



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

23rd Annual Report and Accounts 2011

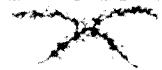


GÜNTHER AMERICA

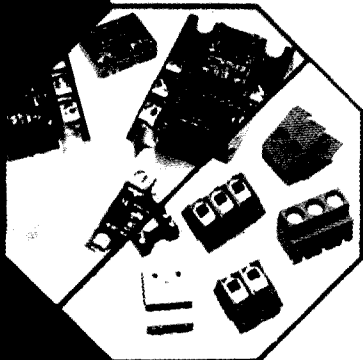
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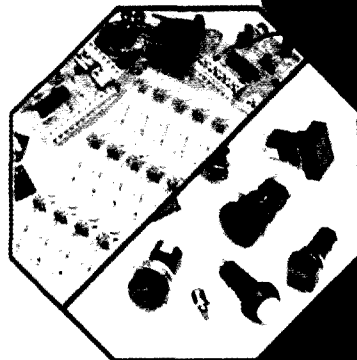


Comus International
454 Allwood Road
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Sensing the World's needs

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technology finely matched to
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switch and sensor products
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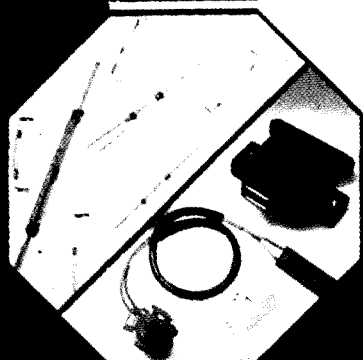
Bauteile und Technologie wurden soweit in
Einklang gebracht, daß sie sowohl für
Standard-Schalter und
Schalter-Sonderanfertigungen als auch für
Sensor-Produkte auf dem Markt angeboten
werden können

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 interruptori standard o custom
e sensoristica per l'industria

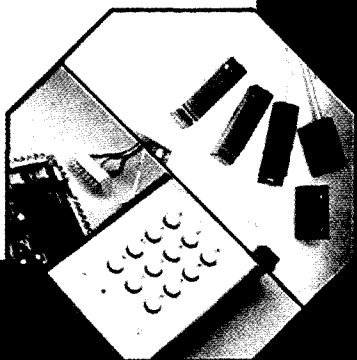
ASSEMtech
EUROPE

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, MEPZ - Special Economic Zone, 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
- REGISTERED OFFICE & WORKS** : Plots B9, B10 & C1,
MEPZ - Special Economic Zone,
Kadapperi, Tambaram,
Chennai - 600 045.
Phone : 91-44-22622460
91-44-43219096
Fax : 91-44-22628271
email : stgindia@airtelmail.in
- REGISTRAR FOR
ELECTRONIC 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, Kadapperi, Tambaram, Chennai - 600 045

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 23rd Annual General Meeting of the members of Switching Technologies Gunther Ltd. will be held on Thursday, the 22nd September, 2011 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 2011 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 the Annual General Meeting and are eligible for re-appointment subject to various terms & conditions including their acceptance of reduced professional fees, which will be offered by the company in due course.

AS A SPECIAL BUSINESS

4. To consider passing of resolution for reduction of equity share capital.

For and on behalf of the Board

Place : New Jersey, USA
Date : 28th May, 2011

JOHN D. ROLLO
Chairman



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

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

NOTICE TO PREFERENCE SHARE HOLDERS

NOTICE is hereby given that the 23rd Annual General Meeting of the members of Switching Technologies Gunther Ltd. will be held on Thursday, the 22nd September, 2011 at Hotel Grand Palace, 257, G.S.T. Road, Chromepet, Near MIT Gate, Chennai - 600 044 at 2.30 p.m. on the same day the General Meeting of Preference Share Holders will also be held to transact the following business:

AS A SPECIAL BUSINESS

To consider passing of resolution to reduce the Zero Coupon Preference Share Capital to NIL.

For and on behalf of the Board

Place : New Jersey, USA
Date : 28th May, 2011

JOHN D. ROLLO
Chairman

AS SPECIAL BUSINESS
PROPOSED RESOLUTION FOR REDUCTION OF EQUITY SHARES

“RESOLVED THAT, pursuant to Section 100 to 104 and all other applicable provisions, if any, of the Companies Act, 1956 & its subsequent amendments and subject to the approval of the High Court of Judicature at Madras, The Ministry of Corporate Affairs / Company Law Board, Concerned Government Agencies, the paid up equity share capital of the Company be reduced from Rs. 24,500,000.00 (Rupees Two Crores Forty Five Lakhs only) divided into 2,450,000 equity shares of Rs. 10 each to Rs. 7,889,000.00 divided into 2,450,000 equity shares of approximately Rs. 3.22 each, which shall be effected by cancelling the equity share capital of Rs. 16,611,000.00 (Rupees One Crore Sixty Six Lakhs Eleven Thousand only) which has been lost to an extent of approximately Rs. 6.78 per equity share in each.”

“RESOLVED FURTHER THAT the accumulated losses of the Company to the tune of Rs. 16,611,000 (Rupees One Crore Sixty Six Lakhs Eleven Thousand only) be written off by cancelling the paid up equity share capital of the Company by approximately Rs. 6.78 per share.”

“RESOLVED FURTHER THAT consequential amendments be made in the capital clause of the Memorandum of Association of the Company after such reduction becomes operative and effective.”

“RESOLVED FURTHER THAT on such reduction becoming operative and effective, every share holder of the Company do surrender to the Company his / her / their old share certificate (s) in respect of the Share (s) held by them and thereupon the Company shall issue fresh share certificate (s) to the said share holder.”

“RESOLVED FURTHER THAT on such reduction becoming operative and effective, the registrar of the companies to the issue M/s. Cameo Corporate Services Ltd., will be notified accordingly to give effect to the reduction of Share Capital appropriately, in respect of the shares held by the share holders in demat form.”

“RESOLVED FURTHER THAT on such reduction becoming operative and effective, the company shall notify the share holders suitably”.

“RESOLVED FURTHER THAT Mr. John D Rollo, Chairman and Mr. P. Ramesh, Managing Director of the company be and are hereby severally authorized to do all such acts, deeds, things and matters as may be required in this behalf.”

“RESOLVED FURTHER THAT Mr. John D Rollo, Chairman and Mr. P. Ramesh, Managing Director of STG, be and are hereby jointly or severally authorized to appear before the Court, appoint a

counsel, Company Secretary, Chartered Accountant and such other professionals as deemed fit for the purpose and sign, file, sworn any affidavit, petition, application, notices, documents, etc., on behalf of STG, in respect of company's application referred to above."

"RESOLVED FURTHER THAT the board of directors of the company and any person authorized by the board of directors, be and are hereby jointly or severally authorized to take all such steps as may be necessary or desirable and do all such acts, deeds, things and matters, as may be considered necessary to give effect to the reduction of share capital and to accept such alteration, modification and/or conditions, if any, which may be proposed, required or imposed by the Hon'ble High Court of Judicature at Madras while sanctioning the said reduction of share capital."

"RESOLVED FURTHER THAT the common seal of the Company be affixed, wherever necessary, in the presence of any directors / trustee or of any one Director and Company Secretary, who shall sign the same in the token of their presence."

"FURTHER RESOLVED THAT none of the directors are having any personal interest other than the protecting of the interest of COMPANY while passing of this resolution."

PROPOSED RESOLUTION FOR REDUCTION OF ZERO COUPON PREFERENCE SHARES

"RESOLVED THAT pursuant to Section 100 to 104 and all other applicable provisions, if any of the Companies Act, 1956 & its subsequent amendments and subject to the approval of the High Court of Judicature at Madras, The Ministry of Corporate Affairs / Company Law Board, Concerned Government Agencies as the case may be, the zero coupon preference share capital of the company be reduced from Rs. 9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) (divided into 98,178 shares of Rs.100 each) to NIL share capital by cancelling the same, as authorized by the Zero Coupon Preference Share holders vide their affidavit dated 19-07-2011."

"RESOLVED FURTHER THAT the accumulated losses of the Company to the tune of Rs. 9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) be written off by cancelling the entire 98,178 Zero Coupon Preference Share of the Company @ Rs. 100.00 per share amounting to Rs. 9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only), which are authorized by the Zero Coupon Preference Share holders to be cancelled vide their affidavit dated 19-07-2011."

"RESOLVED FURTHER THAT consequential amendments be made in the capital clause of the Memorandum of Association and Articles of Association, as the case may be, of the Company after such cancellation of Zero Coupon preference shares becomes operative and effective."

“RESOLVED FURTHER THAT on such cancellation of preference shares becoming operative and effective, the preference share holders of the Company shall surrender to the Company, their share certificate (s) in respect of the Share (s) held by them.”

“RESOLVED FURTHER THAT Mr. John D Rollo, Chairman and Mr. P.Ramesh, Managing Director of the company be and are hereby severally authorized to do all such acts, deeds, things and matters as may be required in this behalf.”

“RESOLVED FURTHER THAT the board of directors of the company and any person authorized by the board of directors, be and are hereby jointly and / or severally authorized to take all such steps as may be necessary or desirable and do all such acts, deeds, things and matters, as may be considered necessary to give effect to the reduction of Zero Coupon Preference share capital and to accept such alteration, modification and/or conditions, if any, which may be proposed, required or imposed by the High Court of Judicature at Madras while sanctioning the said share reduction of zero coupon preference shares.”

“RESOLVED FURTHER THAT Mr. John D Rollo, Chairman and Mr. P.Ramesh, Managing Director of STG, be and are hereby severally authorised to appear before the Court, appoint a counsel, Company Secretary, Chartered Accountant and such other professionals as deemed fit for the purpose and sign, file, sworn any affidavit, petition, application, notices, documents, etc., on behalf of STG, in respect of company’s application referred to above.”

“RESOLVED FURTHER THAT the common seal of the Company be affixed, wherever necessary, in the presence of any directors / trustee or of any one Director and Company Secretary, who shall sign the same in the token of their presence.”

“FURTHER RESOLVED THAT none of the directors are having any personal interest other than the protecting of the interest of COMPANY while passing of this resolution.”

**EXTRACTS OF THE AFFIDAVIT DATED 19-07-2011 OF
Mr. ROBERT P. ROMANO FOR AND ON BEHALF OF M/s. GUNTHER AMERICA INC.
(ZERO COUPON PREFERENCE SHARE HOLDERS)**

AFFIDAVIT EXECUTED BY Mr. ROBERT P. ROMANO

I Robert P.Romano, Son of Angelo age 73, a Christian by faith, residing at U.S.A., do solemnly swear and sincerely states as follows:

- a) I am the president of M/s. Gunther America Inc., having its registered office at 454, Allwood Road, Clifton, NJ 07012, United States. I am well aware of all the transactions pertaining to M/s.Gunther America Inc. as such I am competent to swear to this affidavit.
- b) I submit that M/s.Gunther America Inc. had invested Rs.9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) (divided into 98,178 shares of Rs.100 each) (in convertible foreign exchange), in Zero Coupon Preference Shares of Switching Technologies Gunther Ltd. (STG) having its registered office at Plot No, B9, B10, & C1 MEPZ-SEZ, Kadapperi, Tambaram, Chennai - 600045, India.
- c) I submit that, consequent to the investment made by M/s.Gunther America Inc., the STG has issued 98,178 Nos. Zero Coupon Preference Share valued at the rate of Rs.100/- per share there by amounting to Rs.9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only).
- d) I submit that the Zero Coupon Preference share is due for redemption on 14.02.2014.
- e) I submit that STG is one of the subsidiaries of M/s.Comus International, having its registered office at 454, Allwood Road, Clifton, NJ 07012, United States. M/s.Gunther America Inc. is also one of the subsidiaries of M/s.Comus International.
- f) I submit that, STG is undergoing a turbulent phase and struggling for its revival / survival. The STG's accounts were being prepared on "Going Concern" by securing debt waivers from another subsidiary company M/s. Comus International Bvba, having its registered address at Comus International Bvba, Overhaamlaan 40, 3700 Tongeren, Belgium.
- g) I submit that M/s.Comus International Bvba, Belgium is not in a position to furnish any further debt waivers. The parent company i.e. Comus International, USA is also not in a position to financially or otherwise help STG. Under these circumstances, STG has to survive on its own, failing which the operations of STG may collapse in toto.
- h) I submit that the STG has shown a marked improvement in terms of productivity and profitability in previous financial years. STG could prepare its accounts on "Going Concern" without getting



debt waivers from any group companies. The STG is unable to post the profitable figures since the carried forward losses, absorbs whatever the operational profit posted by STG. Because of the loss figures in books of accounts, the STG is unable to mobilize funds from banks, financial institutions and other sources in the domestic and international markets.

- i) It has therefore become imperative that STG is helped to get rid of carried forward losses from its books of accounts. For the said purpose, STG is under the advice to approach its shareholders and the Hon'ble High Court of Judicature at Madras, to request for share reduction so that the carried forward losses are removed from the books of accounts by resorting to share capital reduction exercise.
- j) I submit that, the reduction of equity share capital alone will not be sufficient in removing the losses from books of accounts. It has therefore, become imperative to assist the STG by its promoters i.e. M/s. Gunther America Inc.
- k) I therefore submit that M/s. Gunther America Inc. has decided to waive its rights over 98,178 Nos. of Zero Coupon preference shares of Rs.100.00 each, totally amounting to Rs.9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) in its totality. M/s. Gunther America Inc. has decided to allow STG to use the entire waiver value of Zero Coupon Preference Shares to adjust against the carried forward losses of STG.
- l) I submit that the relevant extract of resolution to the above effect passed by M/s. Gunther America Inc. is attached herewith as Annexure- A .
- m) I submit that, M/s. Gunther America Inc. will have no objection of any sort whatsoever in STG's seeking approval of its shareholders, in getting the Zero Coupon Preference Shares reduced to Zero and consequent approval on the same line from Hon'ble High Court of Judicature at Madras.
- n) I further submit that, this affidavit is executed by the deponent for and on behalf of M/s. Gunther America Inc., without any undue influence or any undue favour of any sort whatsoever. This affidavit is executed by the deponent in good faith and from the facts as borne out of the records of M/s. Gunther America Inc.

In view of the foregoing, I submit that the above affidavit may be taken on record as having been authorized and legitimately executed by and on behalf of M/s. Gunther America Inc.

Dated on this 19th day of July 2011 at New Jersey.

DEPONENT

Before Me

'Annexure A'

**EXTRACT OF THE CERTIFIED TRUE COPY OF THE RESOLUTION OF
M/s. GUNTHER AMERICA INC.,
(ZERO COUPON PREFERENCE SHARE HOLDERS)**

“RESOLVED THAT the authority be and is hereby accorded to waive the company’s rights over 98,178 Nos. Zero Coupon Preference Shares of Rs.100.00 each totally amounting to Rs. 9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) issued by M/s. Switching Technologies Gunther Ltd. (STG) on 14th February 2009, in order to enable STG to revive its operational viability.”

“FURTHER RESOLVED THAT STG is empowered to take appropriate action to get the 98,178 Nos. Zero Coupon Preference Shares of Rs.100.00 each totally amounting to Rs.9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) issued to M/s. Gunther America Inc., cancelled / write off from its books of account as per the due process of Law applicable in vogue in India.”

“FURTHER RESOLVED THAT Mr. Robert P Romano, and Mr. John D Rollo of the company be and are hereby jointly and or severally authorized to do all such acts / things / deeds and the matters as may be required in this behalf.”

“FURTHER RESOLVED THAT Mr. Robert P Romano, and Mr. John D Rollo be and are hereby jointly and / or severally, authorized to represent for and on behalf of M/s.Gunther America Inc., before any judicial / administrative / regulatory body in India, wherever required.”

“FURTHER RESOLVED THAT the common seal of the company be affixed in the presence of any Directors, who shall sign the same in the token of their presence.”

“FURTHER RESOLVED THAT none of the directors are having personal interest while passing the above resolution.”

EXPLANATORY STATEMENT FOR REDUCTION OF SHARE CAPITAL (EQUITY AND ZERO COUPON PREFERENCE SHARES)

1. ABOUT THE COMPANY:

Your company was incorporated in the year 1988 as Public Limited Company having its registered office and production unit inside the Madras Export Processing Zone (MEPZ). The company is in to the manufacturing of Electronic component Reed switches. The company imports duty free raw materials and exports duty free finished goods. The company has completed 23 years from the date of its incorporation.

2. COMPANY HISTORY & PRESENT STATUS:

Your company is listed in Mumbai Stock Exchange. Your company was incorporated under *Foreign Direct Investment Route (FDI)* with 61.22 % equity participation from its promoters. Initially, W. Gunther GmbH, Germany were their founding promoters with 61.22% of equity participation. In the year 2004, M/s. Gunther America Inc., bought over the entire equity holding of M/s. W Gunther GmbH. Thus, presently M/s. Gunther America Inc. is the promoter – cum – majority share holders of your Company.

Your company had fairly made a good start at the time of its incorporation and production –cum – exports were going on smoothly. However, this period was short lived. The company was gripped with trade union activities / labour related issues which ultimately resulted in successive losses to your company. To add to woo, the year 2003 to 2004 had seen the dispute between the erstwhile W. Gunther GmbH and the present purchaser – cum – promoter M/s. Gunther America Inc. This uncertainty lead to huge losses to the Company. Ultimately, by way of memorandum of settlement in the Hon'ble High Court of judicature at Chennai, the dispute was resolved vide Orders of Hon'ble High Court of Madras, CMA 2302 of 2004 dated 29/08/2005. Vide the said order, M/s. W. Gunther GmbH, went out of the company and M/s. Gunther America Inc. became the majority equity holders of your company.

When such was the scenario, the solvency of the company deteriorated to such an extent that your company was compelled to be referred to BIFR under SICA during the year 2003-04. Your present promoters / majority share holders sincerely wanted to revive the fortune of the company and run the company in the best interest of the employees and all other stake holders. Accordingly, the parent group company has been providing debt waivers in previous financial years to assist your company to prepare the accounts on "Going Concern" basis.

In the year 2008, your company had deputed Mr. Yash Dev Trehan (as MD and CEO), a very competent and thorough engineering professional to technically revive the fortunes of the company. Your company had also hired the services of legal and secretarial professional to assist Mr. Yash Dev Trehan to revive the total fortunes of the company. Accordingly, the

company had seen a turn around change, in that, for the FY 2007-2008 your company had posted an operational profit of Rs. 2,82,072.00 (Rupees Two Lakhs Eighty Two Thousand Seventy Two only). However, this was not sufficient since the operational profit got absorbed in the huge carried forward losses. In the year 2009, the said MD and CEO had demitted the office due to personal reasons.

The summary of performance efficiency of your company for past few financial years are reproduced below for ready reference. The profit and losses are prepared after taking into consideration the debt waiver given by Group Company.

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
SALES AND OTHER INCOME	67,229,800	58,994,642	64,233,748	67,409,827	99,334,941	101,854,984
EXPENDITURES	64,649,880	57,898,816	95,045,555	51,619,908	99,079,086	101,411,128
PROFIT / LOSS OF THE YEAR	2,579,920	1,095,826	-30,825,807	25,280,363	28,473	282,072
CARRY FORWARD LOSSES	-21,702,909	-20,607,083	-51,432,890	-26,152,527	-26,124,054	-25,841,982

Your company did not stop its efforts of revival and it continued the good work under the stewardship of your chairman Mr. John D Rollo and the MD Mr. P.Ramesh till date. Your company has posted following figures:

	2008-09	2009-10	2010-11
SALES AND OTHER INCOME	107,625,397	65,951,903	99,602,571
EXPENDITURES	107,463,314	66,291,568	99,666,586
PROFIT BEFORE TAXATION	162,083	-330,005	-64,015
CARRY FORWARD LOSSES	26,036,402	26,366,408	26,430,423

It will not be out of place to mention herein that, your company could prepare the accounts on "Going Concern" for Financial Years 2003 to 2009 by getting debt waivers from group company. For the preceding Financial Year 2009-2010 and 2010-2011, your company did not get any debt waivers from its group company M/s.Comus International Bvba, Belgium and the accounts were prepared on "Going Concern" basis on its own strength.

The company could succeed due to strict cost reduction measures introducing production and efficiency improvement methodologies, ensuring cool and calm industrial relationship and last but not the least by resorting to replacement of critical spares and infrastructures. Your company has recorded a carried forward loss of Rs. 26,430,423/- (Rupees Two Crores Sixty Four Lakhs Thirty Thousand Four Hundred Twenty Three only) in the FY 10-11.

3. PRE AND POST REDUCTION EQUITY CAPITAL STRUCTURE**a) EXISTING CAPITAL STRUCTURE:**

- i) Equity Shares 2,450,000 Nos.
- ii) Face Value Rs. 10.00 each
- iii) Equity Share Value Rs. 24,500,000/-

b) PROPOSED POST REDUCTION CAPITAL STRUCTURE:

- i) Equity Shares 2,450,000 Nos.
- ii) Face Value Rs. 3.22 each.
- iii) Equity Share Value Rs. 7,889,000/-

4. PRE AND POST REDUCTION ZERO COUPON PREFERENCE SHARE CAPITAL STRUCTURE:**a) EXISTING ZERO COUPON PREFERENCE SHARE CAPITAL STRUCTURE:**

- i) Zero Coupon Preference Shares 98,178 Nos.
- ii) Face Value Rs. 100.00 each.
- iii) Zero Coupon Preference Share Value Rs. 9,817,800/-

b) PROPOSED POST REDUCTION ZERO COUPON PREFERENCE SHARE CAPITAL STRUCTURE:

- i) Zero Coupon Preference Share - Nil.
- ii) Face Value Rs. Nil each.
- iii) Zero Coupon Preference Share Value - Rs. Nil.

5. SUMMARY OF FINANCIAL POSITION:

The carried forward losses for previous financial years to till date are as follows:

YEAR	LOSSES
2002 - 2003	-21,702,909
2003 - 2004	-20,607,083
2004 - 2005	-51,432,890
2005 - 2006	-26,152,527
2006 - 2007	-26,124,054
2007 - 2008	-25,841,982
2008 - 2009	-26,036,402
2009 - 2010	-26,366,408
2010 - 2011	-26,430,423

6. THE PROPOSED REDUCTION OF SHARE CAPITAL:

M/s. Gunther America Inc. is holding

- a) The entire zero coupon preference shares i.e. 98,178 shares of Rs. 100/- each, thus totaling Rs. 9,817,800/- (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) are held by M/s. Gunther America Inc. which is Promoter cum major shareholder of your company. M/s. Gunther America Inc. has consented to waive its rights over the entire zero coupon preference shares and accordingly authorized your company to take suitable action to remove / waive / cancel Zero Coupon Preference Shares from the Balance Sheet of your company vide affidavit dated 19-07-2011 by M/s. Gunther America Inc.
- b) The Zero coupon preference share capital of the company be reduced from Rs. 9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) (divided into 98,178 shares of Rs.100 each) to NIL Zero Coupon Preference Share capital. The losses to this extent shall first be adjusted against carried forward losses.
- c) The paid up capital of the company be reduced from Rs. 24,500,000.00 (Rupees Two Crores Forty Five Lakhs only) (divided into 2,450,000 equity shares of Rs. 10 each) to Rs. 7,889,000.00 (Rupee Seventy Eight Lakhs Eighty Nine Thousand only) (divided into 2,450,000 equity shares of approximately Rs. 3.22 each).
- d) The cancelled paid up share capital shall then be adjusted against balance of carried forward losses.

7. PRE AND POST REDUCTION SHARE HOLDING PATTERN:

Sl. No.	Category	Pre Reduction		Post Reduction	
		No. of Shares	Face value	No. of Shares	Face value
1.	Equity Share Capital	24,50,000	10.00 each	24,50,000	3.22 each
2.	Zero Coupon Preference Share	98,178	100.00 each	Nil	Nil

8. REASONS FOR AND BENEFITS OF APPROVAL OF SHARE HOLDERS:

- a) You are all aware that your company is unable to mobilize funds by way of loans or fixed deposits etc., since its Balance Sheet and P & L account is constantly showing losses for past couple of years.
- b) You are also aware that the machinery and infrastructure of your company is more than 30 years old. These, infrastructure and machinery needs modernization / technological upgradation. Your company is unable to upgrade / modernize for want of funds.
- c) Your company is financially supported by the parent group till date. However, it has become unviable for the parent group as well, to come to your company's rescue.
- d) Under these circumstances, if the reduction of Share Capital is permitted which otherwise represent the lost / un-represented asset, then your company will be able to present the better Balance Sheet and P&L account and thereby, obtain needed funds from different financial sources.

- e) If the approval of shareholders is granted, your company will be able to upgrade / modernize its machinery and infrastructure and thereby increase its productivity and efficiency. This will ultimately help in posting much improved and profitable figures in the successive financial years.

9. SHARE HOLDERS ROLE:

- a) We appreciate that share holders are owners of the company. When company undergoes a tough time, the share holders are expected to come to the company's rescue.
- b) We appeal the share holders to be a part of company's growth. We are sure, that, the bonafide decision taken by your company to reduce the lost / unrepresented share capital will help the company in the longer run to post profitable figures and secure the future of the Company
- c) We assure that the fortunes of the company will certainly revive in days to come.

10. HOW REDUCTION OF SHARE CAPITAL IS GOING TO WORK:

- a) The total losses as on 31st March 2011 (Carried forward and Last financial years') are Rs. 26,430,423/- (Rupees Two Crores Sixty Four Lakhs Thirty Thousand Four Hundred Twenty Three only). As per the proposed exercise, be adjusted as shown in the table below:

Description		Value	Proposed Write off Value
Total Carried Forward Losses	(A)	26,430,423	
Value of ZERO Coupon Preference Shares	(B)		9,817,800
Value of Equity Share	(C)		16,611,000
Balance carried forward losses	(D)		1,623.00
Total	(E)	26,430,423	26,430,423

- b) The Promoters of the company i.e. M/s. Gunther America Inc., are the holder of 98,178 zero coupon preference shares representing Rs. 9,817,800.00 (Rupees Ninety Eight Lakhs Seventeen Thousand Eight Hundred only) in total. The preference share holders had agreed to waive their rights over entire Zero Coupon Preference Shares.
- c) In effect, once the Zero Coupon Preference shares are removed from the books of accounts, the losses to that extent will get reduced.
- d) Similarly, once the face value of the share capital is reduced to Rs. 3.22 approximately as against the existing Rs. 10.00, the company will have the benefit of reducing its losses to an extent of Rs. 16,611,000.00 (Rupees One Crore Sixty Six Lakhs Eleven Thousand only) out of the balance after adjusting the zero coupon preference shares and the loss shall remain to the tune of Rs. 1623.00 (Rupees One Thousand Six Hundred Twenty Three only) for the next Financial Year i.e. for FY 2011-2012.

- e) Thus in total, Rs. 26,428,800/- (Rupees Two Crores Sixty Four Lakhs Twenty Eight Thousand Eight Hundred only) will be written off from books of accounts and losses will be Rs. 1623.00 (Rupees One Thousand Six Hundred Twenty Three only) to be adjusted to the next FY 2011-2012 and thus the books of accounts shall be looking profitable.

11. ADVANTAGE OF REDUCTION OF SHARE CAPITAL:

- a) The prospective banking and non-banking institutions will have trust and faith in your company while considering grant of loan, etc.
- b) The prospective investors will have more faith and trust in your company
- c) In result, the company will be able to give a facelift to its existing machinery and infrastructure to its desired technological upgradation / modernization, which will enhance the quality and quantity of production and more business.
- d) The company will be in a position to plan declaration of dividends in future, once the company is converted into profit making organization.
- e) This will not only help workers, labours, employees of the company but also to the management and share holders of the company.

12. REQUIREMENT TO APPROVE REDUCTION OF SHARE CAPITAL:

- a) You are all aware that Sec.100 to 104 of the Companies Act and other applicable provisions requires the approval of share holders by way of passing special resolution for reduction of Equity and Preference Share Capital.
- b) You are also aware that the reduction of Share Capital will be executed subject to approval of the esteemed shared holders present and eligible to vote, further subject to approval of Hon'ble High Court of Judicature at Madras.
- c) Subsequently the Capital Clause of Memorandum of Association shall be amended.

13. CONDUCT OF ANNUAL GENERAL MEETING:

- a) For passing a special resolution to have the approval of esteemed share holders, your company is pleased to call an Annual General Meeting on 22nd September 2011, wherein the special resolution will be placed for consideration and approval, besides considering and passing other agenda / resolutions.
- b) The draft Resolution is incorporated in the Notice to Share holders.

14. CONCLUSION:

Your company takes this opportunity to appeal all the esteemed share holders present here and eligible to vote, to kindly pass the resolution unanimously for reduction of equity share capital and Zero Coupon Preference Share Capital (by preference shareholders). Your company also takes the opportunity to appeal to the preference share capital holders also to pass the resolution for reduction / waiver of Zero Coupon Preference Shares.

Your company wishes good fortune and good results in the years to come.

ANNEXURE TO THE NOTICE

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, TO BE VALID, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.
2. Members / Proxies should bring the Attendance Slips sent herewith duly filled in for attending the meeting and hand it over at the entrance.
3. Members are requested to bring their copies of the Annual Report to the meeting.
4. Members are requested to immediately intimate any change in their address registered with the Company quoting their respective Folio Number(s).
5. Members who have multiple folios in identical names or joint names in the same order are requested to intimate to the Company these folios to enable the Company to consolidate all such shareholdings into one folio.
6. The Share transfer Register and Register of members will be closed from Tuesday the 20th September, 2011 to Thursday, 22nd September, 2011 (both days inclusive)

DIRECTORS' REPORT

The Board of Directors of your company presents their 23rd Annual Report together with the audited accounts for the Financial Year ended 31st March 2011.

FINANCIAL RESULTS	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
Sales and other Income	99,602,571	65,951,903
Profit before interest and Depreciation	1,184,638	1,235,378
Interest	--	--
Profit before depreciation	1,184,638	1,235,378
Depreciation	1,248,653	1,565,383
Profit before taxation and exceptional item	(64,015)	(330,005)
Exceptional item	--	--
Profit before taxation after exceptional item	(64,015)	(330,005)
Provision for taxation		
- Current	--	--
Profit / (Loss) after taxation and exceptional item	(64,015)	(330,005)

PERFORMANCE OF THE COMPANY

The Sales and other income during the year had considerably increased to Rs. 99.60 million compared to Rs.65.95 million during the year ended 2010. Your company is proud to present much better result due to introduction of various cost cutting measures, productivity enhancement measures and scrap generation control measures.

Your company is also proud to present the financial figures without obtaining any debt waivers or otherwise, from its parent group to prepare the accounts on "Going Concern" basis, which was otherwise, customary practice in past. This itself will be proving the efficiency, effectiveness and pro-active commitment of the present management. The present management is confident of moving further forward to convert the company into profitable position.

AUDITOR'S QUALIFICATION

It is our pleasure to inform all the August Members that your auditors have not qualified any transaction. Your auditors have prepared and presented the accounts of the company as "Going Concern". The Leave Encashment and Gratuity Liability in respect of the employees of the company have been made on the basis of Actuarial Valuation as mandated under Accounting Standard AS - 15.

FUTURE PROSPECTS

It is again a pleasure to inform all the August Members that, operational performance of the company has been much satisfactory, given against the back drop of extreme recession and volatile raw material prices in national and international market. Though sales turn over has considerably increased comparing previous financial year, however, your company can still post further positive operational results, if the funds position of the company improves. This could be achieved due to intense and dedicated cost cutting drive besides other measures resorted to by the present management.

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

The Management is finding difficult to mobilize loans, etc. from the bank due to appearance of the carried forward losses in the Balance Sheet which in result depicts STG as a loss making company, despite posting operational profits. The Management is therefore contemplating the ways and means to get out of this impasse which among others includes contemplating the scheme of arrangement / share reduction procedure as provided in the Companies Law in vogue. The Management is in constant touch with its consultants in this regard. If Management succeeds in getting out of this impasse, the Company will be in a better position to mobilize funds towards Capital Loan / Working Capital and accordingly it can render much better operational results, which is otherwise posing as a constrain in enhancement of business / productivity.

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.

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 Mrs. K.J.Lakshmi, Practicing Company Secretary is annexed to this report.

AUDITORS

Auditors of the Company, M/s. R. Subramanian and Company, Chartered Accountants, Chennai retires at the conclusion of the ensuing Annual General Meeting.

The company is unable to meet the professional fee of the existing statutory auditor. Hence the company has decided to offer lesser fees to the statutory auditors for consideration. In case M/s. R. Subramanian & Co. are unwilling to continue or do not respond to the reduced fees offer in writing unambiguously and in clear terms, then company has identified an alternate statutory auditor M/s. M.L. Srinivasan & Associates. They are eligible for appointment. The scope of services of earlier Statutory Auditor continues to remain for the new statutory auditor if considered for appointment.

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.

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 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, HDFC Bank for the guidance and assistance rendered to the company and the employees for their effort and co-operation.

For and on behalf of the Board

Place : New Jersey, USA

JOHN D.ROLLO

Date : 28th May, 2011

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. 996.03 lacs. Foreign exchange outgo on account of Imported Raw Materials, Stores and Capital Goods was Rs. 545.90 lacs, whereas expenditure in foreign currency on account of Interest was Rs. Nil.

For and on behalf of the Board

Place : New Jersey, USA

JOHN D.ROLLO

Date : 28th May, 2011

CHAIRMAN

COMPLIANCE CERTIFICATE

Name of the Company : SWITCHING TECHNOLOGIES GUNTHER LIMITED
 CIN of the Company : L29142TN1988PLC015647
 Authorized Capital : Rs. 60,000,000/-
 Paid-up Capital : Rs. 34,317,800/-

To

The Members

MESSRS. SWITCHING TECHNOLOGIES GUNTHER LIMITED

Plot B9,B10 & C1 Madras Export Processing Zone,

Kadappari, Tambaram, Chennai - 600 045.

I have examined the registers, records, books and papers of SWITCHING TECHNOLOGIES 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 31st March 2011. 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 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.
3. The Company is a Public limited Company and has the minimum prescribed paid up capital.
4. The Board of Directors duly met Four (4) times on 30/05/2010, 31/07/2010, 29/10/2010 and 28/01/2011 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 21/09/2010 to 23/09/2010 (both days inclusive) after duly complying with the provisions of the Act during the financial year ended 31st March 2010.
6. The Annual General Meeting for the financial year ended on 31st March 2010 was held on 23/09/2010 after giving due notice 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. As per the information provided, the Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. As per the information provided, the Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. As per the information provided, the Company has not issued any duplicate share certificates during the financial year ended 31st March, 2011.
13. The Company:
 - (i) has delivered all the certificates on transfer in accordance with the provisions of the Act. The company has not effected any allotment of securities during the financial year ended 31st March, 2011.
 - (ii) has not declared any dividend and was not required to deposit any amount in a separate Bank Account within five days from the date of declaration of such dividend.
 - (iii) was not required to pay/post warrants for dividends to all the members.
 - (iv) has no unpaid/ unclaimed dividend to be transferred to unpaid dividend account /Investor Education and Protection Fund.
 - (v) has not issued any shares or debentures and has not accepted any deposits and hence the question of transfer of application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a financial year of seven years to Investor Education and Protection Fund does not arise.
 - (vi) has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Director(s)/ Alternate director(s), and directors to fill casual vacancy during the financial year.
15. The Company has appointed Mr. P Ramesh as Managing director with effect from 28th March 2009 in accordance with the provisions of Section 269 and continues to hold office during the year. The Company has not appointed any Whole time Director/ Manager during the financial year ended 31st March, 2011.
16. The Company has not appointed any sole selling agents during the financial year ended 31st March, 2011.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and / or such authorities prescribed under the various provisions of the Act during the financial year ended 31st March, 2011.
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 not issued any shares, debentures or other securities during the financial year ended 31st March, 2011.

20. The Company has not bought back any shares during the financial year ended 31st March, 2011 and hence the question of complying with the buy back provisions does not arise.
21. The Company has not redeemed preference share capital during the financial year under review. The company has not issued debentures and hence the question of redemption of debentures does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year ended 31st March, 2011.
24. As per the information provided and as per the Auditors report, the amount borrowed from directors, members, public, financial institutions, banks and others during the financial year ending 31st March 2011, are within the borrowing limits of the company.
25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one State to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the financial year under scrutiny and complied with provisions of the Act.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to the Share capital of the Company during the financial year under scrutiny and complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the financial year ended 31st March, 2011.
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 offences under the Act.
32. The Company has not received any money as security from its employees during the financial year ended 31st March, 2011.
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
Date : 28th May, 2011

K.J.Lakshmi
Company Secretary in Practice
Mem No: 21246; CP No: 7786

'Annexure A'

Name of the Company : SWITCHING TECHNOLOGIES GUNTHER LIMITED
 CIN of the Company : L29142TN1988PLC015647
 Authorized Capital : Rs. 60,000,000/-
 Paid-up Capital : Rs. 34,317,800/-

Registers as maintained by the Company

Sl. No.	Section Number	Name of the Register
1.	108	Share Transfer Register
2.	143	Register of Charges
3.	150	Register of Members
4.	193	Minutes of the meetings of Board of Directors
5.	193	Minutes of the meetings of the Members
6.	301	Register of Contracts
7.	303	Register of Directors
8.	307	Register of Directors' Shareholding

Place : Chennai
 Date : 28th May, 2011

K.J.Lakshmi
 Company Secretary in Practice
 Mem No: 21246; CP No: 7786

'Annexure B'

Name of the Company : SWITCHING TECHNOLOGIES GUNTHER LIMITED
 CIN of the Company : L29142TN1988PLC015647
 Authorized Capital : Rs. 60,000,000/-
 Paid-up Capital : Rs. 34,317,800/-

Returns/ Documents/ Forms filed with the Registrar of Companies

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2011 [01.04.2010 TO 31.3 .2011]

Sl. No	Form No.	Relevant Section	Description	Service Request No. and date of filing	Whether filed within the prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No	Amount Paid in Rs.
1	23AC & ACA	220	Balance sheet as on 31st March 2010 and profit and loss account for the year ended 31st March 2010 along with Notice and Directors report thereon.	P 54729249 15/10/2010	Yes	No	500/-
2	66	383A	Compliance Certificate pursuant to section 383A of the Companies Act, 1956, and rule 3(2) of the Companies (Compliance Certificate) Rules, 2001	P54728274 15/10/2010	Yes	No	500/-
3	20B	159	Annual return for the financial year ending on 31st March 2010	P54833652 18/10/2010	Yes	No	500/-

REGIONAL DIRECTOR, CENTRAL GOVERNMENT & OTHER AUTHORITIES - NIL

Place : Chennai
 Date : 28th May, 2011

K.J.Lakshmi
 Company Secretary in Practice
 Mem No: 21246; CP No: 7786

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, 2011 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 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



- (vi) The Accounts for the year has 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, 2011;
 - 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

Place : Chennai
Date : 03-06-2011

Membership No. 19339
Firm Regn. No. 004137S

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 2011

- 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 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, fixed assets have been physically verified as at the end of 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 at the year end.
(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 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 and 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 books and 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 purchase or 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 during the year. 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.

- (b) As at 31st March 2011 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 had availed vehicle loan during the financial year 2008-09 from a bank and has paid the installments due during the financial year 2010-11, without default. No loans have been availed from financial institution during the financial year 2010-11.
 - 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 has not issued any debentures during the year and therefore paragraph 4(xviii) of the Order is not applicable.
 - xix. The Company has not raised any money by way of public issues during the year and therefore paragraph 4(xix) of the Order is not applicable.
 - xx. 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
Firm Regn. No. 004137S

Place : Chennai
Date : 03-06-2011

BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULE	(in Rupees) As at 31st March, 2011	(in Rupees) As at 31st March, 2010
SOURCES OF FUNDS			
Shareholders' funds :			
Share capital	1	34,317,800	34,317,800
Reserves and surplus	2	<u>3,500,000</u>	<u>3,500,000</u>
		37,817,800	37,817,800
SECURED LOANS:			
Car Loan from HDFC Bank (Secured by hypothecation of Vehicle)		551,800	765,400
TOTAL		<u>38,369,600</u>	<u>38,583,200</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	3	101,924,886	101,501,736
Less : Depreciation		<u>90,153,646</u>	<u>88,904,991</u>
Net Block		11,771,240	12,596,745
Current assets, loans and advances			
Inventories	4	30,300,741	19,438,357
Sundry debtors	5	4,091,615	3,422,589
Cash and bank balances	6	3,016,789	94,794
Loans and advances	7	<u>2,476,231</u>	<u>2,187,980</u>
		39,885,375	25,143,720
Less: Current Liabilities and provisions			
Current liabilities	8	23,973,978	12,526,671
Provisions		<u>15,743,463</u>	<u>12,997,002</u>
		39,717,439	25,523,673
Net Current assets/(liabilities)		167,937	(379,953)
Profit and loss account		<u>26,430,423</u>	<u>26,366,408</u>
TOTAL		<u>38,369,600</u>	<u>38,583,200</u>
Notes to the accounts	11		

Per our report attached

For **R.SUBRAMANIAN AND COMPANY**

Chartered Accountants

N.KRISHNAMURTHY

Partner

ROBERT P.ROMANO

Director

JOHN D.ROLLO

Chairman

For and on behalf of the Board

MICHEL VANDERVELPEN

Director

P.RAMESH

Managing Director

Membership No.19339

Firm Regn. No. 004137S

Place : Chennai

Date : 3rd June, 2011

Place : USA

Date : 28th May, 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	(in Rupees) As at 31st March, 2011	(in Rupees) As at 31st March, 2010
INCOME			
Sales		98,637,259	65,344,100
Other Income	9	965,312	607,803
		<u>99,602,571</u>	<u>65,951,903</u>
EXPENDITURE			
Manufacturing and other expenses	10	98,417,933	64,726,185
Depreciation		1,248,653	1,565,383
		<u>99,666,586</u>	<u>66,291,568</u>
Profit / (Loss) before taxation		(64,015)	(339,665)
Prior Period Adjustments (Net)		-	9,660
Profit / (Loss) before taxation		(64,015)	(330,005)
Provision for taxation :			
- Current Tax		-	-
Profit/(Loss) after taxation		(64,015)	(330,005)
Balance (Loss) brought forward		(26,366,408)	(26,036,402)
(Loss) carried forward		<u>(26,430,423)</u>	<u>(26,366,408)</u>
Notes to the accounts	11		
Earnings per share (after exceptional item):			
Basic and diluted		(0.03)	(0.13)

Per our report attached

For **R.SUBRAMANIAN AND COMPANY**

Chartered Accountants

N.KRISHNAMURTHY

Partner

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Date : 3rd June, 2011

Place : USA

Date : 28th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional item	(64,015)	(330,005)
Adjustments for:		
Depreciation	1,248,653	1,565,383
Unrealised Exchange Fluctuation (net)	-	(328,042)
Interest expense	-	-
Loss on assets sold/scrapped	-	-
Interest income	<u>(58,556)</u>	<u>(71,008)</u>
	<u>1,190,097</u>	<u>1,166,333</u>
Operating profit before working capital changes	<u>1,126,082</u>	<u>836,327</u>
Adjustments for:		
(Increase)/Decrease in sundry debtors	(669,026)	121,082
(Increase)/Decrease in inventories	(10,862,384)	3,648,645
(Increase)/ Decrease in loans and advances	(288,251)	560,222
Increase/(Decrease) in current liabilities and provisions	<u>14,193,766</u>	<u>(7,379,740)</u>
	<u>2,374,105</u>	<u>(3,049,791)</u>
Cash generated from operations	<u>3,500,187</u>	<u>(2,213,463)</u>
Taxes paid	-	-
A. NET CASH FROM OPERATING ACTIVITIES	<u>3,500,187</u>	<u>(2,213,463)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets (including capital work in progress and advances)	(423,150)	(21,020)
Proceeds from sale of fixed assets	-	-
Interest received	<u>58,556</u>	<u>71,008</u>
B. NET CASH USED IN INVESTING ACTIVITIES	<u>(364,594)</u>	<u>49,988</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Share application money received	-	-
Repayment of Borrowings	<u>(213,600)</u>	<u>(213,600)</u>
C.CASH FLOW FROM/ (USED) FINANCING ACTIVITIES	<u>(213,600)</u>	<u>(213,600)</u>
NET CASH FLOWS DURING THE YEAR (A+B+C)	<u>2,921,995</u>	<u>(2,377,075)</u>
Cash and cash equivalents (opening balance)	<u>94,794</u>	<u>2,471,869</u>
Cash and cash equivalents (closing balance)	<u>3,016,789</u>	<u>94,794</u>

Per our report attached to the Balance Sheet

For **R.SUBRAMANIAN AND COMPANY**

Chartered Accountants

N.KRISHNAMURTHY
Partner

ROBERT P.ROMANO
Director

JOHN D.ROLLO
Chairman

For and on behalf of the Board

MICHEL VANDERVELPEN
Director

P.RAMESH
Managing Director

Membership No.19339
Firm Regn.No. 004137S

Place : Chennai
Date : 3rd June, 2011

Place : USA
Date : 28th May, 2011

	(in Rupees) As at 31st March, 2011	(in Rupees) As at 31st March, 2010
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
5,000,000 Equity Shares of Rs.10 each	50,000,000	50,000,000
100,000 Redeemable Preference Shares of Rs.100 each	10,000,000	10,000,000
	<u>60,000,000</u>	<u>60,000,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP :		
2,450,000 equity shares of Rs. 10 each (Of the above 1,500,000 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	9,817,800
	<u>34,317,800</u>	<u>34,317,800</u>
SCHEDULE 2		
RESERVES AND SURPLUS:		
Capital reserve:		
Capital Subsidy received from State Govt.	3,500,000	3,500,000
	<u>3,500,000</u>	<u>3,500,000</u>

SCHEDULE 3

FIXED ASSETS

(in Rupees)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 01.04.2010	Additions	Deductions	Cost as on 31.03.2011	As on 01.04.2010	For the Year	Deductions	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Factory building	9,556,864	-	-	9,556,864	6,326,161	319,099	-	6,645,261	2,911,603	3,230,703
Plant and machinery	82,650,407	388,410	-	83,038,817	75,373,293	476,676	-	75,849,969	7,188,848	7,277,114
Electrical installation	4,000,264	7,840	-	4,008,104	3,220,486	191,800	-	3,412,286	595,818	779,778
Office equipment	872,016	-	-	872,016	686,411	40,109	-	726,521	145,495	185,605
Furniture and fixtures	1,820,053	19,950	-	1,840,003	1,586,236	114,489	-	1,700,725	139,278	233,817
Vehicles	958,000	-	-	958,000	128,062	91,109	-	219,171	738,829	829,938
Computer	1,564,370	6,950	-	1,571,320	1,564,370	219	-	1,564,589	6,731	-
Software	79,762	-	-	79,762	19,971	15,152	-	35,123	44,639	59,791
	101,501,736	423,150	-	101,924,886	88,904,992	1,248,653	-	90,153,646	11,771,240	-
Previous year	101,480,716	21,020	-	101,501,736	87,339,607	1,565,383	-	88,904,991	-	12,596,745



	(in Rupees) As at 31st March, 2011	(in Rupees) As at 31st March, 2010
SCHEDULE 4		
INVENTORIES		
(Valued at cost and as certified by the Management)		
Raw materials	20,565,200	10,225,619
Stores and spares	933,409	958,734
Work in process	8,542,685	7,151,113
Finished goods	259,447	1,102,892
	<u>30,300,741</u>	<u>19,438,357</u>
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured and considered good)		
Debts outstanding for more than Six months	2,503,328	219,476
Others	1,588,287	3,203,113
	<u>4,091,615</u>	<u>3,422,589</u>
SCHEDULE 6		
CASH AND BANK BALANCES		
Cash on hand	45,568	16,440
Balances with scheduled banks :		
On current accounts	2,971,221	78,354
	<u>3,016,789</u>	<u>94,794</u>
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	2,476,231	2,187,980
	<u>2,476,231</u>	<u>2,187,980</u>

	(in Rupees) As at 31st March, 2011	(in Rupees) As at 31st March, 2010
SCHEDULE 8		
CURRENT LIABILITIES		
Sundry creditors		
- Dues payable to "MSME" undertakings	368,102	462,210
- Others Trade Creditors	19,341,539	9,165,734
- Interest Accrued But not due	4,280	-
- Advance from customers	4,260,056	2,898,726
	<u>23,973,978</u>	<u>12,526,671</u>
PROVISIONS		
Provision for Bonus & Ex-Gratia	701,283	513,952
Provision for Leave encashment	1,065,000	958,000
Provision for Gratuity	13,972,000	11,519,000
Provision for Income tax TDS	5,180	6,051
	<u>15,743,463</u>	<u>12,997,002</u>
	<u>39,717,441</u>	<u>25,523,673</u>
SCHEDULE 9		
OTHER INCOME		
Scrap sales	188,153	131,740
Misc. Income	535,745	77,013
Interest Income	58,556	71,008
Exchange Fluctuation Gain	182,857	328,042
	<u>965,312</u>	<u>607,803</u>

	(In Rupees) Year Ended 31st March, 2011	(In Rupees) Year Ended 31st March, 2010
SCHEDULE 10		
MANUFACTURING AND OTHER EXPENSES		
Raw materials and components consumed		
Opening Stock	10,225,619	13,837,227
Add : Purchases during the year	<u>63,248,075</u>	<u>25,404,908</u>
	73,473,694	39,242,135
Less : Closing Stock	<u>20,565,200</u>	<u>10,225,619</u>
	52,908,493	29,016,516
Stores and spare parts consumed		
Opening Stock	958,734	1,140,976
Add : Purchases during the year	<u>1,911,947</u>	<u>744,431</u>
	2,870,681	1,885,407
Less : Closing Stock	<u>933,409</u>	<u>956,734</u>
	1,937,272	926,673
(Increase)/Decrease in work in progress and finished goods		
Opening stock		
- Work in process	7,151,113	6,318,943
- Finished goods	<u>1,102,892</u>	<u>1,789,856</u>
	8,254,004	8,108,799
Closing stock		
- Work in process	8,542,685	7,151,113
- Finished goods	<u>259,447</u>	<u>1,102,892</u>
	8,802,132	8,254,004
	(548,128)	(145,205)
Power and fuel	4,349,359	3,350,809
Payments to and Provisions for employees :		
- Salaries, allowances and bonus	23,368,785	19,728,399
- Gratuity	2,621,101	826,629
- Leave Encashment	559,950	512,889
- Contributions to PF and ESI	3,522,849	2,352,026
- Staff welfare expenses	<u>2,634,135</u>	<u>2,822,529</u>
	32,706,820	26,242,472
Repairs and maintenance :		
- Plant and machinery	197,968	158,398
- Buildings	191,723	14,650
- Others	<u>151,936</u>	<u>79,886</u>
	541,627	252,934
Rent	571,676	672,844
Insurance	139,701	125,946
Rates and taxes	700,861	310,012
Travelling and conveyance	109,756	113,657
Postage and telephones	244,109	250,643
Printing and stationery	204,548	139,614
Bank charges	45,377	28,331
Freight charges	2,422,055	1,533,426
Miscellaneous expenses	<u>2,084,406</u>	<u>1,907,514</u>
TOTAL	<u>98,417,933</u>	<u>64,726,185</u>

SCHEDULE 11**ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
31st MARCH 2011****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 said reference was not registered by BIFR for want of rectification of certain objection vide BIFR's order No. F.3(S-4)/BC/2006 dated 24-03-2006.

The management of your company was confident of changing the fortunes of company without getting attracted to the provisions of BIFR. Hence, your company had requested and obtained debt waiver from its parent companies and accordingly prepared the accounts on Going Concern Basis. The management had taken constructive 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. For the successive financial years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, and 2010-11 the Company had again prepared the accounts on a Going Concern basis by obtaining debt waiver(s) from its parent companies whenever required.

For the financial year 2010-11, the company posted operational profits due to its various initiatives including adopting cost cutting measures.

Hence, the company did not take any debt waiver for the financial year 2010-11 from its parent companies. The management is confident that the operations of the company are expected to register more marked improvements in the near future and accordingly the accounts have been prepared on a "going concern" basis.

	(In Rupees)	(In Rupees)
	As at	As at
	31st March, 2011	31st March, 2010
iii. Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	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)		

	(In Rupees)	(In Rupees)
	As at	As at
	31st March, 2011	31st March, 2010
iv. Managerial Remuneration (paid to Managing Director)		
Salary and allowance	471,567	329,352
Contribution to Provident and other funds	37,791	30,276
Perquisites	107,790	87,000
v. Auditor's Remuneration		
Audit fee	125,000	125,000
vi. CIF Value of Imports		
Raw materials and components	54,495,565	20,670,427
Capital Goods	Nil	Nil
Spares	94,154	67,045
vii. Earnings in Foreign Exchange		
Export of goods on FOB basis	91,588,810	60,961,742
Others	8,013,761	3,833,483
viii. Capacity and Production		

Class of goods	Unit of Measurement	Licensed Capacity (annualised)		# Installed capacity (annualised) (on double shift basis)		Actual Production	
		year ended 31-03-11	year ended 31-03-10			year ended 31-03-11	year ended 31-03-10
Miniature Reed switches	Nos.	1,60,30,000	1,60,30,000	1,79,80,000	1,79,80,000	87,84,784	43,43,966
Tilt Switches	Nos.	19,50,000	19,50,000	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.

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

Particulars	Unit of measurement	Year ended March 31,2011		Year ended March 31, 2010	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Glass tubes	Nos	9,928,180	14,027,916	4,467,480	7,609,492
Nickel iron wire	Kgs	3,428	8,043,936	2,094	3,701,967
Plating Metals and Chemicals (Including Rhodium & Gold)	Gms / kl	18,663	19,286,926	10,295	9,265,004
Others	--	--	12,597,597	--	10,783,010
Total			53,956,375		31,359,473

(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, 2011		Year ended March 31,2010	
	Value (Rs.)	% of total consumption	Value (Rs.)	% of total consumption
Imported	43,901,851	81.37	25,102,476	80.05
Indigenous	10,054,524	18.63	6,256,997	19.95
Total	53,956,375		31,359,473	

x. Sales

Particulars	Year ended March 31,2011		Year ended March 31,2010	
	Quantity (Nos.)	Value (Rs.)	Quantity (Nos.)	Value (Rs.)
Miniature Reed switches	6,952,985	82,174,825	3,500,295	49,813,701

xi. Stock Particulars of Finished Goods

Particulars	As at 31st March 2011				As at 31st March 2010			
	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	198,697	1,083,715	42,200	237,200	309,283	1,742,151	198,697	1,083,715

xii. 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.

xiii. Earnings per Share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit / Loss after taxation and exceptional item	Rs. (64,015)	Rs. (330,005)
Weighted number of equity shares outstanding	2,450,000	2,450,000
Basic and Diluted earning per share (Face value of Rs.10 per Share)	Rs. (0.03)	Rs. (0.13)

xiv. 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
Mr. John David Rollo
Mr. Michel Vandervelpen
Mr. P.Ramesh |
| C) Enterprise over which any person described in (B) is able to exercise significant influence. This includes enterprises owned by Directors or major share holders of the reporting Management personnel in common with the reporting enterprises | Comus International Inc.
Comus International Bvba
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	Others
1	Sale of goods	Nil (Nil)	16,073,680 (12,496,916)	67,659,693 (78,671,794)	6,415,807 (7,268,717)	Nil (Nil)
2	Other Income	Nil (Nil)	1,064,853 (875,767)	27,16,222 (2,539,690)	662,694 (418,026)	Nil (Nil)
3	Purchase of raw materials	Nil (Nil)	3,266,744 (2,518,876)	48,146,244 (17,764,393)	85,962 (73,203)	Nil (Nil)
4	Purchase of fixed assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Managerial remuneration	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	617,148 (446,628)
6	Liability written back	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Balance outstanding as at balance sheet date (Net Dr.) (-Net Cr.)		23,72,983 Dr. (1,705,705) Dr.	1,32,03,178 Cr. (4,246,438) Cr.	13,96,081 Dr. (1,165,014) Dr.	

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

xv. 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	8,013,761	790,883	91,588,810	60,886,647
2	Carrying amount of segment assets	43,219,705	42,256,538	4,091,651	-
3	Capital Expenditure	423,150	-	-	-

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.

xvi. The year end foreign currency exposures that have not been hedged are given below.

Amount payable in foreign currency on account of the following:

Import of raw materials and components	Rs. 13,203,178/-	Euro. 209,608
	(Rs. 4,246,438/-)	(Euro .70,120)

Amount receivable in foreign currency on account of the following:

Export goods	Rs. 3,769,064/-	GBP 19,354
		and USD 50,548
	(Rs. 2,870,719/-)	(GBP 17,125
		and USD 37,787)

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

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

1. Registration Details

Registration No.	18-15647	State Code	18
Balance Sheet Date	31 03 2011	Date Month Year	

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

Public Issue	--	Right Issue	--
--------------	----	-------------	----

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	78,087	Total Assets	78,087
Sources of Funds			
Paid-up capital	24,500	Reserves & Surplus	3,500
Preference Share capital	9,818		
Application of Funds			
Net Fixed Assets	11,771	Investments	--
Net Current Assets	167	Debit Balance in Profit & Loss Account	26,430

4. Performance of Company (Amount in Rs. Thousands)

Turnover	99,603	Total Expenditure	99,667
		Exceptional item	--
Profit/Loss before tax	- 64	Profit/Loss after tax	- 64
Earning per share in Rs.	- 0.03	Dividend Rate %	--

(PLEASE TICK APPROPRIATE BOX +FOR PROFIT, -FOR LOSS)

5. Item Code No. (ITC Code No) 85.36 Product Description REED SWITCHES

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

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

Signature to Schedules 1 to 11

Place : New Jersey, USA

Date : 28th May, 2011

For and on behalf of the Board

ROBERT P. ROMANO, Director**JOHN D. ROLLO**, Chairman**MICHEL VANDERVELPEN**, Director



SWITCHING TECHNOLOGIES GÜNTHER LIMITED

Registered Office:

Plots: B9, B10 & C1, MEPZ - Special Economic Zone, 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 THIRD ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 22nd September, 2011 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

Note : 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, MEPZ - Special Economic Zone, Kadapperi, Tambaram, Chennai - 600 045.

PROXY FORM

Regd. Folio No. _____ No. of shares _____
 I/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

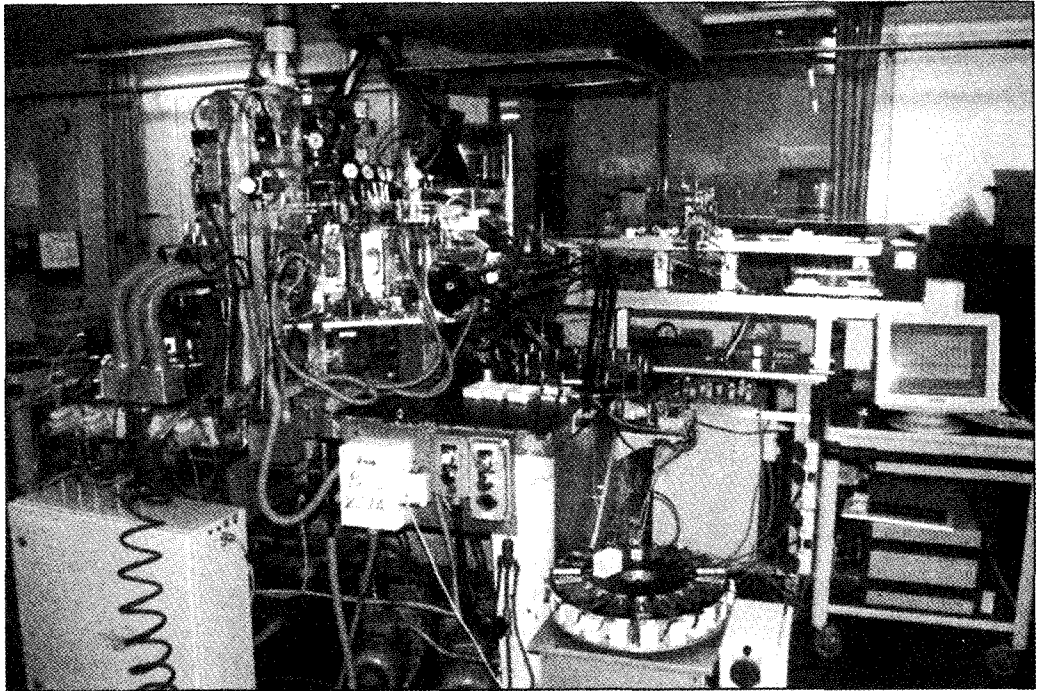
TWENTY THIRD ANNUAL GENERAL MEETING of the Company to be held on Thursday the 22nd September, 2011 at Hotel Grand Palace, 257, G.S.T. Road, Chrompet, Near MIT Gate, Chennai - 600 044, at 2.30 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

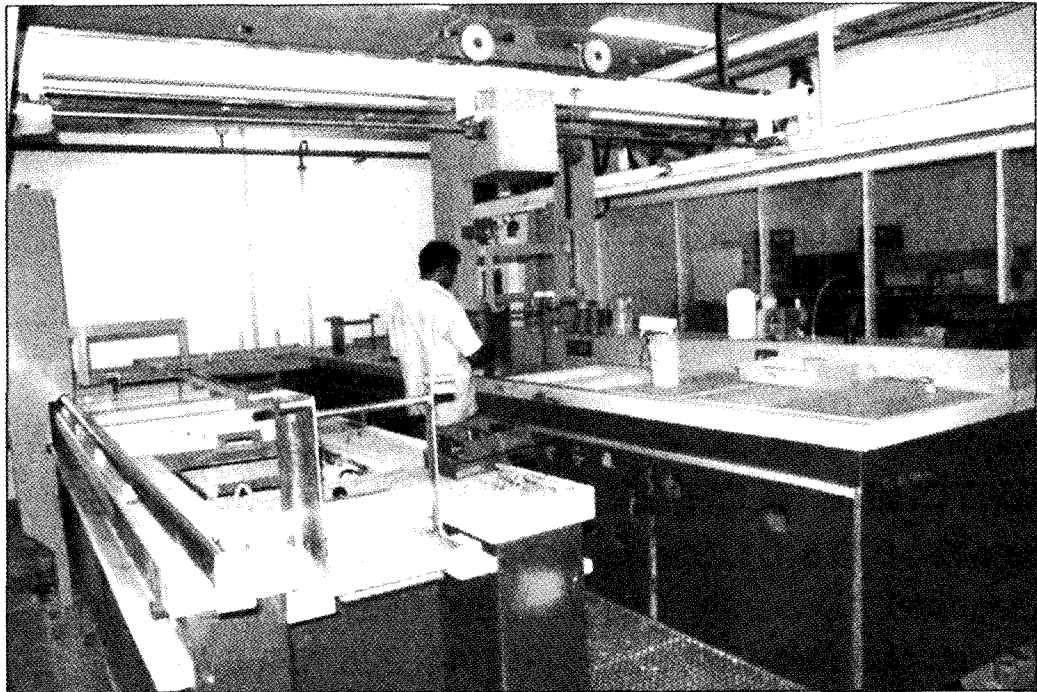
Signature : _____

Affix 1 Rupee Revenue Stamp

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



FRONT VIEW OF STG

SWITCHING TECHNOLOGIES GUNTHER LIMITED

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

Kadapperi, Tambaram, Chennai - 600 045.

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