



The Authority on Public Power

Eleventh Annual Report 2005 - 2006

NUMERIC HOUSE





NUMERIC POWER SYSTEMS LIMITED

Registered Office : 'NUMERIC HOUSE' No.5, Sir P.S.Sivasamy Salai, Mylapore
Chennai - 600 004

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

The Eleventh Annual General Meeting of NUMERIC POWER SYSTEMS LIMITED will be held on Saturday the 8th July 2006 at 4:00 p.m. at the Registered Office at 'Numeric House' No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai - 600 004 to transact the following :

ORDINARY BUSINESS

1. To receive, consider and adopt the Eleventh Annual Report of the Directors, the audited Balance Sheet as at 31st March 2006, Profit and Loss Account for the year ended 31st March 2006 and the Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. K.P. Sivanandam who retires at this meeting and is eligible for reappointment.
4. To appoint a Director in place of V. M. Sivasubramaniam who retires at this meeting and is eligible for reappointment.
5. To appoint Auditors:

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring Auditors of the Company, M/s. S.R. Batliboi & Associates, Chartered Accountants, TPL House, Second Floor, 3, Cenotaph Road, Teynampet, Chennai - 600 018, being eligible for reappointment, be and are hereby reappointed as Auditors of the Company, to hold office till the conclusion of the next Annual General Meeting, on such terms and conditions as to remuneration, out-of-pocket expenses etc., as may be fixed by the Board of Directors of the Company at a later date."

SPECIAL BUSINESS

6. Appointment of Mr. A. Balan as the Whole-time Director of the Company

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to Section 269 and other applicable provisions of the Companies Act, 1956, if any, approval be and is hereby accorded to the appointment of Mr. A. Balan as the whole-time Director of the Company for a further period of 5 years with effect from 12th September 2005 to 12th September 2010, on the terms hereinafter provided falling within the limits fixed by Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT subject to Sections 198, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the remuneration, benefits, perquisites and other allowances, payable to Mr. A. Balan, shall be as mentioned in the explanatory statement attached."

7. Appointment of Mr.K.V. Nachiappan as the Whole-time Director of the Company

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

NUMERIC POWER SYSTEMS LIMITED

"RESOLVED THAT pursuant to Section 269 and other applicable provisions of the Companies Act, 1956, if any, approval be and is hereby accorded to the appointment of Mr. K.V. Nachiappan as the whole-time Director of the Company for a further period of 5 years with effect from 12th September 2005 to 12th September 2010, on the terms hereinafter provided falling within the limits fixed by Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT subject to Sections 198, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the remuneration, benefits, perquisites and other allowances, payable to Mr. K.V. Nachiappan, shall be as mentioned in the explanatory statement attached."

8. To appoint Mr. N. Natarajan as a Director of the Company liable to retire by rotation and to consider and if thought fit, to pass the following resolution, of which notice has been received from a member under Section 257 of the Companies Act, 1956, as an ordinary resolution, with or without modification:

"RESOLVED THAT Mr. N. Natarajan be and is hereby appointed a Director of the Company liable to retire by rotation. "

9. To appoint Mr. B. G. Giri as a Director of the Company liable to retire by rotation and to consider and if thought fit, to pass the following resolution, of which notice has been received from a member under Section 257 of the Companies Act, 1956, as an ordinary resolution, with or without modification:

"RESOLVED THAT Mr. B. G. Giri be and is hereby appointed a Director of the Company liable to retire by rotation. "

NOTES:

1. Mr. K.P. Sivanandam and Mr. V.M. Sivasubramaniam, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which he holds directorship and chairmanship / membership of Board Committees are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends the respective re-appointments of the aforesaid Directors.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. A blank form of proxy is enclosed, which, if used, should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and the Transfer Books will remain closed from Thursday, the 6th July 2006 to Saturday, the 8th July 2006, both days inclusive.
4. The dividend for the year ended 31.03.2006, as recommended by the Board, if approved by the shareholders at the Meeting shall be payable on or before 5th August 2006 to those members whose names appear on the Company's Register of Members on 8th July 2006.
5. Pursuant to Section 205C of the Companies Act, 1956, the unclaimed dividend for the financial year 1997-1998 has been transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

By Order of the Board

Chennai
May 29, 2006

C. GAYATHRI
Company Secretary



NUMERIC POWER SYSTEMS LIMITED

Registered Office : 'NUMERIC HOUSE' No.5, Sir P.S.Sivasamy Salai, Mylapore
Chennai - 600 004

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting place)

Registered Folio : _____

Client I.D. _____

No. of shares: _____

I hereby record my presence at the 11th Annual General Meeting of the Company to be held on Saturday the 8th July 2006 at 4:00p.m.

Name of the attending member (in block letters).....

Name of the proxy.....

Member's/Proxy's Signature
(To be signed at the time of handing over this slip)



NUMERIC POWER SYSTEMS LIMITED

Registered Office : 'NUMERIC HOUSE' No.5, Sir P.S.Sivasamy Salai, Mylapore
Chennai - 600 004

PROXY FORM

I/We.....
of.....
a member/members of NUMERIC POWER SYSTEMS LIMITED hereby appoint.....
of..... or failing him.....
of..... or failing him.....
of.....
as my/our proxy to attend and vote for me/our behalf at the 11th Annual General Meeting of the Company,
to be held on Saturday the 8th July 2006 at 4:00 p.m. and at any adjournment thereof.

Signature

Signed this..... day of..... 2006.

Affix
Re.,1/-
Revenue
Stamp

Note : The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.



ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

This Explanatory Statement sets out the material facts relating to Item Nos.6 to 9 of the accompanying Notice.

Item No.6

As approved at the meeting of the Board of Directors of the Company held on 28th July 2005, Mr. A. Balan was reappointed as the Whole-time Director of the Company for a period of Five years from 12th September 2005 to 12th September 2010.

A brief resume of Mr. A. Balan, nature of his expertise in specific functional areas and names of companies in which he holds directorship and chairmanship / membership of Board Committees are provided in the Report on Corporate Governance forming part of the Annual Report.

The remuneration, benefits and perquisites are within the limits prescribed in Schedule XIII of the Companies Act, 1956 and are set out hereunder:

1. Remuneration by way of salary, Dearness Allowances such as House Rent Allowance, Reimbursement of medical expenses incurred for the self and family in accordance with the rules of the company, Personal Accident Insurance and LIC Group insurance Scheme, Club Fees (Subject to a maximum of two clubs) and Gas, Electricity, Water and Furnishings not to exceed Rs.1,00,000/- per month or Rs.12,00,000/- per annum.
2. In addition to (1) above, he will also be eligible for the following perquisites:-
 - a) Contribution to Provident Fund or Annuity fund to the extent that these, either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - c) Encashment of leave at the end of the tenure.
 - d) Leave Travel Concession: For self and Family once in a year as per the rules of the Company.
 - e) Car: Car will be provided by the Company. The expenses connected with the operation will be reimbursed as per the rules of the Company from time to time.
 - f) Telephone: Provision of a telephone at residence. Personal long distance calls shall be billed by the company.

N.B. 1. The above allowances/ benefits/ reimbursements would be subject to the applicable income tax rates.

2. "Family" means dependent children and dependent parents of the managerial person.

None of the other Directors of the Company, except Mr. A. Balan, is interested or concerned in this Resolution. The Resolution is recommended for approval of the shareholders.

Item No.7

As approved at the meeting of the Board of Directors of the Company held on 28th July 2005, Mr. K.V. Nachiappan is reappointed as the Whole-time Director of the Company for a period of Five years from 12th September 2005 to 12th September 2010.

A brief resume of Mr. K.V. Nachiappan, nature of his expertise in specific functional areas and names of companies in which he holds directorship and chairmanship / membership of Board Committees are provided in the Report on Corporate Governance forming part of the Annual Report.

NUMERIC POWER SYSTEMS LIMITED

The remuneration, benefits and perquisites are within the limits prescribed in Schedule XIII of the Companies Act, 1956 and are set out hereunder:

1. Remuneration by way of salary, Dearness Allowances such as House Rent Allowance, Reimbursement of medical expenses incurred for the self and family in accordance with the rules of the company, Personal Accident Insurance and LIC Group insurance Scheme, Club Fees (Subject to a maximum of two clubs) and Gas, Electricity, Water and Furnishings not to exceed Rs.85,000/- per month or Rs.10,20,000/- per annum.
2. In addition to (1) above, he will also be eligible for the following perquisites:-
 - a) Contribution to Provident Fund or Annuity fund to the extent that these, either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - c) Encashment of leave at the end of the tenure.
 - d) Leave Travel Concession: For self and Family once in a year as per the rules of the Company.
 - e) Car: Car will be provided by the Company. The expenses connected with the operation will be reimbursed as per the rules of the Company from time to time.
 - f) Telephone: Provision of a telephone at residence. Personal long distance calls shall be billed by the company.

- N.B. 1. The above allowances/ benefits/ reimbursements would be subject to the applicable income tax rates.
2. "Family" means dependent children and dependent parents of the managerial person.

None of the other Directors of the Company, except Mr. K.V. Nachiappan, is interested or concerned in this Resolution. The Resolution is recommended for approval of the shareholders.

Item Nos.8 and 9.

At the meeting of the Board of Directors of the Company held on 11th June 2005, Mr. N. Natarajan and Mr. B.G.Giri were appointed as Additional Directors to the Board. They hold office up to this Annual General Meeting and are eligible for appointment.

A brief resume of Mr. N.Natarajan and Mr. B. G. Giri, nature of their expertise in specific functional areas and names of companies in which they hold directorship and chairmanship / membership of Board Committees are provided in the Report on Corporate Governance forming part of the Annual Report.

Notices under Section 257 of the Companies Act, 1956 have been received from members proposing the appointments of Mr. N. Natarajan and Mr. B.G.Giri as Directors of the Company. Accordingly resolutions under Items 8 and 9 of the notice are submitted for the approval of the Shareholders.

Your Directors recommend the resolutions for your approval.

Mr. N. Natarajan and Mr. B. G. Giri are interested in the resolution relating to their respective appointments and hold 25 and 100 equity shares of the Company in their name respectively.

By Order of the Board

Chennai
May 29, 2006

C. GAYATHRI
Company Secretary



NUMERIC POWER SYSTEMS LIMITED

CHAIRMAN	:	Mr. R. VEERAMANI
DIRECTORS	:	Mr. R. CHELLAPPAN, <i>Managing Director</i> Mr. V.M. SIVASUBRAMANIAM Mr. K.P. SIVANANDAM Mr. JOHN J. DHYANCHAND Mr. A. BALAN Mr. K.V. NACHIAPPAN Mr. N. NATARAJAN Mr. B.G. GIRI Mr. DONALD GENE FAIR (<i>Director upto 10.06.2005</i>)
COMPANY SECRETARY	:	Miss. C. GAYATHRI
AUDITORS	:	M/s. S.R. BATLIBOI & ASSOCIATES Chartered Accountants TPL House, Second Floor, 3, Cenotaph Road, Teynampet, Chennai – 600 018.
BANKERS	:	STATE BANK OF MYSORE Santhome and Industrial Finance Branch, Teynampet, Chennai. BNP PARIBAS Prince Towers, 25/26, College Road, Chennai – 600 006. STATE BANK OF INDIA Industrial Finance Branch, 103, Anna Salai, Chennai – 600 002. HDFC BANK LIMITED, Mariam Centre Branch, 751-B Anna Salai, Chennai – 600 002. HSBC LIMITED, 30, Rajaji Salai, Chennai – 600 001.
REGISTERED OFFICE	:	'NUMERIC HOUSE' 5, Sir P.S. Sivasamy Salai, Mylapore, Chennai – 600 004.
FACTORY	:	UNIT I : Plot No.B-69, Door No.47, PIPDIC Industrial Estate, Sedarapet, Pondicherry – 605 111. UNIT II : 33/1, PIPDIC Industrial Estate, Sedarapet, Pondicherry – 605 111. UNIT III: R.S. No.33/5, 100 Feet Road, Gayathri Nagar, Mudhaliarpet, Pondicherry – 605 004. UNIT IV: R.S. No.218/6, ECR Bypass Road, Lawspet, Pondicherry – 605 008. UNIT V: Shiva Building Sector-2, Village Dangyar, Kasauli Road, PARWANOO – 173220, Dist. Solan, Himachal Pradesh. EHTP DIV: No.80, Kamarajar Salai, Ground Floor, Raja Annamalaipuram, Chennai – 600 028. Fabrication and Stabiliser Division: 122/1, Old Mahabalipuram Road, Semmancherry, Chennai – 600 119.

NUMERIC POWER SYSTEMS LIMITED**C O N T E N T S**

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DIRECTORS' REPORT

We all at NUMERIC have great pleasure in thanking our valuable Investors and Financial Institutions who have been with the company all these years and we are very glad to welcome all the new investors for their good support and being the shareowners of NUMERIC POWER SYSTEMS LIMITED.

We are pleased to present our Eleventh Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March 2006.

GROWTH OF THE COMPANY

As in the past our company NUMERIC has achieved a respectable growth and recorded 35.7% in Revenue (excluding Direct sales by principals) and this performance has also been translated into an EPS growth of 20% during the Financial Year 2005 – 2006.

MANUFACTURING FACILITIES & OFFICE DETAILS IN INDIA

For the benefit of all the new and existing shareowners we are very pleased to list below the facilities and activities of our company NUMERIC:

UNIT - I (MAGNETICS PLANT AT PONDICHERRY): Design & Manufacture of Transformers and wound components / coils for our own captive consumption. This plant was purchased during early part of 1995 located in the PIPDIC Industrial Area, Sedarapet, Pondicherry.

UNIT - II (UPS PLANT AT PONDICHERRY): Design, Manufacture, Sales & Service of NUMERIC brand UPS systems. This plant is equipped with modern assembly systems and conveyor line. NUMERIC purchased the land, built the facility and inaugurated during July 1995. This plant is located at Sedarapet - PIPDIC Estate, Pondicherry.

UNIT - III (UPS PLANT AT PONDICHERRY - CUDDALORE ROAD): This leased facility produces and supplies the recently launched NUMERIC Digital HP range of UPS systems to the IT / Distribution and the fast growing banking markets in good volumes. The products are 1Ph / 1 Ph NUMERIC Digital HP series.

UNIT - IV (UPS PLANT AT PONDICHERRY - ECR): This is our plant that supplies the recently launched NUMERIC Digital HPE range of UPS systems to the IT / Distribution and the Corporate segment. The products from this new unit are 3Ph / 1 Ph type NUMERIC Digital HPE series.

UNIT - V (UPS PLANT AT PARWANOO): This is our new plant that supplies Numeric Digital HP and HPE range of UPS Systems to the IT / Distribution and the Corporate segment to support the Northern India market. We inaugurated this facility during September 2005 and started sales of our products successfully.

CNC FABRICATION PLANT (CHENNAI – OLD MAHABALIPURAM ROAD): This is a modern sheet metal process and powder coating facility equipped with Murata – Japan CNC (Computer Numerical Control) punching system, DARLEY – Holland CNC forming & press brake and GEMA – Switzerland made Powder Coating work station. We established this plant during December 1995.

STABILISER MANUFACTURING PLANT (CHENNAI – OLD MAHABALIPURAM ROAD): The Stabilisers and Power Conditioning accessories are manufactured in this plant and this unit supports NUMERIC as a total Power conditioning Systems company in India. From this plant we are also exporting Stabilisers and Isolation Transformers in addition to our own captive consumption and sales with UPS systems.

The above two plants were built in our own land and established in the year 1995 and 2001 respectively with additional space / land available for future expansion.

EHTP: A 100% EOU under the STPI / EHTP (ELECTRONIC HARDWARE TECHNOLOGY PARKS) scheme promoted towards support of exports – located in Chennai. This facility has achieved a major milestone of winning orders from MNC customers for the design, manufacture and supply UL approved power products. These products are exported to Canada, UK and China from this EHTP facility and also we export our NUMERIC brand UPS systems to South America, Singapore, Mauritius and Africa.

The Company has established a Regional Hub with warehouse facility in Panchkula (near Chandigarh), for maintaining stocks of all fast moving UPS systems and accessories. This will enable NUMERIC meet increasing customer demands (from Northern region) and to reduce the delivery lead time substantially.

NUMERIC POWER SYSTEMS LIMITED

SALES & SERVICE LOCATIONS: In order to increase the market reach and efficient services to all our customers we have established our presence in India at 156 locations and most of these are performing as Sales & Service offices. We have added 34 centers during the year 2005 - 2006 with a move to remain close to our customers.

NUMERIC UPS DISTRIBUTION: Our team has been very successful in developing partnership with three major IT sales & distribution companies that are highly professional in conducting business. With the support of efficient Product Management Portfolio, we are able to distribute our Off-Line and On-Line products to their all India sales network.

WINDMILLS: We have installed 3 windmills of capacity 500 KW each near Dharapuram in Tamil Nadu. All the three units have been commissioned on 22nd March 2006 and capitalized in the Books of Accounts.

EXTERNAL GROWTH

NUMERIC LANKA TECHNOLOGIES PVT LTD (NLTP) COLOMBO – SRI LANKA:

Our long-term mission on external growth has become a reality through NUMERIC LANKA (a wholly owned subsidiary of NUMERIC POWER SYSTEMS LTD – approved by RBI under ODA) in Colombo - Sri Lanka. We signed an agreement with the BOI (Board of Investment of Sri Lanka) and established our new manufacturing plant in a record time of sixty days for the export of UPS systems and utilise the benefits of ISFTA (Indo Sri Lanka Free Trade Agreement). NLTP was incorporated as a Private limited company in Colombo on 21st January 2003 and exports from Sri Lanka commenced from April 2003.

NUMERIC POWER SYSTEMS PTE LTD - SINGAPORE:

NUMERIC incorporated another 100% wholly owned subsidiary company in Singapore in the path of external growth and this entity has completed its second year of operation. Inaugurated by our Chairman on 9th April 2004, NUMERIC POWER SYSTEMS PTE LTD is engaged in Export of UPS systems to countries like USA, Africa, Mauritius, Sri Lanka and to India Customers directly.

NUMERIC POWER SYSTEMS (MAURITIUS) PRIVATE LIMITED

NUMERIC has extended its global arm to bring the CEDAC Region (East Africa and Indian Ocean region) in its service ambit by incorporating a 100% wholly owned subsidiary in Mauritius on 5th October 2005.

RANGE OF NUMERIC PRODUCTS

0 - 2.2 KVA OFF - LINE & LINE INTERACTIVE UPS SYSTEMS
 0 - 6 KVA DIGITAL HP RANGE OF ON - LINE UPS SYSTEMS
 10 - 60 KVA DIGITAL HPE SERIES ON - LINE UPS SYSTEMS
 0 - 80 KVA NUMERIC HPE 33 RANGE OF UPS SYSTEMS.
 10 - 4800 KVA ADVANCED TECHNOLOGY UPS FROM OVERSEAS PARTNER
 POWER CONDITIONER ACCESSORIES & SERVO STABILISERS
 ELECTRICAL POWER QUALITY AUDITS & SYSTEM DESIGN

CREATION OF PPG (POWER PRODUCTS GROUP)

RANGE OF SEALED LEAD ACID BATTERIES FROM PANASONIC
 Home Inverter 0.5 & 1.0 KVA

MAJOR PROJECTS BEING HANDLED

POWER SECTOR – NUMERIC had successfully executed the Auxiliary Power Systems project for POWER GRID which is a turn-key project involving design, supply, installation and commissioning of total power conditioning systems (both AC and DC) for their SCADA EMS project in the entire North Eastern states of India. Currently NUMERIC is executing a similar project for POWER GRID in the entire western India region.

IT / COMMUNICATION SECTOR – NUMERIC had the success run going strong with major projects coming from MICROSOFT, INTEL, EMC, INFOSYS, WIPRO, CTS, VERITAS, ST MICRO, ST GOBAIN, RBI, ICICI, STOCK EXCHANGE, HDFC, NCR and other major MNC groups.