



The ultimate in clean power

Thirteenth Annual Report

2007 - 2008



NUMERIC POWER SYSTEMS LIMITED



WINNER

15th SD AWARDS

This award is made to
NUMERIC POWER SYSTEMS LTD., Chennai.
For being adjudged

SD's No. 1 Power Electronic Company of the Year.
SD's No. 1 Online UPS Manufacturer of the Year.
SD's No. 1 Line-interactive UPS Manufacturer of the Year.

For the year 2007.

Numeric's HPE & HP Series of Online UPS Systems &
HP Series of line interactive UPSs have been adjudged
Best in Product quality & After Sales Service

in SD's User Satisfaction Survey, 2007.

ISSUED UNDER THE SEAL OF :




Dr. S. SAI KRISHNAN
Editor, SOFTDISK



NUMERIC POWER SYSTEMS LIMITED

CHAIRMAN	:	Mr. R. VEERAMANI
DIRECTORS	:	Mr. R. CHELLAPPAN, <i>Managing Director</i> Mr. V.M. SIVASUBRAMANIAM Mr. K.P. SIVANANDAM (upto 16.6.2008) Mr. A. BALAN Mr. K.V. NACHIAPPAN Mr. N. NATARAJAN Mr. B.G. GIRI Mr. R. VENKATARAGHAVAN
COMPANY SECRETARY	:	Mr. S. KRISHNAMURTHY
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, III Floor, 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, Nagabrahma Towers 76, Cathedral Road, Chennai - 600 086.
REGISTERED OFFICE	:	'NUMERIC HOUSE' 5, Sir P.S. Sivasamy Salai, Mylapore, Chennai – 600 004.
FACTORY	:	UNIT I (EHTP DIV): Door No.5/1080, Plot No.154 Industrial Estate, Perungudi, Chennai - 600 096. 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 IIIS : S. No. 58/3, Nachiyur, Salem Main Road, Veerappan Palayam P.O. Idappadi - 637 105. Salem District 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. UNIT VI: (under construction) Plot-17A, Sector-2 Parwanoo-173220 Himachal Pradesh Fabrication, Transformer and Stabiliser Plant : 122/1, Old Mahabalipuram Road, Semmanchery, Chennai – 600 119.

NUMERIC POWER SYSTEMS LIMITED

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DIRECTORS' REPORT

We have great pleasure to thank all the investors who have been with the company all these years and we are very glad to welcome all the new investors for their good support for being the stakeholders of NUMERIC POWER SYSTEMS LIMITED.

GROWTH OF THE COMPANY:

We had another very successful financial year (FY 2007-08) that had given us a significant growth and put us on top among all the Indian UPS companies for one more time. Our Company has achieved a growth of 42% over the previous year on revenue and the PAT is Rs.4044.52 Lakhs representing a growth of 96.55%. The EPS for FY 2007 – 2008 is Rs.80.04 compared to the previous year EPS at Rs.37.61.

FINANCIAL HIGHLIGHTS:

The Abridged Stand-alone financial results are as under: -

(Rs. in lakhs)

PARTICULARS	for the year ended 31/3/2008	for the year ended 31/3/2007
SALES/INCOME FROM OPERATIONS	41990.51	29570.71
OTHER INCOME	287.57	354.39
SALES AND OTHER INCOME	42278.08	29925.10
LESS: TAXES AND DUTIES	3333.97	2344.68
NET SALES AND OTHER INCOME	38944.11	27580.42
PROFIT BEFORE DEPRECIATION, INTEREST & TAX	5495.99	3016.59
DEPRECIATION	323.20	213.24
PROFIT BEFORE INTEREST, TAX	5172.79	2803.35
INTEREST	502.86	388.08
PROFIT BEFORE TAX	4669.93	2415.27
LESS: TAX (Net)	625.41	357.51
PROFIT AFTER TAX	4044.52	2057.76
LESS: PRIOR PERIOD ITEMS	0.00	177.09
PROFIT AFTER TAX, PRIOR PERIOD ITEMS	4044.52	1880.67
EQUITY CAPITAL	505.29	500.00
RESERVES AND SURPLUS	13514.20	9660.61
EPS (Rs.)	80.04	37.61

DIVIDEND

The Directors have pleasure in recommending a dividend at the rate of 50% on the equity shares of the Company, free of tax in the hands of the shareholders, for the year ended 31st March 2008, subject to approval of the shareholders.

MANUFACTURING FACILITIES & OFFICE DETAILS IN INDIA:

During FY 2007 – 08 there were new additions and reorganization of some of our existing plants / facilities towards optimization of manufacturing to address our future growth. For the benefit of all the new and existing shareowners we are very pleased to list below:

UNIT - I (EHTP): EHTP (ELECTRONIC HARDWARE TECHNOLOGY PARKS) A 100% EOU registered under the STPI for exports – located in Chennai. The CE mark & UL approved power products are exported to several countries.

NUMERIC POWER SYSTEMS LIMITED

UNIT - II (UPS PLANT AT PONDICHERRY): Equipped with modern assembly systems and conveyor line, this plant deals with Design, Manufacture, Sales & Service of NUMERIC brand UPS systems. This plant is under expansion to address a wider range of HPL series.

UNIT - III (UPS PLANT AT PONDICHERRY - CUDDALORE ROAD): Produces and supplies 1Ph / 1 Ph NUMERIC Digital HP series UPS systems.

UNIT III - S (UPS PLANT WITH INTEGRATED CNC SHEET METAL FABRICATION & MAGNETICS): This state-of-the-Art new plant was built during the FY 2007-08 and has been equipped for a high rate of UPS production. This unit also supports the RURAL employment to address the PURA (Providing Urban Resources in Rural Areas) scheme launched by our Past President Prof. Abdul Kalam.

UNIT - IV (UPS PLANT AT PONDICHERRY - ECR): Supplies the NUMERIC Digital HPE range of UPS systems.

UNIT - V (UPS PLANT IN HIMACHAL PRADESH - PARWANOO): This plant supports the North India market for supplying Numeric Digital HP and HPE range of UPS Systems.

UNIT - VI (UPS PLANT WITH INTEGRATED CNC FABRICATION FACILITY IN HIMACHAL PRADESH - PARWANOO): This new facility is under construction in the land acquired from HIMUDA under lease. The construction activities will get over by FY 2008-09.

CNC FABRICATION PLANT (CHENNAI - OLD MAHABALIPURAM ROAD): This modernized Sheet metal process plant has two lines with a fully Automated Powder coating facility.

TRANSFORMERS AND STABILISERS 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.

SALES & SERVICE LOCATIONS: 13 sales and service centers have been added during the year to the existing 201 centers. This has increased the total number of centers to 214 by the year end 31st March 2008. This has helped NUMERIC to extend the market reach and to move even more closer to the customers.

EXTERNAL GROWTH:

The Company has the following wholly owned subsidiaries namely:

1. Numeric Lanka Technologies Pvt. Ltd. - Colombo - Sri Lanka
2. Numeric Power Systems PTE Ltd - Singapore
3. Numeric Power Systems (Mauritius) Private Limited - Mauritius

RANGE OF NUMERIC PRODUCTS:

NUMERIC BRAND:

0.5 - 2 KVA OFF - LINE & LINE INTERACTIVE UPS SYSTEMS
 1 - 3 KVA LINE INTERACTIVE SINE WAVE UPS SYSTEMS
 3 - 20 KVA SINE WAVE INVERTERS
 0.5 - 3 KVA DIGITAL HP RANGE OF ON - LINE UPS SYSTEMS
 5 - 60 KVA DIGITAL HPE SERIES ON - LINE UPS SYSTEMS
 10 - 4800 KVA ADVANCED TECHNOLOGY UPS
 POWER CONDITIONER ACCESSORIES & SERVO STABILISERS
 ELECTRICAL POWER QUALITY AUDITS & SYSTEM DESIGN



NUMERIC –INDIA'S No.1 ON – LINE UPS / No.1 OFFLINE / LINE INTERACTIVE, POWER ELECTRONICS MANUFACTURER

It is our great pleasure to share with all our Investors that our company –NUMERIC has been ranked as No.1 UPS Online UPS Manufacturer, Power Electronic company of the year for the last 15 years all in a row. **Apart from the above, SD has also awarded us the No.1 Offline / Line Interactive UPS manufacturer for the year 2007**. The journals from the Association of Computer Professionals in India -SOFTDISK made a qualitative research on all India basis and publish the data every year.

SOLAR ENERGY PROJECTS:

NUMERIC has entered into Solar Power area and started implementing projects in a commendable way to address the following categories of Energy generation using Photo Voltaic Modules and Numeric expertise:

- Stand alone and Distributed Mini Grid Systems
- Solar Hybrid UPS Systems
- Grid Connected Solar Power Farms

AWARDS WON

1. SOFT DISK - SD Awards 2007
 - No.1 On-Line UPS Manufacturer(15th Consecutive Year)
 - No.1 Power Electronic Company of the Year(15th Consecutive Year)
 - No.1 Off-Line /Line-interactive UPS Manufacturer of the year (2nd consecutive Year)
 - A++ Soft Disk rating for USER SATISFACTION SURVEY -2007
2. FROST & SULLIVAN -2005 INDIAN UPS INDUSTRY AWARDS
 - MARKET LEADERSHIP AWARD
3. FROST & SULLIVAN -2004 INDIAN UPS INDUSTRY AWARDS
 - CUSTOMER SERVICE LEADERSHIP -MANUFACTURING SEGMENT
 - PRODUCT LINE LEADERSHIP –BANKING,INSURANCE AND N.B.F.C SEGMENT
4. INTERNATIONAL FACILITY MANAGEMENT ASSOCIATION (IFMA) AWARD FOR EXCELLENCE 2004
 - BEST SERVICE PROVIDER , Category :M& E Suppliers

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors hereby report under Section 217 (2AA) of the Companies Act, 1956, that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
 - (ii) The directors had selected such accounting policies and applied them consistently and made judgements 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 of the profit of the company for the year;
 - (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- and
- (iv) The directors have prepared the annual accounts on a going concern basis.

NUMERIC POWER SYSTEMS LIMITED

DIRECTORS

Appointment

At the meeting of the Board of Directors of the Company held on 16th June 2008, Mr. R. Venkataraghavan was appointed as an Additional Director. His appointment requires approval of the members at the ensuing Annual General Meeting.

RE-APPOINTMENT

Mr. N. Natarajan and Mr. B. G. Giri retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

RESIGNATION

Mr. K.P. Sivanandam has tendered his resignation to the Board of Directors which was accepted at the Board Meeting held on 16th June 2008. The Directors place on record their appreciation of Mr. K.P. Sivanandam's excellent support and services during his tenure.

COMPANY SECRETARY AND COMPLIANCE OFFICER

At the meeting of the Board of Directors of the Company held on 30th October 2007, Mr. S. Krishnamurthy was appointed as Company Secretary and Compliance Officer of the Company with effect from 1.11.2007, in place of Ms. C. Gayathri, who tendered her resignation, which was accepted by the Board of Directors.

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

Particulars of Employees drawing remuneration of Rs.24 lakhs and above during the year or Rs.2 lakhs per month for a part of the year, as per Section 217 (2A) of the Companies Act, 1956 and the Rules framed there under :

Sl. No.	Name / Qualification Designation	Age	Date of (Yrs)	Experience Commencement	Total Remuneration (Rs.)	Last Employment
1	R. CHELLAPPAN B.E., I.E.E.E. Managing Director	55	1.5.1995	36 yrs.	62.21 lakhs	Business

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with the (Companies Disclosure of Particulars in the Report of the Board of Directors) Rules, are annexed.

CORPORATE GOVERNANCE

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

A Compliance Certificate from Mr. R. Kannan, Practicing Company Secretary, regarding compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause, is annexed to this report.



RESULTS OF SUBSIDIARY COMPANIES

Information relating to the following subsidiary companies for the year ended March 31, 2008, are attached to this Report.

1. Numeric Lanka Technologies Pvt. Limited, Sri Lanka.
2. Numeric Power Systems Pte. Limited, Singapore.
3. Numeric Power Systems (Mauritius) Private Ltd, Mauritius.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for investments in Associates in consolidated financial statements and AS-27 on Financial Reporting of interests in Joint Ventures, we have attached the consolidated financial statements which form part of the Annual Report and Accounts.

AUDITORS

M/s. S.R. Batliboi & Associates, Chartered Accountants, TPL House, Second Floor, 3, Cenotaph Road, Chennai – 600 018 retire at the ensuing Annual General Meeting, and are eligible for reappointment.

ACKNOWLEDGMENT

Your Board places on record its appreciation of the support and co-operation received from the Government of India, State Governments, Financial Institutions, Banks, Suppliers, Customers and Vendors, whom your company looks upon as valued partners in progress. Your Directors commend the zeal and zest of employees at all levels culminating in the Company setting yet another new record on its operational performance for the year and also wish to thank the shareholders for their continued patronage and confidence reposed on the Management.

For and on behalf of the Board of Directors

Chennai
27 June 2008

A.BALAN
Director

R.CHELLAPPAN
Managing Director

NUMERIC POWER SYSTEMS LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, FOREIGN EXCHANGE ETC.

A. CONSERVATION OF ENERGY	Introduction of new technology in products sold.	
B. RESEARCH & DEVELOPMENT		
1. Specific areas in which R&D carried out by the Company.	: 1. Complete Design and Development of HPX series new version UPS systems using "Embedded Controller" 2. Design and Development of a range of Solar Charge Controllers. 3. Implementation of RoHS (Restriction of Hazardous Substances in Electrical and Electronic Equipments) Compliance in our products. 4. CE Making-Product Certification for HP and HPE UPS systems from 700vA to 20kvA. 5. Design and Development of Static Stabilizers 6. HPX series has features that made this model fully Solar Compatible. Currently our R&D is working on MPPT interface. 7. Numeric is actively engaged in Power Quality Improvement Projects with IIT / Anna University - Madras.	
2. Benefits derived as a result of the above R & D.	: 1. Enhanced the overall performance of the UPS, reduces the harness and manufacturing time. 2. Provides most efficient and affordable energy alternatives. Reduces pollution and green house gas emission from local power plants. Combats Global Warming 3. Global Developments towards the trend of regulating restricted substances in Electrical and Electronic Products. 4. Provides product conformity assurance and helps to gain Global Market Access. 5. Reduces the harness, size and manufacturing time. Less Maintenance	
3. Future Plan of Action	: 1. Implementation of RoHS Compliances in the entire range of products. 2. EMI / EMC Compliance as per IEC Standards for new version UPS Systems.	
4. Expenditure on R & D	: Rs. 200 Lakhs	
C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION		
1. Efforts made towards Technology absorption, adaptation and innovation	: Launch of DSP based UPS systems, with remote monitoring system	
2. Benefits derived as a result of the above efforts.	: Enhanced overall performance by modular approach	
3. Technology imported	: NIL	
D. EXTERNAL GROWTH	: More overseas focus for export promotion.	
E. FOREIGN EXCHANGE EARNINGS AND OUTGO :	(Rs. in Lakhs) 2007-2008	(Rs. in Lakhs) 2006-2007
Foreign Exchange Earnings:		
Export Sales and Trade Receipts	524.89	229.22
Commission received	13.82	124.69
Dividend	46.96	—
Royalty and Technical Services	5.24	6.85
Others	—	—
Foreign Exchange Outflow :		
Import of Machinery & Advance payments.	48.74	67.37
Import of Materials (Net)	14050.10	10746.96
Travelling Expenditure (Net)	10.57	11.73
Other expenditure	1.42	—
Dividend	18.41	18.48