision no longer required written back" and grouped under "other income" (Schedule 9).

	(In Rupees) As at 31st March, 2009	(In Rupees) As at 31st March, 2008
<b>iv. Estimated value of contracts remaining be executed on capital account and not provided for (net of advances)</b>	47,553,103	47,553,103
Being value of imported machineries taken on lease, free of rent, from the holding company (at original cost of the machineries)		
<b>v. Managerial Remuneration (to the whole time Director)</b>		
Salary and allowance	Nil	80,000
Contribution to Provident and other funds	Nil	8,192
Perquisites	Nil	2,500
<b>vi. Auditor's Remuneration</b>		
Audit fee	250,000	250,000
Other Services	130,000	125,000
<b>vii. CIF Value of Imports</b>		
Raw materials and components	51,464,151	56,722,298
Capital Goods	Nil	312,775
Spares	67,045	115,111
<b>viii. Earnings in Foreign Exchange</b>		
Export of goods on FOB basis	97,871,032	79,636,191
Others	749,593	4,957,052

**ix. Capacity and Production**

Class of goods	Unit of Measurement	Licensed Capacity (annualised)		# Installed capacity (annualised) (on double shift basis)		Actual Production	
						year ended 31-03-09	year ended 31-03-08
Miniature Reed switches	Nos.	16,030,000	16,030,000	17,980,000	17,980,000	7,061,977	6,028,064
Tilt Switches	Nos.	1,950,000	1,950,000	NIL	NIL	NIL	NIL
Relays	Nos.	5,00,000	5,00,000	5,00,000	5,00,000	NIL	NIL

# As certified by the management and relied upon by the auditors without verification, being a technical matter.

x. (a) Raw materials and components, stores and spares consumed:

Particulars	Unit of measurement	Year ended March 31, 2009		Year ended March 31, 2008	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Glass tubes	Nos	7,818,140	14,329,514	9,645,430	13,750,912
Nickel iron wire	Kgs	3,207	6,024,430	2,928	6,156,322
Plating Metals and Chemicals	Gms / kl	25,059	28,954,855	22,261	28,663,505
Others		--	14,732,880	--	8,700,351
<b>Total</b>			<b>64,041,679</b>		<b>57,271,090</b>

(b). Consumption of imported and indigenous raw materials, stores and spare parts and percentage of each to total consumption.

(i) Raw materials and components, stores and spares consumed:

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Value (Rs.)	% of total consumption	Value (Rs.)	% of total consumption
Imported	61,726,093	96.38	50,623,614	88.40
Indigenous	2,315,586	3.62	6,647,476	11.60
<b>Total</b>	<b>64,041,679</b>	<b>100.00</b>	<b>57,271,090</b>	<b>100.00</b>

xi. Sales

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Quantity (Nos.)	Value (Rs.)	Quantity (Nos.)	Value (Rs.)
Miniature Reed switches	5,278,937	86,668,528	5,996,775	80,141,581

xii. Stock Particulars of Finished Goods

Particulars	As at 31st March 2009				As at 31st March 2008			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
Reed switches	53,172	348,377	309,283	1,742,151	21,883	206,707	53,172	348,377

xiii. The names of small scale Industrial undertakings to which the Company owes any sum including interest which is outstanding for more than 30 days at the Balance sheet date, are as given below. This information and that given in schedule 8 - "Current Liabilities" regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

Nikkam Agency  
Sri Venkateswara Plastic Industries  
Paramount Chemicals  
Bubble Package

xiv. The Company is in the process of identifying suppliers who have registered under, "The Micro Small and Medium Enterprises Development Act 2006" as of date, the company has not received confirmations from any registered suppliers and hence no disclosures have taken made under the said Act.

xv. Earnings per Share

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Net Profit / (Loss) after taxation and exceptional item	Rs. (1,94,420)	Rs. 282,072
Weighted number of equity shares outstanding	Rs. 2,450,000	Rs. 2,450,000
Basic and Diluted earning per share (Face value of Rs.10 per Share)	Rs. (0.08)	Rs. 0.12

xvi. The list of related parties as identified by the management is as under

- |   |  |
|---|--|
| A) Holding Company  | Gunther America Inc.   |
| B) Key Management Personnel [KMP]   | Mr. Robert P. Romano<br>Mr. John David Rollo<br>Mr. Michel Vandervelpen<br>Mr. P. Ramesh |
| C) Enterprise over which any person described in (B) is able to exercise significant influence.<br>This includes enterprises owned by Directors or major share holders of the reporting Management personnel in common with the reporting enterprises | Comus International Inc<br>Comus International Bvba<br>Assemtech Europe Ltd              |

The following transactions were carried out with the Related Parties (in Rupees)

Sl. No.	Particulars	Holding Company	Comus Intl. Inc.	Comus Intl Bvba	Assemtech Europe Ltd	
1	Sale of goods	Nil	(11,930,521)	(78,671,794)	(7,268,717)	Nil
		(Nil)	(11,855,858)	(58,696,907)	(8,994,366)	(Nil)
2	Other Income	Nil	(554,297)	(3,741,179)	(420,312)	Nil
		(Nil)	(299,628)	(4,059,089)	(598,335)	(Nil)
3	Purchase of raw materials	Nil	2,462,115	48,553,065	9,715	Nil
		(Nil)	(2,181,551)	(54,003,920)	(6,641)	(Nil)
4	Purchase of fixed assets	Nil	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(312,775)	(Nil)	(Nil)
5	Managerial remuneration	Nil	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)	(90,692)
6	Liability written back	Nil	Nil	(19,64,132) Cr.	Nil	Nil
		(Nil)	(Nil)	(16,563,833) Cr.	(Nil)	(Nil)
7	Balance outstanding as at balance sheet date (Net Dr.) (-Net Cr.)	Nil	( 1,489,114) Dr.	(10,834,336) Cr	(20,14,332) Dr.	Nil
		(Nil)	( 2,427,100) Dr.	(15,201,516) Cr	(2,000,803) Dr.	(Nil)

Note: Figures in brackets are in respect of the previous year.

xvii. Segment Reporting

(a) The company operates in only one segment – Reed Switches.

(b) Information about secondary segment (Geographical segment) (in Rupees)

Sl. No.	Particulars	Domestic		Overseas	
		This Year	Previous year	This Year	Previous year
1	Segment Revenue	501,260	505,390	78,985,411	79,636,191
2	Carrying amount of segment assets	42,256,538	45,134,855	4,145,529	4,427,903
3	Capital Expenditure	-	1,188,293	-	312,775

Segment assets include fixed assets and current assets. Sundry debtors being export receivables are shown in overseas segment. All Fixed assets are situated in India. Inventory includes various categories of items situated in India.

xviii. The year end foreign currency exposures that have not been hedged is given below.

Amount payable in foreign currency on account of the following:

Import of raw materials and components Rs. 51,760,710/- Euro. 767,508  
(Rs.15,201,516/-) (Euro 238,904.86)

Amount receivable in foreign currency on account of the following:

Export goods Rs. 10,189,213/- GBP 113,336  
and USD 287,596  
(Rs.4,427,903/-) (GBP 25,429.63)  
and (USD 61,414.47)

Note . Figures in brackets are in respect of the previous year.



xix. Balance Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No.	<input type="text" value="18-15647"/>	State Code	<input type="text" value="18"/>
Balance Sheet Date	<input type="text" value="31"/> <input type="text" value="03"/> <input type="text" value="2009"/>	Date	Month Year

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="—"/>	Rights Issue	<input type="text" value="—"/>
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3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="72028"/>	Total Assets	<input type="text" value="72028"/>
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Sources of Funds

Paid-up capital	<input type="text" value="24500"/>	Reserves & Surplus	<input type="text" value="3500"/>
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Preference Share (Capital)	<input type="text" value="9818"/>
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Application of Funds

Net Fixed Assets	<input type="text" value="14141"/>	Investments	<input type="text" value="—"/>
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Net Current Assets/ (Liabilities)	<input type="text" value="—"/> <input type="text" value="1381"/>	Debit balance in profit & loss account	<input type="text" value="26036"/>
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4. Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text" value="107625"/>	Total Expenditure	<input type="text" value="107463"/>
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Exceptional item	<input type="text" value="—"/>
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Profit/Loss before tax	<input type="text" value="+"/> <input type="text" value="162"/>	Profit/Loss after tax	<input type="text" value="—"/> <input type="text" value="194"/>
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Earnings per Share in Rs.	<input type="text" value="+"/> <input type="text" value="0.08"/>	Dividend Rate %	<input type="text" value="—"/>
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(PLEASE TICK APPROPRIATE BOX + FOR PROFIT, -FOR LOSS)

5. Item Code No. (ITC Code No.)  Product Description

Generic Names of Three Principal Products / Services of Company (as per Monetary Terms)

xx. Previous year's figure have been regrouped / recast, wherever necessary, to conform to this year's classification

Signature to Schedule 1 to 11  
For and on behalf of the Board,

**ROBERT P.ROMANO**, Director

**JOHN D. ROLLO**, Director

**MICHEL VANDERVELPEN**, Director

**P.RAMESH**, Managing Director

Place : New Jersey, USA

Date: 30<sup>th</sup> June 2009





**SWITCHING TECHNOLOGIES GÜNTHER LIMITED**

*Registered Office:*

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

**ATTENDANCE SLIP**

Regd. Folio No. \_\_\_\_\_ No. of Shares \_\_\_\_\_ I certify that I am the shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 24<sup>th</sup> September, 2009 at Hotel Grand Palace, 257, G.S.T Road, Chrompet, Near MIT Gate, Chennai 600 044, at 2.30 p.m.

Member's / Proxy's name in BLOCK Letters:

Address:

Member's / Proxy's signature

Only members or their proxies are allowed to attend the Meeting. Members are requested to produce the above Attendance slip duly filled in and signed in accordance with their specimen signatures registered with the Company for admission to the meeting hall.

**NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**

**SWITCHING TECHNOLOGIES GÜNTHER LIMITED**

*Registered Office:*

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

**PROXY FORM**

Regd. Folio No. \_\_\_\_\_ No. of Shares \_\_\_\_\_ /

We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ being a member / members of the above named Company hereby

appoints \_\_\_\_\_ of \_\_\_\_\_ in the

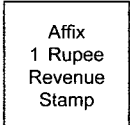
district of \_\_\_\_\_ or failing him \_\_\_\_\_ of

\_\_\_\_\_ in the district of \_\_\_\_\_ as my

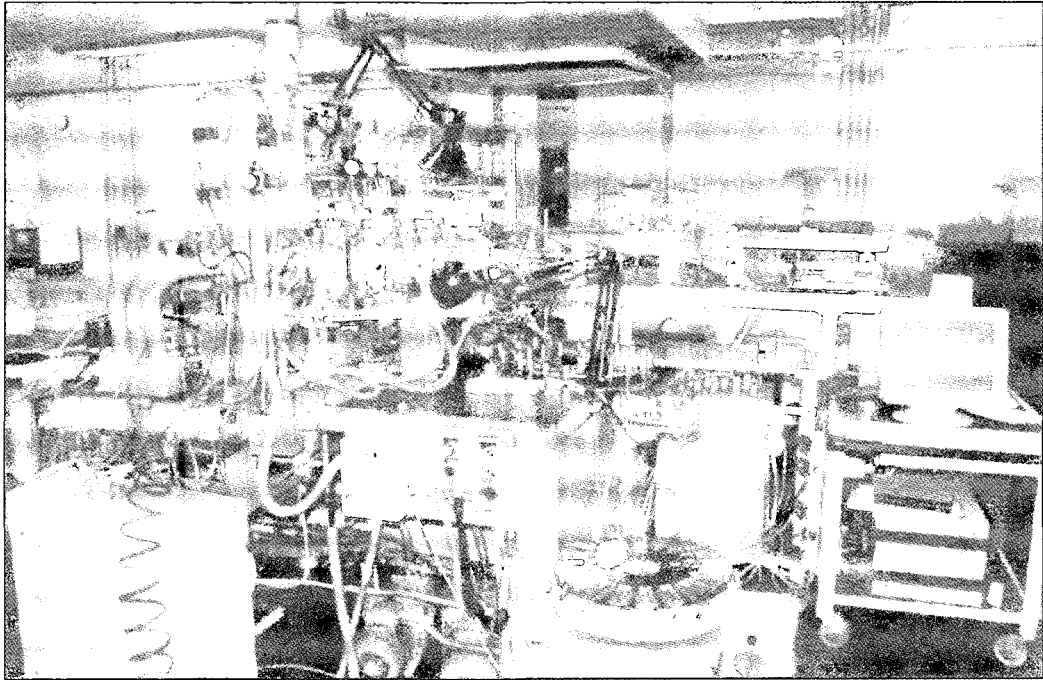
/ our proxy to vote for me/us on my/our behalf at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 24<sup>th</sup> September 2009 at Hotel Grand Palace, No.257, G.S.T Road, Chrompet, Near MIT Gate, Chennai 600 044, at 2.30 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

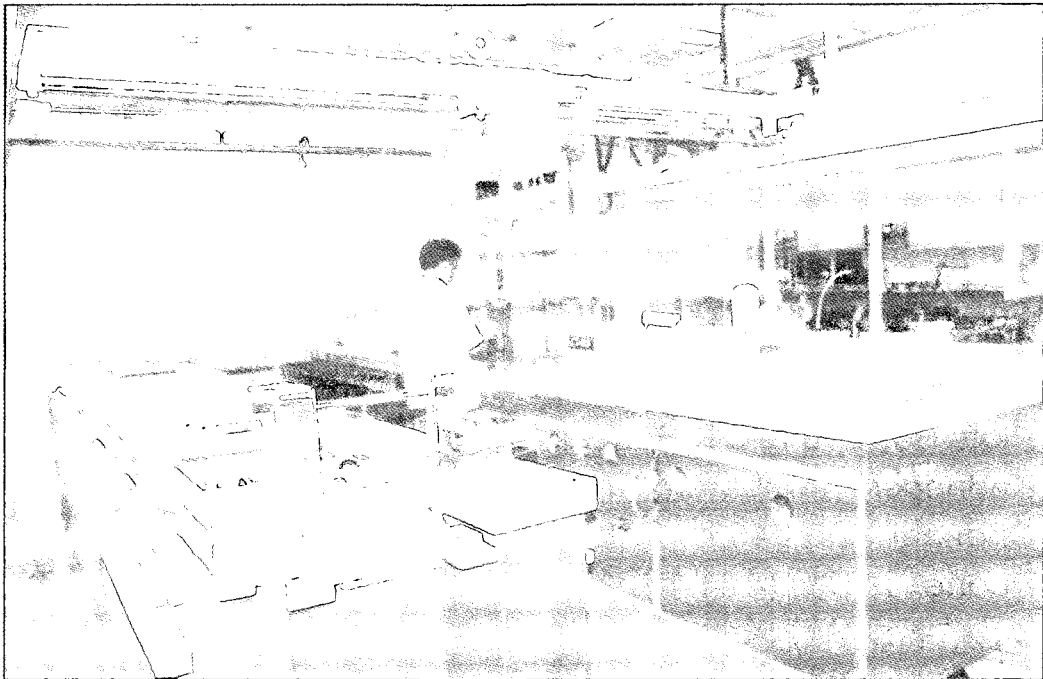
Signature : \_\_\_\_\_



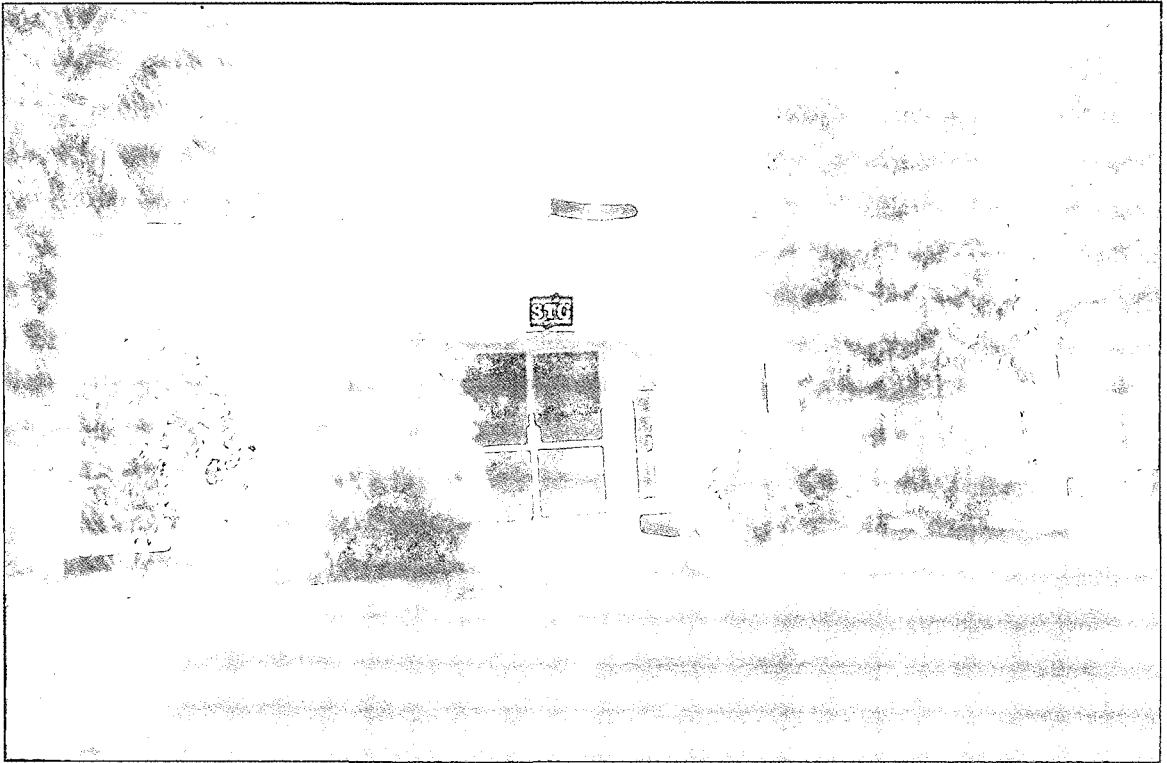
Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



**AUTOMATIC REED SWITCH SEALING MACHINE**



**RHODIUM & GOLD COMPUTERISED AUTOMATIC PLATING LINE**



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Plots B9, B10 & C1, Special Economic Zone (MEPZ)

Kadapperi, Tambaram

Chennai 600 045.

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E-mail : [stgindia@airtelmail.in](mailto:stgindia@airtelmail.in)