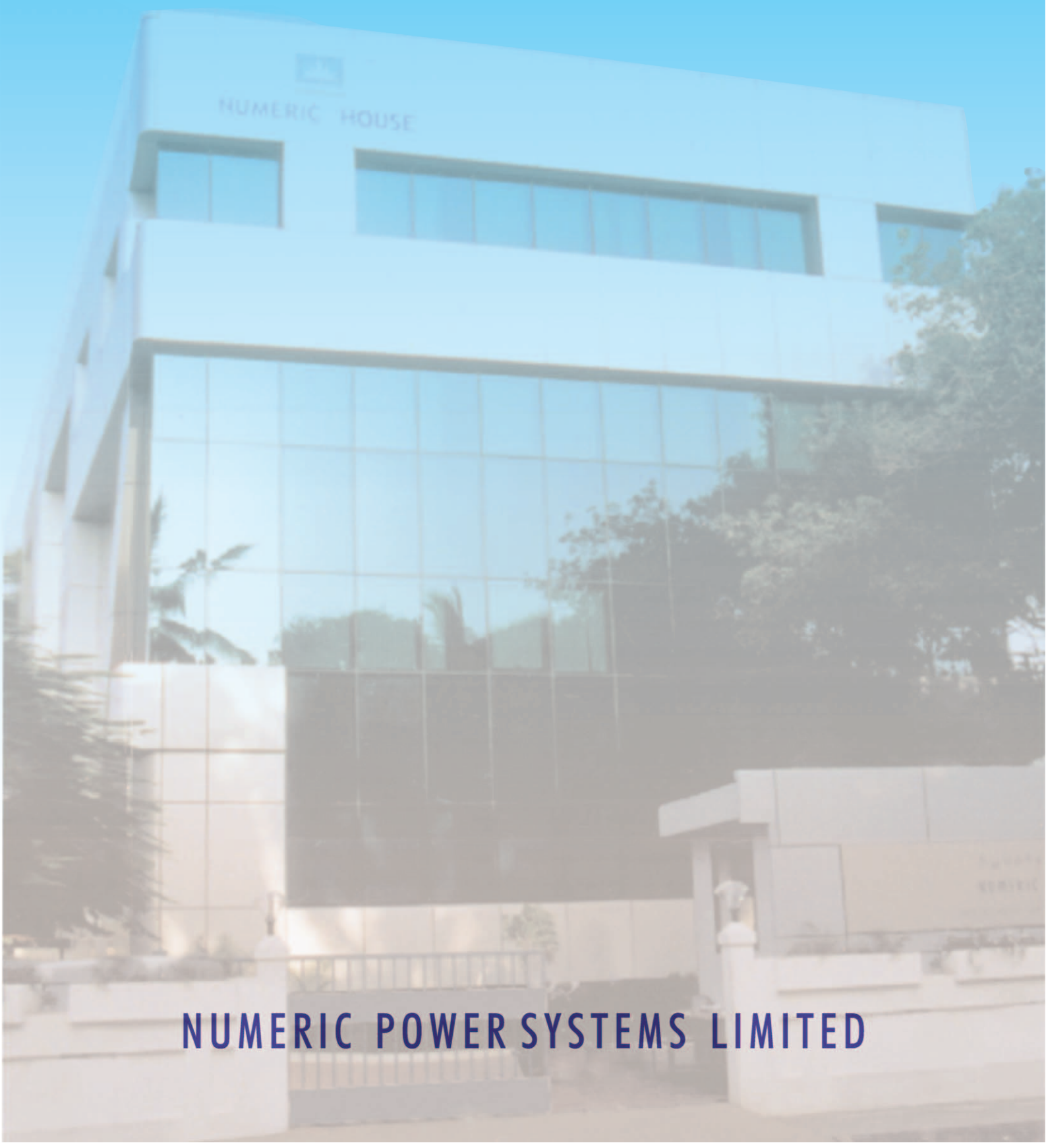




*The ultimate in clean power*

# Thirteenth Annual Report 2007 - 2008



**NUMERIC POWER SYSTEMS LIMITED**



**WINNER**

## 15<sup>th</sup> 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



## 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)

(Rs. in Lakhs)

2007-2008

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



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. ASSET MANAGEMENT & LOSS PREVENTION**

The company has taken advance measurement towards Asset management and Loss prevention and exploring the possibility to achieve the above using RFID / Wireless communication and monitoring the logistics and important Current and Non-Current Assets

### **2. RISKS AND CONCERNS**

NUMERIC continuously monitors business and operations risk through an efficient risk management system. All Key functions and divisions are independently responsible to monitor risks associated within their respective areas of operations such as production, insurance, legal and other issues like health, safety and environment.

During the year the Board of Directors of the Company had constituted a Committee to review the risk assessment and minimization procedures and to ensure that the management controls risk through proper minimization procedure.

### **3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has proper and effective internal control systems commensurate with its nature of business and size of operations to ensure that all controls and procedures function satisfactorily at all times and all policies are duly complied with in this regard. These are considered adequate to safeguard its assets against loss or misappropriation through unauthorized or unintended use.

There is adequate and effective internal control system that employs periodic checks on on-going process. The Audit Committee of the Board of Directors regularly reviews the effectiveness of Internal control system in order to ensure due and proper implementation and due compliance with applicable laws, accounting standards and regulatory guidelines.

### **4. FINANCIAL PERFORMANCE with respect to operational performance**

The Sales Turnover of the Company registered an increase of 42% as compared to the previous year (FY 2006–07) and the profit after tax went up from Rs.1880.67 lakhs to Rs. 4044.52 lakhs during the current year (FY 2007 – 08) registering a PAT increase of 96.55% before consolidation.

### **5. HUMAN RESOURCES**

The Company continues to maintain cordial and harmonious industrial relationship with all its Employees. The total staff strength of the Company as on 31.3.2007 was 1359 which increased to 1662 during the year ended 31.03.08.

### **6. NUMERIC WELFARE / SOCIAL ACTIVITIES**

NUMERIC is highly committed to its Corporate Social Responsibility. NUMERIC sponsors several sports and social welfare activities to derive internal team building. A welfare society named NUMERIC EMPLOYEES' WELFARE TRUST has been set up with its main object of working towards the welfare of its employees.

## NUMERIC POWER SYSTEMS LIMITED

### 7. ENVIRONMENT MANAGEMENT:

The Company has undergone Surveillance audit for SA 8000 and EMS successfully. The Company has an Environmental Policy, which is read every morning in the Public Announcement System along with the Quality Policy so as to make the employees conscious of their roles and responsibilities in achieving conformity with the requirements of the environment management system. The Policy goes as under:

NUMERIC is committed,

To minimize the environmental impact of its operations by a fully involved EMS Program,

With continual improvement strategies,

By Providing Products and Services that are environmentally sound throughout their lifecycle,

Creating Health & Safety Practices and Work environment,

Strong practices to protect the Natural Resources like Land, Air, Water and conservation of Energy,

Complying with all the applicable legal and other requirements and reaching higher standards,

Setting and tracking measurable environmental objectives to mitigate adverse impacts on Environment,

Evaluating and continually improving our Environmental performance.

### 8. CAUTIONARY STATEMENT

Certain statements in this Management Discussion and Analysis Report describing the company may be 'Forward Looking Statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

For and on behalf of the Board of Directors

Chennai  
27 June 2008

A.BALAN  
Director

R.CHELLAPPAN  
Managing Director

**CEO and CFO CERTIFICATION**  
**(Pursuant to Clause 49 (V) of the Listing Agreement)**

Date: 27.06.2008

The Board of Directors  
Numeric Power Systems Limited  
'Numeric House'  
No.5, Sir. P. S. Sivasamy Salai,  
Mylapore  
Chennai – 600 004

**Certification by Chief Executive Officer and Chief Financial Officer**

We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2008 and to the best of our knowledge and belief we hereby certify that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions were entered into by the company during the year April 2007 – March 2008 which are fraudulent, illegal or in violation of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company. Based on our most recent evaluation, no deficiencies in the design or operation of controls were noted.
5. We have indicated to the Auditors and the Audit Committee that:
  - (a) There are no significant changes in internal control over financial reporting during the year.
  - (b) There has been a significant change in the accounting policy during the year and the same has been disclosed in the notes to the financial statements.
  - (c) There have been no instances of fraud.
6. We further declare that all Board Members and Senior Managerial personnel have affirmed compliance with the code of conduct for the current year.

**R. CHELLAPPAN**  
Managing Director

**S. BHAMA**  
AGM, Finance & Accounts

**REPORT ON CORPORATE GOVERNANCE**

(As required by Clause 49 of the Listing Agreement with Stock Exchanges)

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company upholds the core values of transparency, integrity and accountability in all facets of its operations and maintains the highest standards of Corporate Governance in its conduct towards the shareholders, customers, suppliers and the Government. The Company believes that good Corporate Governance practices enable the Management to direct and control the affairs of the company in an efficient manner and to achieve the goal of maximizing value for all its stakeholders.

**2. BOARD OF DIRECTORS**

**Composition and Category of Directors**

Executive Directors : 3  
Non-Executive Directors : 5

Name of Director	Category	No. of other Directorship		Committee Memberships in other companies	Committee Chairmanships in other companies	
		Pvt. Ltd. Co.	Public Ltd.Co.			
Mr. R. Veeramani	Chairman	Non-Executive	6	11	1	-
Mr. R. Chellappan	Managing Director	Executive	8	1	-	-
Mr. A. Balan	Director	Executive	3	-	-	-
Mr. K.V. Nachiappan	Director	Executive	1	-	-	-
Mr. K.P. Sivanandam	Director (Upto 16.6.08)	Non-Executive	-	1	-	-
Mr. V.M. Sivasubramaniam	Director	Non-Executive, Independent	-	-	-	-
Mr. N. Natarajan	Director	Non-Executive, Independent	-	-	-	-
Mr. B.G. Giri	Director	Non-Executive, Independent	1	-	-	-
Mr. B. Ravi	Alternate Director to Mr. V.M. Sivasubramaniam (Upto 29.9.07)	Non-Executive, Independent	-	-	1	-
Mr. R.Venkataraghavan was appointed as Additional Director, (Non-Executive, Independent) with effect from 16.6.08.			-	-	-	-

The composition of the Board is in conformity with the Listing Agreement.

**Information pursuant to Clause 49 IV (G) of the Listing Agreement: A brief resume and names of the companies in which directors, who are being re-appointed, hold Directorship / Committee membership are given below:**

**APPOINTMENT OF DIRECTOR**

**Mr. R. Venkataraghavan** was appointed as an additional Director under the provisions of Section 260 of the Companies Act, 1956 in the meeting of the Board of Directors of the Company held on 16th June 2008.

**Profile of Mr. R. Venkataraghavan**

Full name : Rangachari Venkataraghavan.  
DOB : 04-04-1942.  
Qualification : B.Com.,B.L.  
Profession : Advocate  
Member : Maharashtra-Goa Bar Council

**Experience:**

Served erstwhile ICICI Ltd.,now ICICI Bank Ltd, for 28 long years ( 1972-2000) ,held different positions, was its nominee Director on Madura coats,erstwhile Tata Telecom etc., to name a few, and retired in 2000, as its General Manager. Was practising as an Advocate in Madras High Court from 1966 to 1972 and after retirement in 2000, came back to the Legal profession, became a partner in a Mumbai Law firm, M/s.Pandya & Poonawala,Advocates and Solicitors,mainly into Real Estate legal matters, and a member of the Maharashtra-Goa Bar Council.Recently tendered resignation as a Director on Free Press House Ltd., Mumbai. At present he is a Consultant to IFMR, Chennai.

Relationship between directors inter-se: None

**RE-APPOINTMENT OF DIRECTORS**

Pursuant to Sec.255 of the Companies Act, 1956, the following Directors, who retire at this meeting and are eligible for reappointment:

**Mr. N. Natarajan** was appointed as a Director of the Company at the Eleventh Annual General Meeting held on 8th July 2006, whose period of office is liable to retirement of Directors by rotation and will be proposed for reappointment as a Director of the Company.

**Profile of Mr. N. Natarajan**

Mr. N. Natarajan is 68 years of age and has held a very high respectable professional career, starting out as a structural engineer to become a Management Specialist in Finance, Projects, Infrastructure, Operations and General Management. He worked with and had led teams of multidisciplinary, multinational and multicultural professionals in large government and private organizations and acted as an agent of innovation and change. He has successfully fitted into diverse organizations as an effective team member and contributed new ideas and initiatives.

Mr. N. Natarajan does not hold directorship and membership of Board committee in any other Company.

Relationship between directors inter-se: None

**Mr. B.G. Giri** was appointed as a Director of the Company at the Eleventh Annual General Meeting held on 8th July 2006, whose period of office is liable to retirement of Directors by rotation and will be proposed for reappointment as a Director of the Company.

**Profile of Mr. B.G. Giri**

Mr. B.G. Giri is 38 years of age and has held a very high professional career. He has published an article in IBM Site in providing a complete solution to Y2K using the OS/390 USS provided by IBM. He has also been selected by IBM to publish a Redbook on NT integration with MVS along with other team members Work.



## NUMERIC POWER SYSTEMS LIMITED

### Experience:

- CHM2HILL Inc., - Environmental Company based on Denver, CO

He has worked as Conversion Programmer in converting the manual CAD designs to AUTOCAD format. In this role he has worked as team member in developing conversion and validation routine.

- TATA Consultancy Services, Chennai

Started a career as MVS Systems Programmer and rose to the level of Group Leader to head the Systems Management Group of TCS in a span of 6 Years. During his association with TCS, he has worked with various clients across the globe in providing various services ranging from Product Design, Architect, Performance & Tuning, Support Solutions & Security Services spread across different domains covering BFSI, Retail, Telecommunication, Securities, Transportation, Pharmaceuticals.

Mr. B.G. Giri is the Director of M/s. Kinship Technologies Private Limited and does not hold membership of Board committees in any other company.

Relationship between directors inter-se: None

**The number of shares held by Non- executive Directors, as on 31.03.2008 is given below.**

Name of Director	Category	Number of shares held
Mr. R. Veeramani	Chairman	1,00,000
Mr. K.P. Sivanandam	Director (upto 16.6.2008)	5,000
Mr. V.M. Sivasubramaniam	Independent Director	100
Mr. N. Natarajan	Independent Director	25
Mr. B.G. Giri	Independent Director	100

The Company has not issued any convertible instruments.

### ii) Details of Board Meetings

Board meetings held during the Financial Year 2007-2008

No. of Board meetings held: 10

Date of meeting:

04.06.2007

22.06.2007

27.06.2007

30.07.2007

28.09.2007

30.10.2007

05.11.2007

21.11.2007

28.01.2008

14.03.2008

**iii) Attendance of Directors at the Board Meetings and last AGM**

<b>Name</b>	<b>No. of Board Meetings attended</b>	<b>Attended Last AGM</b>
Mr. R. Veeramani	3	Yes
Mr. R. Chellappan	10	Yes
Mr. A. Balan	10	Yes
Mr. K.V. Nachiappan	10	Yes
Mr. K.P. Sivanandam	-	No
Mr. V.M. Sivasubramaniam	2	No
Mr. N. Natarajan	4	Yes
Mr. B. Ravi	2	No
(Alternate Director to Mr.V.M. Sivasubramaniam)		
Mr. B.G. Giri	3	Yes

**3. AUDIT COMMITTEE**

**i) Composition of Audit Committee as on 31.03.2008**

The Audit Committee comprises of three Non-Executive Independent Directors:-

- 1) Mr. V.M. Sivasubramaniam
- 2) Mr. N. Natarajan
- 3) Mr. B.G. Giri

Mr. V.M. Sivasubramaniam is the Chairman of the Committee, having financial and accounting knowledge.

**ii) Terms of Reference:**

The functioning and terms of reference of the Audit Committee are as prescribed under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges and they are as under.

- (a) To review financial statements and pre-publication announcements before submission to the Board.
- (b) To ensure compliance of internal control systems and action taken on internal audit reports.
- (c) To apprise the Board on the impact of accounting policies, accounting standards, legislation and Stock Exchange compliance.
- (d) To hold periodical discussions with statutory auditors on the scope and content of the audit.
- (e) To review the Company's financial and risk management policies.
- (f) To review related party transactions of material nature, if any.
- (g) To obtain outside legal or other professional advice.
- (h) To investigate any activity within its terms of reference.

## NUMERIC POWER SYSTEMS LIMITED

### iii) Details of the Audit Committee Meetings

<u>Date of Meeting</u>	<u>No. of members attended</u>
26.06.2007	2
27.07.2007	3
29.10.2007	3
24.01.2008	3

The Audit Committee adheres to the SEBI Guidelines in terms of quorum for its meetings, functioning, role and powers as also set out in the Companies Act, 1956.

### 4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

- (i) The Board of Directors had constituted Shareholders'/Investors' Grievance Committee to redress the shareholders'/ investors' complaints. The composition of the Committee as on 31.03.2008, is as follows:-

1. Mr. V.M. Sivasubramaniam, Director
2. Mr. A. Balan, Director
3. Mr. S. Krishnamurthy, Company Secretary

#### Details of Meetings held:

26.06.2007  
27.07.2007  
29.10.2007  
24.01.2008

- (ii) Name of Non-Executive Director heading the committee : Mr. V.M. Sivasubramaniam, Director.

- (iii) Name and designation of Compliance Officer : Mr. S. Krishnamurthy,  
Company Secretary

- (iv) Number of Shareholders' complaints received so far : NIL

- (v) Number not solved to the satisfaction of Shareholders : NIL

- (vi) Number of pending complaints : NIL

- (vii) The Company had designated an email ID: cg.ird@numericups.com for the purpose of registering complaints by investors.

### BORROWING COMMITTEE

The Board of Directors of the Company had constituted a Committee called the "Borrowing Committee" to review the existing financial limits being availed of by the Company and sanctioning of additional limits required, subject to the total borrowing limits fixed by the Board and as approved by the shareholders at the General Meeting.

The composition of Borrowing Committee is as follows:-

1. Mr. R. Chellappan, Managing Director
2. Mr. A. Balan, Director
3. Mr. K.V. Nachiappan, Director

## RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company had constituted a Committee called the "Risk Management Committee" with the following Members:

1. Mr. R. Chellappan, Managing Director
2. Mr. N. Natarajan, Independent Director,
3. Mr. A. Balan, Director
4. Mr. K.V. Nachiappan, Director

This Risk Management Committee will periodically review the risk assessment and minimization procedures and to ensure that the management controls risk through proper minimization procedure.

## 5. REMUNERATION TO DIRECTORS

Details of remuneration paid / payable to Directors for the year ended 31<sup>st</sup> March 2008:

(Rupees)

Name of Director	Sitting fees	Commission on profits	Salary	Contribution to PF	Perquisites	Total
Mr. R. Veeramani	7,500	-	-	-	-	7,500
Mr. R. Chellappan	-	47,21,022	15,00,000	-	-	62,21,022
Mr. A. Balan	-	-	12,00,000	-	-	12,00,000
Mr. K.V. Nachiappan	-	-	85,000	-	-	85,000
Mr. K.P. Sivanandam	-	-	-	-	-	-
Mr. V.M. Sivasubramaniam	15,000	-	-	-	-	15,000
Mr. B.Ravi, Alternate Director to Mr.V.M. Sivasubramaniam	17,500	-	-	-	-	17,500
Mr. N. Natarajan	22,500	-	-	-	-	22,500
Mr. B.G. Giri	15,000	-	-	-	-	15,000

The Executive Directors are paid remuneration as determined by the Board of Directors and approved by the Shareholders at the General Meetings.

Every Non-Executive Director is paid an amount of Rs.2,500/- (Rupees two thousand and five hundred only) as sitting fees for every meeting of the Board/Committee attended by him; in addition, he will be reimbursed conveyance and/or other incidental expenses for attending such meetings. The sitting fees have been increased to Rs.5,000/- per meeting effective 27th June 2008.

Pecuniary relationship or transactions of the non-executive directors vis-à-vis the company: Nil

The company has not granted stock options to any director or employee of the company or any other person.

## 6. CODE OF CONDUCT

The company's Code of Conduct has been complied with by all the members of the Board and senior management of the company.

The declaration signed by the CEO and CFO, affirming compliance with Code of Conduct by all the Board members and Senior Management Personnel, is included in the Annual Report.

## NUMERIC POWER SYSTEMS LIMITED

### 7. DETAILS OF GENERAL MEETINGS

i) The last three AGMs & EGM of the Company were held as under:

Year	Venue	Day & Date	Time
10th AGM 1.10.2003 to 31.3.2005 (18 months' period)	Registered Office: 'Numeric House' No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai - 600 004	Saturday, 28th May 2005	4:00 P.M.
11th AGM 1.4.2005 to 31.3.2006	Registered Office: 'Numeric House' No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai - 600 004	Saturday, 8th July 2006	4:00 P.M.
Extraordinary General Meeting	Registered Office: 'Numeric House' No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai - 600 004	Saturday, 17th March 2007	4:00 P.M.
12th AGM 1.4.2006 to 31.3.2007	Hotel Ramada Raj Park 180, T.T.K. Road Alwarpet Chennai - 600 018	Saturday, 4th August 2007	4:00 P.M.

- ii. Whether any special resolution was passed in the previous 3 AGMs : No
- iii. Whether any special resolution was passed last year through postal ballot – details of voting pattern : No
- iv. Person who conducted the postal ballot exercise : N.A.
- v. Whether any special resolution is proposed to be conducted through postal ballot : No
- vi. Procedure for postal ballot : N.A.
- vii. Dividend History:

S.No.	Financial year	Nature of Dividend	Date of Declaration	Class of shares	Percentage of Dividend declared
1	1.10.1996-30.9.1997	Final	20.03.1998	Equity	10
2	1.10.1997-30.9.1998	Final	27.03.1999	Equity	10
3	1.10.1998-30.9.1999	Final	03.03.2000	Equity	10
4	1.10.1999-30.9.2000	Final	10.02.2001	Equity	20
5	1.10.2000-30.9.2001	Final	16.02.2002	Equity	15
6	1.10.2001-30.9.2002	Final	21.12.2002	Equity	20
7	1.10.2002-30.9.2003	Final	29.11.2003	Equity	30
8	1.10.2003-31.3.2005 (18 months)	Interim Final	27.10.2004 28.05.2005	Equity Equity	20 30
9	1.04.2005-31.03.2006	Final	08.07.2006	Equity	40
10	1.04.2006-31.03.2007	Final	04.08.2007	Equity	45



Pursuant to Section 205C of the Companies Act, 1956, the following unclaimed dividend has been transferred by the Company to the Investor Education and Protection Fund established by the Central Government.

Sl. No.	Financial Year	Date of Declaration	Amount Rs.	Date of remittance to IEPF
1.	01.10.1996-30.09.1997	20.03.1998	5850.00	29.04.2005
2.	01.10.1997-30.09.1998	27.03.1999	6050.00	27.04.2006
3.	01.10.1998-30.09.1999	03.03.2000	7050.00	09.04.2007
4.	01.10.1999-30.09.2000	10.02.2001	13300.00	12.03.2008

## 8. DISCLOSURES

- Related party transactions during the year have been disclosed as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. Details of related party transactions were periodically placed before the Audit Committee. These transactions are not likely to have any conflict with the company's interest.
- In preparation of the financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.
- Business risk evaluation and managing such risks is an ongoing process within the organization. The Board is regularly briefed of risks assessed and the measures adopted by the company to mitigate the risks.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Nil
- No person has been denied access to the Audit Committee.
- The Company has complied with all mandatory requirements of Corporate Governance as per Clause 49 of the Listing Agreement. The Company also complied with the non-mandatory requirements to the following extent:

None of the Independent Directors on the Board have served for a tenure exceeding nine years from the date when the new Clause 49 became effective.

## 9. MEANS OF COMMUNICATION

The Quarterly Unaudited financial results and the Audited Financial result is normally published in the newspapers The Economic Times / Financial Express/ Business Line and Dinamani (Tamil Daily).

The Company's website [www.numericups.com](http://www.numericups.com) contains a separate dedicated section 'Investors' wherein all data related to quarterly financial results, shareholding pattern, Board of directors, Code of conduct for all Board members and senior management of the company, are available.

Details regarding Products & Solutions, Customer support offered, Business associates & Partners, Official news Releases, presentation made to media, etc., are also placed on the Company's website [www.numericups.com](http://www.numericups.com).

Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, is circulated to Members and others entitled thereto. The Report on Corporate Governance forms part of the Annual Report while the Management Discussion and Analysis Report forms part of the Directors' Report.

## NUMERIC POWER SYSTEMS LIMITED

### SEBI EDIFAR:

Annual Report, Quarterly Results, Shareholding Pattern etc., of the Company are also placed on the SEBI EDIFAR website: [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).

Email of the Compliance Officer of the Company : [company.secy@numericups.com](mailto:company.secy@numericups.com)

Telephone Number : 044-24993266

E-mail ID for the purpose of registering complaints by investors : [cg.ird@numericups.com](mailto:cg.ird@numericups.com)

### 10. GENERAL SHAREHOLDERS' INFORMATION

- i. AGM THIRTEENTH ANNUAL GENERAL MEETING  
Day, Date and time Thursday, 14.08.2008 at 11:00 A.M.  
Venue Savera Hotels  
'SANDESH HALL'  
No.146, Dr. Radhakrishnan Road  
Chennai – 600 004
- ii. Financial year 1.4.2007 to 31.03.2008
- iii. Date of Book closure 12.08.2008 to 14.08.2008 [Both days inclusive]
- iv. Dividend Payment Date On or before 12th September 2008.
- v. Listing of equity shares on Stock Exchanges:  
Madras Stock Exchange Ltd  
Post Box No.183  
New No.30 (Old No.11)  
Second Line Beach  
CHENNAI - 600 001  
  
Bombay Stock Exchange Limited  
Floor 25, P. J. Towers,  
Dalal Street,  
MUMBAI 400 001.  
  
National Stock Exchange of India Limited,  
Registered Office: "Exchange Plaza",  
Bandra – Kurla Complex, BANDRA (E),  
MUMBAI – 400 051.
- vi. Stock Code  
Madras Stock Exchange Limited : NPW  
Bombay Stock Exchange Limited : 532051  
National Stock Exchange of India Limited : NUMERICPW

- vii. a) Market Price Data: High, Low during each month in the last financial year 1.4.2007 - 31.3.2008.

**BOMBAY STOCK EXCHANGE LIMITED**

High		Low	
Date	Company's Market price per share (Rs.)	Date	Company's Market price per share (Rs.)
24-Apr-07	444.40	3-Apr-07	296.60
22-May-07	432.45	11-May-07	386.00
29-Jun-07	479.90	8-Jun-07	393.00
2-Jul-07	470.00	27-Jul-07	398.00
3-Aug-07	462.00	23-Aug-07	393.10
25-Sep-07	490.00	12-Sep-07	400.00
31-Oct-07	746.90	1-Oct-07	455.00
6-Nov-07	889.15	29-Nov-07	684.10
31-Dec-07	940.85	5-Dec-07	702.20
7-Jan-08	1,199.00	25-Jan-08	710.00
6-Feb-08	797.00	13-Feb-08	607.90
3-Mar-08	670.00	24-Mar-08	432.50

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

High		Low	
Date	Company's Market price per share (Rs.)	Date	Company's Market price per share (Rs.)
24-Apr-07	445.15	3-Apr-07	296.00
31-May-07	432.00	4-May-07	385.00
29-Jun-07	480.00	8-Jun-07	401.00
2-Jul-07	470.00	30-Jul-07	380.00
1-Aug-07	458.00	23-Aug-07	390.00
10-Sep-07	490.00	20-Sep-07	361.00
31-Oct-07	737.25	26-Oct-07	450.00
6-Nov-07	884.00	28-Nov-07	690.00
31-Dec-07	936.40	6-Dec-07	702.00
7-Jan-08	1,189.00	25-Jan-08	714.90
6-Feb-08	800.00	13-Feb-08	610.15
3-Mar-08	695.00	24-Mar-08	435.00

## NUMERIC POWER SYSTEMS LIMITED

b) Performance in comparison to BSE Sensex and NSE Nifty:

Date	BOMBAY STOCK EXCHANGE LIMITED		NATIONAL STOCK EXCHANGE OF INDIA LIMITED	
	Company's Market Price (Close) per share Rs.	Sensex points (Close)	Company's Market Price (Close) per share Rs.	Nifty points (Close)
30-Apr-07	392.00	13872.37	391.95	4087.90
31-May-07	424.55	14544.46	424.85	4295.80
29-Jun-07	456.90	14650.51	458.80	4318.30
31-Jul-07	459.20	15550.99	454.05	4528.85
31-Aug-07	409.80	15318.60	412.65	4464.00
28-Sep-07	460.85	17291.10	458.65	5021.35
31-Oct-07	746.90	19837.99	737.25	5900.65
30-Nov-07	710.05	19363.19	710.05	5762.75
31-Dec-07	934.75	20286.99	931.70	6138.60
31-Jan-08	751.50	17648.71	753.15	5137.45
29-Feb-08	681.15	17578.72	682.15	5223.50
31-Mar-08	559.25	15644.44	564.15	4734.50

viii) Registrar and Transfer Agents: M/s. Cameo Corporate Services Limited,  
"Subramanian Building", Fifth Floor,  
No.1, Club House Road,  
Chennai – 600 002.

ix) Share transfer system:

The share transfer work is being handled by Company's Registrars & Transfer Agents, M/s. Cameo Corporate Services Limited. The Company has established connectivity with the depositories, namely, National Securities Depository Limited, Mumbai and Central Depository Services (India) Limited, Mumbai. The Company has a Share Transfer Committee comprising of the following members:

- 1) Mr. A.Balan, Director
- 2) Mr. S. Krishnamurthy, Company Secretary

The transfers are approved by the Share transfer Committee and ratified by the Shareholders'/Investors' Grievance Committee and minutes are placed at the Board Meeting. Share transfers are registered and despatched within a period of 30 days from the date of receipt if the documents are correct and valid in all respects.

x) a) Distribution of Shareholding as on 31.03.2008

Shareholding of nominal value of Rs.	No. of shareholders						No. of shares					
	Physical	%	Demat	%	Total	%	Physical	%	Demat	%	Total	%
10 - 5,000	291	4.48	5874	90.47	6165	94.95	46439	0.92	356222	7.05	402661	7.97
5,001 – 10,000	15	0.23	120	1.85	135	2.08	13100	0.26	94650	1.87	107750	2.13
10,001 - 20,000	8	0.12	66	1.02	74	1.14	13500	0.27	95650	1.89	109150	2.16
20,001 - 30,000	7	0.11	20	0.31	27	0.42	18650	0.37	50783	1.01	69433	1.37
30,001 - 40,000	5	0.08	9	0.14	14	0.22	18706	0.37	30960	0.61	49666	0.98
40,001 - 50,000	0	0.00	9	0.14	9	0.14	0	0.00	41516	0.82	41516	0.82
50,001 – 1,00,000	3	0.05	23	0.35	26	0.40	18800	0.37	169818	3.36	188618	3.73
1,00,001 and above	14	0.22	29	0.45	43	0.65	447879	8.86	3636247	71.96	4084126	80.84
<b>Total:</b>	<b>343</b>	<b>5.29</b>	<b>6150</b>	<b>94.73</b>	<b>6493*</b>	<b>100.00</b>	<b>577074</b>	<b>11.42</b>	<b>4475846</b>	<b>88.57</b>	<b>5052920</b>	<b>100.00</b>

\* Total number of shareholders; 6490 (Three shareholders are holding shares in physical and demat form)

b) Shareholding pattern as on 31.03.2008.

Scrip Code : MSE : NPW  
BSE : 532051  
NSE : NUMERICPW

Category Code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	19	2782926	2647091	55.08	55.08
(b)	Central Government/ State Government(s)					
(c)	Bodies Corporate	1	15		0.00	0.00
(d)	Financial Institutions/ Banks					
(e)	Any Others(Specify)					
(e-i)						
(e-ii)						
	<b>Sub Total(A)(1)</b>	<b>20</b>	<b>2782941</b>	<b>2647091</b>	<b>55.08</b>	<b>55.08</b>
2	Foreign					
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	18	405452	334952	8.02	8.02
b	Bodies Corporate					
c	Institutions					
d	Any Others(Specify)					
d-i						
d-ii						
	<b>Sub Total(A)(2)</b>	<b>18</b>	<b>405452</b>	<b>334952</b>	<b>8.02</b>	<b>8.02</b>
	<b>Total Shareholding of Promoter and Promoter Group (A )= (A)(1)+(A)(2)</b>	<b>38</b>	<b>3188393</b>	<b>2982043</b>	<b>63.10</b>	<b>63.10</b>



## NUMERIC POWER SYSTEMS LIMITED

<b>(B) Public shareholding</b>					
1 Institutions					
(a) Mutual Funds/ UTI	5	396060	396060	7.84	7.84
(b) Financial Institutions / Banks					
(c) Central Government/ State Government(s)					
(d) Venture Capital Funds					
(e) Insurance Companies					
(f) Foreign Institutional Investors	2	17138	17138	0.34	0.34
(g) Foreign Venture Capital Investors					
(h) Any Other (specify)					
(h-i)					
(h-ii)					
<b>Sub-Total (B)(1)</b>	<b>7</b>	<b>413198</b>	<b>413198</b>	<b>8.18</b>	<b>8.18</b>
<b>B 2 Non-institutions</b>					
(a) Bodies Corporate	269	247550	243600	4.90	4.90
(b) Individuals					
I Individual shareholders holding nominal share capital up to Rs 1 lakh	5875	694577	582803	13.75	13.75
II Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	12	400700	204500	7.93	7.93
(c) Any Other (specify)					
(c-i) Clearing Member	27	2011	2011	0.04	0.04
(c-ii) Directors	3	225	225	0.00	0.00
(c-iii) Hindu Undivided Families	170	16626	16626	0.33	0.33
(c-iv) Non Resident Indians	87	30825	30825	0.61	0.61
(c-v) Trusts	2	58815	15	1.16	1.16
<b>Sub-Total (B)(2)</b>	<b>6445</b>	<b>1451329</b>	<b>1080605</b>	<b>28.72</b>	<b>28.72</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>6452</b>	<b>1864527</b>	<b>1493803</b>	<b>36.90</b>	<b>36.90</b>
<b>TOTAL (A)+(B)</b>	<b>6490</b>	<b>5052920</b>	<b>4475846</b>	<b>100</b>	<b>100</b>
(C) Shares held by Custodians and against which Depository Receipts have been issued					
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>6490</b>	<b>5052920</b>	<b>4475846</b>	<b>100</b>	<b>100</b>

xi) Dematerialisation of Shares:

As on 31.03.2008, 44,75,846 equity shares representing 88.58% in the Equity Share Capital is in dematerialised form.

The position regarding dematerialisation/rematerialisation of shares, as on 31.03.2008 as reported by the Registrars & Transfer Agents, M/s.Cameo Corporate Services Limited, Chennai, is as under:-

Dematerialisation	NSDL	CDSL	Total
Total number of requests	353	45	398
Total number of shares	4368710	107200	4475910
Total number of certificates	43055	1078	44133

<b>Rematerialisation</b>		<b>NSDL</b>	<b>CDSL</b>	<b>Total</b>
Total number of requests	:	7	0	7
Total number of shares	:	64	0	64
Total number of certificate issued	:	7	0	7

The above dematerialised shares are credited to National Securities Depository Limited, Mumbai and Central Depository Services (India) Limited, Mumbai. Share certificates have been issued for the rematerialised shares.

xii) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity: Nil

xiii) Plant Locations:

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 Mudhaliarpot, Pondicherry – 605 004
UNIT III S	:	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 & STABILIZER PLANT	:	122/1, Old Mahabalipuram Road Semmancherry Chennai - 600 119
xiv. Address for correspondence	:	'NUMERIC HOUSE' No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai - 600 004, Tamil Nadu

## **NUMERIC POWER SYSTEMS LIMITED**

**R.KANNAN**

Practicing Company Secretary

New No.9, II Floor, 2<sup>nd</sup> Main Road,  
Karpagam Gardens, Adyar,  
Chennai – 600 020  
E-mail : gkrkg@sify.com  
Ph : 044-43511150

**To**

**The Members of Numeric Power Systems Limited  
Chennai**

I have examined the compliance of conditions of Corporate Governance by Numeric Power Systems Limited, Chennai for the year ended on March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations, records, given to me during the secretarial audit, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement executed with the Stock Exchanges.

PLACE: CHENNAI  
DATE: 27<sup>TH</sup> JUNE 2008

**R. KANNAN**  
**CP No. 3363**

## AUDITORS' REPORT

To

### The Members of Numeric Power Systems Limited

1. We have audited the attached Balance Sheet of Numeric Power Systems Limited ('the Company') as at March 31, 2008 and also the Profit and Loss account and the 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.
2. 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 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. 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 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 the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. 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, 2008;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S. R. Batliboi & Associates**

Chartered Accountants

**per S. Balasubrahmanyam**

a Partner

Membership No.: 053315

Chennai

June 27, 2008

## NUMERIC POWER SYSTEMS LIMITED

### **Annexure referred to in paragraph 3 of our report of even date Re: Numeric Power Systems Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of the fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.



- (ix) (a) Undisputed statutory dues including investor education and protection fund, provident fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess, income tax deducted at source and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	CENVAT credit related matters	*	1998 to 2002	Verification of the records by Commissioner of investigation as per the Order of Settlement Commission is pending.
Central Excise Act, 1944	Classification related matters	0.2 million	1999	Customs, Excise and Service Tax Appellate Tribunal
Kerala Sales Tax Act, 1963	Penalty	0.7 million	2000-01	Deputy Commissioner, Commercial Taxes
* Amount to be determined based on verification ordered by the Settlement Commission (Maximum possible liability is Rs 3.7 million)				

- (x) Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues in respect of a financial institution or debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

## NUMERIC POWER SYSTEMS LIMITED

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S. R. Batliboi & Associates**  
Chartered Accountants

**per S. Balasubrahmanyam**  
a Partner  
Membership No.: 053315

Chennai  
June 27, 2008

## Balance Sheet as at March 31, 2008

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Sch.	March 31, 2008	March 31, 2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	50,529,200	50,000,000
Reserves and surplus	2	1,351,419,566	966,060,548
		<u>1,401,948,766</u>	<u>1,016,060,548</u>
<b>Loan funds</b>			
Secured loans	3	167,012,670	188,204,072
		<u>167,012,670</u>	<u>188,204,072</u>
Deferred Tax Liability	4	42,551,593	40,610,677
<b>TOTAL</b>		<u><b>1,611,513,029</b></u>	<u><b>1,244,875,297</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	5	480,149,053	344,998,437
Less : Accumulated depreciation and amortisation		115,783,798	79,428,327
Net block		<u>364,365,255</u>	<u>265,570,110</u>
Capital work-in-progress including capital advances		12,002,960	22,191,837
		<u>376,368,215</u>	<u>287,761,947</u>
<b>Investments</b>	6	73,708,798	45,498,798
<b>Current Assets, Loans and Advances</b>			
Inventories	7	583,346,402	484,870,793
Debtors	8	1,006,318,300	741,867,734
Cash and bank balances	9	120,599,806	84,425,652
Other current assets	10	175,748	53,971
Loans and advances	11	170,795,273	112,632,372
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	12	641,229,686	480,404,024
Provisions	13	78,569,827	31,831,946
<b>Net Current Assets</b>		<u>1,161,436,016</u>	<u>911,614,552</u>
<b>TOTAL</b>		<u><b>1,611,513,029</b></u>	<u><b>1,244,875,297</b></u>

### Notes to Accounts

19

The schedules referred to above and notes to accounts form an integral part of the Balance sheet.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **S. BALASUBRAHMANYAM**

a Partner

Membership No.: 053315

Place : Chennai

Date : June 27, 2008

For and on behalf of the Board of Directors

**R. CHELLAPPAN**

Managing Director

**A. BALAN**

Director

**S. KRISHNAMURTHY**

Company Secretary

# NUMERIC POWER SYSTEMS LIMITED

## Profit and Loss Account for the year ended March 31, 2008

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Sch.	Year ended March 31, 2008	Year ended March 31, 2007
<b>INCOME</b>			
Turnover (Gross)		3,893,123,986	2,664,625,395
Less : Excise duty		333,397,593	234,468,069
Turnover (Net)		3,559,726,393	2,430,157,326
Service income		305,927,260	292,445,907
Other income	14	28,757,007	35,439,204
<b>TOTAL</b>		<b>3,894,410,660</b>	<b>2,758,042,437</b>
<b>EXPENDITURE</b>			
Personnel expenses	15	278,386,484	206,352,758
Manufacturing and other expenses	16	3,053,758,533	2,349,367,492
Decrease/(Increase) in inventories	17	15,140,381	(99,337,254)
Depreciation and amortisation	5	32,320,213	21,323,864
Financial expenses	18	50,286,327	38,808,916
<b>TOTAL</b>		<b>3,429,891,938</b>	<b>2,516,515,776</b>
Profit before tax and prior period items		464,518,722	241,526,661
Provision for tax			
- Current tax		56,900,000	32,516,162
- Minimum Alternate Tax credit entitlement		(1,300,000)	(16,477,407)
- Deferred tax		1,940,916	14,056,096
- Fringe benefit tax		5,000,000	5,655,643
Net Profit after tax and before prior period and exceptional items		401,977,806	205,776,167
Prior period items (Refer note 4 to Schedule 19)		-	17,709,007
Net profit after tax before exceptional items		401,977,806	188,067,160
Exceptional item			
Profit/(loss) of UPS Division of NEPL for the period from 1.11.2005 to 31.3.2007 (Refer note 5(c)(iv) of Schedule 19)		2,474,388	-
Net profit after exceptional item		404,452,194	188,067,160
Balance brought forward from previous year		805,982,042	663,045,473
Profit available for appropriation		1,210,434,236	851,112,633
Appropriations:			
Proposed final dividend		25,264,600	22,500,000
Tax on dividend		4,292,456	3,823,875
Transfer to general reserve		40,445,219	18,806,716
		70,002,275	45,130,591
<b>Surplus carried to Balance Sheet</b>		<b>1,140,431,961</b>	<b>805,982,042</b>
Earnings per share			
- Weighted average number of equity shares (Nos)		5,052,920	5,000,000
- Basic and diluted earnings per share (Rs)		80	38
- Nominal value per equity share (Rs)		10	10

### Notes to Accounts

19

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **S. BALASUBRAHMANYAM**

a Partner

Membership No.: 053315

Place : Chennai

Date : June 27, 2008

For and on behalf of the Board of Directors

**R. CHELLAPPAN**

Managing Director

**A. BALAN**

Director

**S. KRISHNAMURTHY**

Company Secretary

## Schedules to Accounts

(All amounts are in Indian Rupees unless otherwise stated)

	March 31, 2008	March 31, 2007
<b>Schedule 1 : Share Capital</b>		
<i>Authorised</i>		
5,500,000 (2007 - 5,500,000) equity shares of Rs.10/- each	55,000,000	55,000,000
<i>Issued</i>		
5,052,920 (2007 - 5,000,000) equity shares of Rs. 10/- each fully paid	50,529,200	50,000,000
<i>Subscribed and paid up</i>		
5,052,920 (2007 - 5,000,000) equity shares of Rs. 10/- each fully paid	50,529,200	50,000,000
<i>Of the above:</i>		
(i) 1,250,000 (2007 - 1,250,000) equity shares of Rs.10 each were allotted as fully paid up bonus shares by capitalisation of Profit and Loss account.		
(ii) 945,000 (2007 - 945,000) equity shares of Rs.10 each were allotted as fully paid up pursuant to a contract for consideration other than cash.		
(iii) 52,920 (2007 - Nil) equity shares of Rs.10 each were allotted as fully paid up pursuant to merger of UPS division of Numeric Electronic (P) Ltd. (Refer note 5 of schedule 19)		
<b>Schedule 2 : Reserves and Surplus</b>		
Securities Premium	68,797,500	68,797,500
<i>Capital Reserve</i>		
Balance as per last account	-	-
Add: Addition on account of merger (refer note 5 to schedule 19)	15,263,880	-
	15,263,880	-
<i>General Reserve</i>		
Balance as per last account	91,281,006	81,319,864
Add: Transferred from Profit and Loss Account	40,445,219	18,806,716
Less: Transitional liability for Employee Benefits as per AS - 15 (Refer to note no 2(b)(i))	(4,800,000)	-
Less: Deferred tax transitional adjustment as at October 1, 2001	-	(8,845,574)
	126,926,225	91,281,006
Profit and Loss Account	1,140,431,961	805,982,042
	<b>1,351,419,566</b>	<b>966,060,548</b>
<b>Schedule 3 : Secured Loans</b>		
From banks		
- Working capital demand loans	90,692,000	135,000,000
- Cash credit	67,166,668	44,439,282
- Bills Discounted	9,154,002	7,967,211
Interest accrued and due	-	797,579
(Secured against stock, book debts, land, building, plant & machinery and other assets on a pari passu basis and by the personal guarantee of two directors)		
	<b>1,67,012,670</b>	<b>188,204,072</b>
<b>Schedule 4 : Deferred Tax Liability / (Asset)</b>		
Differences in depreciation as per tax books and as per financial books, reversal after tax holiday period.	47,310,193	40,610,677
Provision for doubtful debts	(4,758,600)	-
	<b>42,551,593</b>	<b>40,610,677</b>

# NUMERIC POWER SYSTEMS LIMITED

<b>Schedules to Accounts contd...</b> <i>(All amounts are in Indian Rupees unless otherwise stated)</i>												
<b>Schedule 5 : Fixed Assets</b>												
Particulars	Gross block					Accumulated depreciation and amortisation					Net block	
	As at April 1, 2007	Additions	Additions from acqn.	Deletions	As at March 31, 2008	As at April 1, 2007	Charge from acqn.	Charge during the year	Deletions	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Land	38,953,864	12,713,820	-	-	51,667,684	-	-	-	-	-	51,667,684	38,953,864
Leasehold land	-	10,815,430	-	-	10,815,430	-	-	100,856	-	100,856	10,714,574	-
Leasehold improvements	-	2,083,295	-	-	2,083,295	-	-	102,738	-	102,738	1,980,557	-
Building	84,077,683	36,104,738	-	-	120,182,421	16,523,319	-	3,304,438	-	19,827,757	100,354,664	67,554,364
Plant and machinery	119,880,069	17,767,288	1,278,579	-	138,925,936	19,585,257	110,066	10,762,844	-	30,458,167	108,467,769	100,294,812
Office equipment, electricals etc.,	32,640,520	2,784,092	574,862	-	35,999,474	9,136,974	211,865	2,908,572	-	12,257,411	23,742,063	23,503,546
Computers	24,692,777	6,356,457	52,760	-	31,101,994	12,490,412	2,249	3,323,361	-	15,816,022	15,285,972	12,202,365
Furniture and fittings	21,469,663	1,747,119	47,832	-	23,264,614	11,191,499	21,137	2,408,668	-	13,621,304	9,643,310	10,278,164
Vehicles	23,283,861	7,699,843	-	499,531	30,484,173	10,500,866	-	2,283,930	454,877	12,329,919	18,154,254	12,782,995
Intangibles	-	-	-	-	-	-	-	-	-	-	-	-
Software	-	21,807,972	-	-	21,807,972	-	-	4,361,594	-	4,361,594	17,446,378	-
Goodwill*	-	-	13,816,060	-	13,816,060	-	4,144,818	2,763,212	-	6,908,030	6,908,030	-
	<b>344,998,437</b>	<b>119,880,054</b>	<b>15,770,093</b>	<b>499,531</b>	<b>480,149,063</b>	<b>79,428,327</b>	<b>4,490,135</b>	<b>32,320,213</b>	<b>454,877</b>	<b>115,783,798</b>	<b>364,365,255</b>	<b>265,570,110</b>
Previous year	307,693,468	37,510,009	-	205,040	344,998,437	58,270,539	-	21,323,864	166,076	79,428,327	265,570,110	-

\* Refer note 5(c)(i) of schedule 19

### Schedules to Accounts contd...

(All amounts are in Indian Rupees unless otherwise stated)

	March 31, 2008	March 31, 2007
<b>Schedule 6 : Investments</b>		
<b>Long Term Investments</b> (Unquoted, at cost)		
<b>A. Other than trade</b>		
300,000 (2007 - 300,000) equity shares of Rs 10 each fully paid in Gem Sugars Limited	3,000,000	3,000,000
12,250 (2007 - 12,250) equity shares of Rs 100 each fully paid in NPSL - Sunpac Power Protection Private Limited	1,225,000	1,225,000
2,500 (2007 - 2,500) equity shares of Rs 100 each fully paid in Numeric Infrastructure Services Private Limited	250,000	250,000
282,100 (2007 - Nil) equity shares of Rs.100 each fully paid in Socomec Numeric UPS Private Limited (refer note 7 of schedule 19)	28,210,000	-
<b>B. In Subsidiary Companies</b>		
200,000 (2007 - 200,000) equity shares of Sri Lankan Rupees 100 each fully paid in Numeric Lanka Technologies (Private) Limited	9,560,000	9,560,000
1,141,000 (2007 - 1,141,000) equity shares of Singapore Dollar 1 each fully paid in Numeric Power Systems Pte. Limited, Singapore.	31,317,090	31,317,090
100 (2007 - 100) equity shares of Mauritius Rupee 1,000 each in Numeric Power System (Mauritius) Private Ltd.	146,708	146,708
	<b>73,708,798</b>	<b>45,498,798</b>
Aggregate book value of unquoted investments	73,708,798	45,498,798
<b>Schedule 7 : Inventories</b>		
Raw materials and components	315,803,278	202,187,288
Work-in-progress	35,592,360	38,476,621
Finished goods	231,950,764	244,206,884
	<b>583,346,402</b>	<b>484,870,793</b>
<b>Schedule 8 : Sundry Debtors</b>		
Debts outstanding for a period exceeding six months		
- Unsecured, considered good	156,270,840	102,725,609
- Considered doubtful	-	-
Other debts		
- Unsecured, considered good	850,047,460	639,142,125
- Considered doubtful	-	-
	<b>1,006,318,300</b>	<b>741,867,734</b>
Included in Sundry Debtors are:		
Dues from companies under the same management:		
a. Static Power Technologies (India) Private Limited	-	452,065

# NUMERIC POWER SYSTEMS LIMITED

## Schedules to Accounts contd...

(All amounts are in Indian Rupees unless otherwise stated)

	March 31, 2008	March 31, 2007
<b>Schedule 9 : Cash and Bank Balances</b>		
Cash on hand	540,632	346,493
Remittances in transit	-	800,000
Balances with scheduled banks:		
On current accounts	113,668,543	72,666,326
On deposit accounts	5,841,297	10,055,571
On unpaid dividend accounts	549,334	557,262
	<b>120,599,806</b>	<b>84,425,652</b>
<b>Schedule 10 : Other current assets</b> (Unsecured, considered good)		
Interest accrued	175,748	53,971
	<b>175,748</b>	<b>53,971</b>
<b>Schedule 11 : Loans and Advances</b> (Unsecured, considered good)		
Advance to subsidiaries	597,559	716,282
Advances recoverable in cash or kind or for value to be received	74,309,648	30,322,476
Minimum Alternate Tax Credit entitlement	17,777,407	16,477,407
Earnest money deposit	9,867,525	9,320,099
Deposits – others	6,021,863	11,543,251
Balances with Government departments	76,221,271	44,252,857
Less : Provision for doubtful advances	(14,000,000)	-
	<b>170,795,273</b>	<b>112,632,372</b>
<b>Schedule 12 : Current Liabilities</b>		
Sundry creditors and accrued expenses*	553,511,636	436,036,578
Deferred service income	33,619,710	28,405,000
Book overdraft	11,164,139	-
Unpaid dividend	549,333	557,262
Other liabilities	42,384,868	15,405,184
	<b>641,229,686</b>	<b>480,404,024</b>
* Refer note 6 of schedule 19		
<b>Schedule 13 : Provisions</b>		
Proposed dividend	25,264,600	22,500,000
Tax on proposed dividend	4,292,456	3,823,875
Provision for income tax (net of advance tax and tax deducted at source)	10,452,173	2,458,071
Provision for gratuity	1,351,676	-
Provision for leave encashment	8,835,687	-
Provision for warranty:		
Balance, beginning of year	3,050,000	2,400,000
Additions during the year	27,973,235	3,500,000
Amounts used during the year	(2,650,000)	(2,850,000)
Balance, end of year	<b>28,373,235</b>	<b>3,050,000</b>
	<b>78,569,827</b>	<b>31,831,946</b>



### Schedules to Accounts contd...

(All amounts are in Indian Rupees unless otherwise stated)

	Year ended March 31, 2008	Year ended March 31, 2007
<b>Schedule 14 : Other income</b>		
Interest on bank deposits (TDS Rs 155,701; 2007 - Rs 33,310)	645,560	237,930
Dividend income		
- from subsidiary	4,695,718	-
- from investment in mutual funds	-	4,658,819
Commission income	1,382,062	12,468,866
Foreign exchange gains, net*	10,656,631	6,633,777
Miscellaneous income	11,377,036	11,439,812
	<b>28,757,007</b>	<b>35,439,204</b>
* including provision for loss on derivatives Rs.20,000,000		
<b>Schedule 15 : Personnel Expenses</b>		
Salaries, wages and bonus	244,500,517	184,783,851
Contribution to provident and other funds	19,473,434	11,405,340
Gratuity expense	4,632,959	3,678,312
Workmen and staff welfare expenses	9,779,574	6,485,255
	<b>278,386,484</b>	<b>206,352,758</b>
<b>Schedule 16 : Manufacturing and Other Expenses</b>		
Raw materials and components consumed	1,716,328,395	1,244,424,428
Purchase of traded goods	838,919,138	738,995,131
Sub-contracting and processing expenses	56,067,688	27,401,467
Power and fuel	9,155,619	7,032,095
Freight and forwarding charges	100,004,101	76,650,452
Rates and taxes	14,101,731	17,136,396
Rent	26,876,959	18,141,738
Insurance	4,207,606	3,780,790
Repairs and maintenance		
- Buildings	2,876,178	2,659,546
- Others	3,499,841	4,191,060
Sales promotion and commission	66,783,919	40,817,492
Advertisement	14,244,076	15,461,332
Travelling and conveyance	15,516,215	15,821,916
Communication costs	12,494,856	11,459,562
Printing and stationery	7,690,671	5,294,543
Legal and professional fees	19,366,530	13,192,174
(Increase)/decrease of Excise duty on Inventory of finished goods	856,437	415,902
Remission and write off of debts	29,239,592	21,340,232
Provision for doubtful debts	14,000,000	-
Service centre expenses (Refer note 9 to Schedule 19)	59,523,424	58,178,744
Loss on sale of investments	-	2,403,013
Miscellaneous expenses	42,005,557	24,569,479
	<b>3,053,758,533</b>	<b>2,349,367,492</b>

## NUMERIC POWER SYSTEMS LIMITED

### Schedules to Accounts contd...

*(All amounts are in Indian Rupees unless otherwise stated)*

	Year ended March 31, 2008	Year ended March 31, 2007
<b>Schedule 17 : Decrease/(Increase) in Inventories</b>		
Inventories, beginning of year		
- Work-in-progress	38,476,621	33,365,086
- Finished goods	244,206,884	149,981,165
	<b>282,683,505</b>	<b>183,346,251</b>
Inventories, end of year		
- Work-in-progress	35,592,360	38,476,621
- Finished goods	231,950,764	244,206,884
	<b>267,543,124</b>	<b>282,683,505</b>
	<b>15,140,381</b>	<b>(99,337,254)</b>
<b>Schedule 18 : Financial Expenses</b>		
Interest		
- on working capital	16,986,734	15,522,026
- others	837,819	412,694
Bank and other charges	32,461,774	22,874,196
	<b>50,286,327</b>	<b>38,808,916</b>

## Financial Statements for the year ended March 31, 2008

*(All amounts are in Indian Rupees unless otherwise stated)*

### Schedule 19 : Notes to Accounts

#### 1. Nature of Operations

Numeric Power Systems Limited ('the Company') was incorporated as a public limited company on September 12, 1994. The Company is engaged in the manufacture and trading of Uninterrupted Power Supply ('UPS') systems and accessories and has its manufacturing facilities at Pondicherry, Chennai and Himachal Pradesh. The Company also provides maintenance and other after sale services in respect of UPS systems through a network of branches situated across the country.

#### Acquisition of UPS division ('Division') of Numeric Electronics Private Limited ('NEPL')

The Company has entered into a Scheme of arrangement ('Scheme') with Numeric Electronics Private Limited ('NEPL' or the 'Demerged Company'). The Scheme was sanctioned by the Hon'ble High Court of Judicature at Madras ('the Court') vide its order dated June 27, 2007, whereby with effect from November 1, 2005 ('the appointed date') the UPS division ('Division') of NEPL has been transferred to the Company as a going concern. The Scheme has accordingly been given effect to in these accounts, the details of which have been set out in note 5 below.

#### 2. Statement of Significant Accounting Policies

##### (a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of income and expenses during the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

##### (b) Changes in accounting policy

###### (i) Adoption of Accounting Standard AS15 (Revised) Employee Benefits

Till March 31, 2007, the Company was providing for gratuity based on actuarial valuation as per certificate from Life Insurance Corporation ('LIC'). In Current year, the Company has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Pursuant to adoption, the Company has determined the liability for transitional provision amounting to Rs 48 lakhs, which has been debited to general reserve. As a result of this change salaries, wages and bonus has increased by Rs 40.36 lakhs and correspondingly profit before tax is lower by the same amount.

## NUMERIC POWER SYSTEMS LIMITED

(ii) **Inventory valuation**

In the current year, the Company has implemented Enterprise Resource Planning Software (ERP) and hence, has changed its method of valuing cost of raw materials from first-in-first-out method to weighted average method. The impact of the above change in accounting policy on the current year financial statements is not material.

(c) **Fixed assets and Intangible assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) **Depreciation and amortisation**

Depreciation is provided using the Straight Line Method at the rates prescribed under schedule XIV of the Companies Act, 1956 other than windmills which are depreciated @ 10% p.a. Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Leasehold improvements are amortized over their estimated useful lives or the remainder of primary lease period, whichever is lower.

Intangible assets comprising goodwill and software are amortized using the straight-line method over a period of five years.

(e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(f) **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

(g) **Inventories**

Inventories are valued as follows:

Raw materials, components, stores and spares Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**(h) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Sales**

Sales of UPS systems and accessories are recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with dispatch of goods. Revenues under composite contracts comprising supply, installation and commissioning are recognized on dispatch as such services are generally considered insignificant to the contract.

**Service income**

Service income is recognized over the period of the contract with customers.

**Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividends**

Revenue is recognized when the Company's right as a shareholder / unit holder to receive payment is established by the balance sheet date.

**Commission income**

Commission income is accounted on accrual basis in accordance with the terms of the arrangements.

**(i) Foreign currency transactions**

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

## NUMERIC POWER SYSTEMS LIMITED

### Derivative instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

### (j) Retirement and other employee benefits

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the regional provident fund.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

### (k) Income taxes

Provision for income tax is made for current, fringe benefit and deferred taxes. Provision for current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, other than those arising from undertakings enjoying tax holiday benefits, are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The Company claims tax holiday benefits under Section 80-IB, Section 80-IC and Section 10-B of the Income Tax Act, 1961 with respect to certain undertakings. Deferred tax assets or liabilities relating to such undertakings are recognised in these financial statements for the future tax consequences attributable to differences between taxable income and accounting income for the year, to the extent that such differences are not expected to reverse within the tax holiday period.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**(l) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

**(m) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**(n) Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provision for the estimated liability in respect of warranty costs is made in the period in which the revenues are recognized based on technical evaluation.

**3. Transactions with parties covered under section 297 of the Companies Act, 1956**

During the previous year, the Company had entered into transactions for the purchase and sale of goods and materials with certain parties covered under section 297 of the Companies Act, 1956. In addition, the Company had also entered into transactions with such parties for the purchase of services. The Central Government / Company Law Board has vide order dated January 9, 2008 has condoned the offence with respect to contravention of section 297 of the Companies Act, 1956.

**4. Prior period items**

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Deferred Tax Liability	-	17,709,007
<b>Total</b>	<b>-</b>	<b>17,709,007</b>

**5. Acquisition of the UPS division of NEPL under the scheme of arrangement between NEPL and the Company**

- a. NEPL is a private limited company engaged in manufacturing of Online UPS systems.
- b. During the year, the Scheme of Arrangement entered into between the Company and NEPL was sanctioned by the Court. The Scheme, having an appointed date of November 1, 2005, envisaged the following:
  - i. Demerger of the Demerged Undertaking of NEPL, and

## NUMERIC POWER SYSTEMS LIMITED

- ii. Transfer / vesting of the business of that Demerged Undertaking of NEPL with the Company
- c. The transfer has been accounted for in the following manner:
- i. Assets and liabilities of the Demerged Undertaking of NEPL, as at November 1, 2005, were transferred to / vested in the Company at the fair value, a summary of which is given below. In addition, the Company has recognized goodwill amounting to Rs. 13,816,060 which represents the excess of the fair value of the assets and liabilities of the Demerged undertaking of NEPL over the purchase consideration.

Particulars		As at November 1, 2005
Purchase consideration	(a)	15,793,080
Less : Fair values (Net) of Assets and Liabilities of the Demerged undertaking of NEPL	(b)	1,977,020
Goodwill	(a-b)	13,816,060

- ii. As per the scheme of the arrangement sanctioned by the court the Company is required to issue an aggregate of 52,920 equity shares of Rs 10 each as fully paid up at par, to the shareholders of the Demerged Company as consideration for the acquisition. These shares have been allotted to the shareholders of the Demerged Company, on September 12, 2007. The exchange ratio has been arrived based on valuations of the individual companies.
- iii. The aggregate excess of the purchase consideration over the par value of shares issued for Rs. 529,200 has been recorded as capital reserve in these financial statements.

Particulars		
Par value of Shares	(a)	529,200
Purchase consideration	(b)	15,793,080
Capital Reserve	(b-a)	15,263,880

- iv. As per the scheme, as and from the appointed date upto and including the effective date, NEPL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities and contracts, of the Demerged undertaking for and on account of, in trust for, resulting company. Accordingly the net profit after tax of the Demerged Undertaking for the period from November 1, 2005 to March 31, 2007 of Rs. 2,474,388 has been incorporated in the financial statements of the Company by way of an adjustment to the profit and loss account.
6. There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under The Micro Small and Medium enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the year.
  7. The Company has terminated the Joint Venture agreement with Socomec SA, France with effect from April 10, 2008. Further, post year end, the Company has entered into a Letter of Intent ('LoI') with SOCOMEC SA on April 10, 2008. As per the LoI, the Company will transfer it's holding in the Joint Venture to SOCOMEC SA and the consideration for the same is more than the carrying value of the investment. Hence there is no provision booked for diminution in value of investments.
  8. A provision is recognized for expected warranty claims on products sold during the last two years, based on past experience of level of repairs and returns. Assumption used to calculate the provision for warranties were based on current sales level and current information available about returns based on the two year warranty period for all products sold.



**Schedule 19 : Notes to Accounts contd...**  
*(All amounts are in Indian Rupees unless otherwise stated)*

**9. Service centre expenses**

The aggregate amounts incurred on Service centre expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956 comprise the following:

	Year ended March 31, 2008	Year ended March 31, 2007
Advertisement	111,450	49,019
Bank and other charges	6,992	59,109
Communication costs	7,655,161	7,582,556
Freight and forwarding charges	1,126,804	1,854,758
Insurance	141,078	137,202
Legal and professional fees	14,500	402,486
Miscellaneous expenses	1,302,961	4,035,616
Power and fuel	1,633,585	1,730,008
Printing and stationery	36,372	495,234
Rates and taxes	241,873	301,558
Repairs and maintenance - Others	3,783,368	958,361
Sales Promotion and Commission	1,555,212	1,523,557
Sub-contracting and processing expenses	3,649,050	3,134,801
Travel and Conveyance	36,771,080	33,340,622
Workmen and staff welfare expenses	1,493,938	2,573,857
	<b>59,523,424</b>	<b>58,178,744</b>

**10. Auditor's remuneration** (included under legal and professional fees)

Audit fees *	1,600,000	1,550,000
Other services *	900,000	450,000
Out-of-pocket expenses	87,500	85,000
	<b>2,587,500</b>	<b>2,085,000</b>

\* Excluding service tax

**11. Lease commitments - Operating Leases**

**Minimum Lease Payments :**

Not later than one year	4,816,970	2,684,120
Later than one year but not later than five years	6,102,780	6,114,350
Later than five years	-	-
	<b>10,919,750</b>	<b>8,798,470</b>
Payment for non-cancellable leases during the year	3,851,523	2,784,254

## NUMERIC POWER SYSTEMS LIMITED

### Schedule 19 : Notes to Accounts contd...

(All amounts are in Indian Rupees unless otherwise stated)

	Year ended March 31, 2008	Year ended March 31, 2007
<b>12 Directors' Remuneration</b>		
Salaries	2,785,000	3,720,000
Commission	4,721,022	2,477,921
	<b>7,506,022</b>	<b>6,197,921</b>
<b>Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors</b>		
Profit before tax and prior period items	464,518,722	241,526,661
Add:		
Directors' remuneration	7,506,022	6,197,921
Depreciation as per books	32,320,213	21,323,864
Directors' sitting fees	77,500	67,500
Less: Depreciation under Sec 350 of the Companies Act, 1956	(32,320,213)	(21,323,864)
Net profit as per Section 349 of the Companies Act, 1956	<b>472,102,244</b>	<b>247,792,082</b>
Commission to Director restricted to lower of:		
a) Approved by the Shareholders - 1% of the net profits as calculated above	4,721,022	2,477,921
b) Restricted to	N.A.	N.A.
As the future liability for gratuity and leave availment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.		
<b>13 Earnings in foreign exchange (on accrual basis)</b>		
Exports at F.O.B. value	52,489,292	22,922,096
Commission received	1,382,062	12,468,866
Royalty and technical service	523,648	685,278
Dividend	4,695,718	-
	<b>59,090,720</b>	<b>36,076,240</b>
<b>14 Expenditure in foreign currency (on accrual basis)</b>		
Travelling	1,057,146	1,172,810
Others	141,560	-
	<b>1,198,706</b>	<b>1,172,810</b>
<b>15 Value of imports calculated on CIF basis</b>		
Raw materials, components and traded goods	1,405,010,272	1,074,696,157
Capital goods	4,874,400	6,737,234
	<b>1,409,884,672</b>	<b>1,081,433,391</b>

**Schedule 19 : Notes to Accounts contd...**  
*(All amounts are in Indian Rupees unless otherwise stated)*

	Year ended March 31, 2008	Year ended March 31, 2007
<b>16 Net dividend remitted in foreign exchange</b>		
<b>Final</b>		
Period to which it relates	2006-2007	2005-2006
Number of non-resident shareholders	16	17
Number of equity shares held on which dividend was due	409,100	461,950
Amount remitted	1,840,950	1,847,800
<b>17 Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for.	7,410,525	8,800,000
<b>18 Contingent Liabilities not provided for</b>		
Claims against the Company not acknowledged as debts		
a) Excise / CENVAT related matters *	200,000	200,000
b) Sales tax related matters	1,000,000	10,706,000
c) Income tax related matters	See note (i) below	
* excludes amount to be determined based on verification ordered by the Settlement Commission (Maximum possible liability is Rs 3,700,000)		
i)	<p>The income-tax authorities had reopened in an earlier year the assessments of the Company for certain years and have raised demands on the Company on various matters including the tax holiday benefits availed in respect of profits arising from the service activities of the Company. The Company had gone on appeal against such demands in the previous year and had received orders from the appellate and other authorities demanding a sum of Rs 6.75 million towards income tax and Rs 8.20 million towards interest. The Company had provided for the claims relating to taxes of Rs 6.75 million in the previous year. The Company is in the process of filing relevant appeals against the demands for interest and expects a favourable outcome to such appeals. Pending resolution of the same, provision has been made in these financial statements for the interest claim of Rs 8.20 million.</p>	

**Schedule 19 : Notes to Accounts contd...**  
(All amounts are in Indian Rupees unless otherwise stated)

**19 Employee benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan.

**Net employee benefit expense (recognised in Personnel Expenses)**

Particulars	2007 - 2008
Current service cost	1,806,098
Interest cost on benefit obligation	842,683
Expected return on plan assets	(938,441)
Net actuarial (gain) / loss recognised in the year	2,922,619
<b>Net benefit expense</b>	<b>4,632,959</b>

**Details of provision for gratuity**

Particulars	Year ended March 31, 2008
Present value of obligation as at the end of the year	16,225,994
Less : Fair value of plan assets at the end of the year	(14,874,318)
<b>Plan asset / (liability)</b>	<b>1,351,676</b>

**Changes in the present value of the defined benefit obligation are as follows:**

Particulars	Year ended March 31, 2008
Present value of obligation at the beginning of the year	12,004,681
Interest Cost	842,683
Current service cost	1,806,098
Benefits paid	(1,537,818)
Actuarial (gain) / loss on obligation	3,110,350
Present value of obligation as at the end of the year	<b>16,225,994</b>

**Changes in the fair value of plan assets are as follows:**

Particulars	Year ended March 31, 2008
Fair value of planned assets at the beginning of the year	11,276,957
Expected return on plan assets	938,441
Contributions	4,009,007
Benefits paid	(1,537,818)
Actuarial gain / (loss) on plan assets	187,731
Fair value of plan assets at the end of the year	<b>14,874,318</b>

Particulars	Year ended March 31, 2008
Defined Benefit Obligation	16,225,994
Plan Assets	14,874,318
Surplus / (deficit)	1,351,676
Experience adjustments on plan liabilities	2,922,619
Experience adjustments on plan assets	-

**The principal assumptions used in determining gratuity benefit obligation for the Company's plan is shown below:**

Particulars	2007 - 2008
Discount rate (p.a.)	8.0%
Expected return on plan assets (p.a)	8.0%
Employee turnover	1% - 3%
Contribution expected to be paid during the next year	4,610,358

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the year over which the obligation is to be settled.

The estimates of future salary increases and rate of attrition considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

This being the first year of incorporation of Accounting standard 15 (R), hence comparative figures of previous year has not been provided.

**Schedule 19 : Notes to Accounts contd...**  
*(All amounts are in Indian Rupees unless otherwise stated)*

**20 Related party transactions**

Particulars	Subsidiaries		Associates / Joint Ventures / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		Total	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
<b>Sales</b>	<b>18,310,755</b>	<b>6,904,657</b>	<b>30,257,546</b>	<b>20,983,315</b>	-	-	-	-	<b>48,568,301</b>	<b>27,887,972</b>
Numeric Lanka Technologies (Private) Limited	250,480	20,520	-	-	-	-	-	-	250,480	20,520
Numeric Power Systems Pte. Limited, Singapore	18,060,275	6,808,989	-	-	-	-	-	-	18,060,275	6,808,989
Socomec-Numeric Ups P. Ltd	-	-	30,257,546	-	-	-	-	-	30,257,546	-
Numeric Electronics Private Limited	-	-	-	20,983,315	-	-	-	-	-	20,983,315
Numeric Power Systems (Mauritius) Private Limited	-	75,148	-	-	-	-	-	-	-	75,148
<b>Purchases of raw materials intermediaries and finished goods</b>	<b>19,773,773</b>	<b>22,599,401</b>	<b>5,675,695</b>	<b>71,643,783</b>	-	-	-	-	<b>25,449,468</b>	<b>94,243,184</b>
Numeric Lanka Technologies (Private) Limited	19,773,773	22,599,401	-	-	-	-	-	-	19,773,773	22,599,401
Socomec-Numeric Ups P. Ltd	-	-	5,675,695	-	-	-	-	-	5,675,695	-
Numeric Electronics Private Limited	-	-	-	71,643,783	-	-	-	-	-	71,643,783
<b>Receipt of services</b>	<b>118,723</b>	<b>-</b>	<b>4,026,715</b>	<b>3,529,866</b>	-	-	-	-	<b>4,145,438</b>	<b>3,529,866</b>
Numeric Infrastructure Services Private Limited	-	-	850,447	2,085,405	-	-	-	-	850,447	2,085,405
Hi Power Electronics Private Limited	-	-	194,000	880,318	-	-	-	-	194,000	880,318
Socomec Numeric Ups P. Ltd	-	-	2,298,988	-	-	-	-	-	2,298,988	-
Numeric Power Systems (Mauritius) Private Limited	118,723	-	-	-	-	-	-	-	118,723	-
Numeric Technologies Private Limited	-	-	683,280	564,143	-	-	-	-	683,280	564,143
<b>Purchase of fixed assets</b>	<b>-</b>	<b>-</b>	<b>1,451,946</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,451,946</b>	<b>-</b>
Numeric Technologies Private Limited	-	-	1,451,946	-	-	-	-	-	1,451,946	-
<b>Rent Received</b>	<b>-</b>	<b>-</b>	<b>2,434,400</b>	<b>144,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,434,400</b>	<b>144,000</b>
Numeric Technologies Private Limited	-	-	-	24,000	-	-	-	-	-	24,000
Socomec Numeric Ups P. Ltd	-	-	2,360,400	-	-	-	-	-	2,360,400	-
Numeric Electronics Pvt. Ltd.	-	-	24,000	-	-	-	-	-	24,000	-
Numeric Infrastructure Services Private Limited	-	-	50,000	120,000	-	-	-	-	50,000	120,000
<b>Rent Expense</b>	<b>-</b>	<b>-</b>	<b>4,237,500</b>	<b>150,000</b>	<b>590,000</b>	<b>48,000</b>	<b>-</b>	<b>180,000</b>	<b>4,827,500</b>	<b>378,000</b>
Numeric Electronics Pvt. Ltd.	-	-	4,237,500	150,000	-	-	-	-	4,237,500	150,000
<b>Royalty and Technical Services Income</b>	<b>523,648</b>	<b>685,278</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>523,648</b>	<b>685,278</b>
Numeric Lanka Technologies (Private) Limited	523,648	685,278	-	-	-	-	-	-	523,648	685,278
<b>Salary Paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282,912</b>	<b>175,000</b>	<b>282,912</b>	<b>175,000</b>
<b>Dividend Paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,035,018</b>	<b>9,808,904</b>	<b>187,043</b>	<b>150,000</b>	<b>11,222,060</b>	<b>9,958,904</b>
Mr R Chellappan	-	-	-	-	10,577,678	9,402,380	-	-	10,577,678	9,402,380
Others	-	-	-	-	457,340	406,524	-	-	457,340	406,524
<b>Dividend Received</b>	<b>4,695,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,695,718</b>	<b>-</b>
Numeric Lanka Technologies (Private) Limited	4,695,718	-	-	-	-	-	-	-	4,695,718	-

## NUMERIC POWER SYSTEMS LIMITED

Particulars	Subsidiaries		Associates / Joint Ventures / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		Total	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Investments made	-	-	28,210,000	-	-	-	-	-	28,210,000	-
Socomec Numeric Ups P.Ltd	-	-	28,210,000	-	-	-	-	-	28,210,000	-
Advances made	-	-	2,360,329	7,223,143	-	-	-	-	2,360,329	7,223,143
Numeric Infrastructure Services Private Limited	-	-	-	725,000	-	-	-	-	-	725,000
Socomec Numeric Ups P.Ltd	-	-	2,360,329	6,498,143	-	-	-	-	2,360,329	6,498,143
Balance outstanding as at the period end:										
Amounts payable (net) to related parties	1,018,343	1,758,361	6,683,893	5,895,519	-	1,446,640	-	-	7,702,236	9,100,520
NPSL-Sunpac Power Protection Private Limited	-	-	4,202,605	4,205,207	-	-	-	-	4,202,605	4,205,207
Numeric Electronics Pvt. Ltd.	-	-	2,100,000	1,604,558	-	-	-	-	2,100,000	1,604,558
Numeric Power Systems Pte. Limited, Singapore	-	1,758,361	-	-	-	-	-	-	-	1,758,361
Numeric Lanka Technologies (Private) Limited	1,018,343	-	-	-	-	-	-	-	1,018,343	-
Static Power Technologies (India) Private Limited	-	-	1,450	-	-	-	-	-	1,450	-
Numeric Infrastructure Services Private Limited	-	-	379,838	-	-	-	-	-	379,838	-
Hi Power Electronics Pvt.Ltd.	-	-	-	85,754	-	-	-	-	-	85,754
Amounts receivable (net) from related parties	14,199,572	1,153,913	3,431,960	1,241,827	-	-	-	-	17,631,531	2,395,740
Numeric Power Systems Pte. Limited, Singapore	13,526,864	-	-	-	-	-	-	-	13,526,864	-
Static Power Technologies (India) Private Limited	-	-	-	452,065	-	-	-	-	-	452,065
Numeric Lanka Technologies (Private) Limited	-	362,483	-	-	-	-	-	-	-	362,483
Socomec Numeric Ups P.Ltd	-	-	3,391,505	-	-	-	-	-	3,391,505	-
Hi Power Electronics P. Ltd.	-	-	40,455	-	-	-	-	-	40,455	-
Numeric Infrastructure Services Private Limited	-	-	-	789,762	-	-	-	-	-	789,762
Numeric Power Systems (Mauritius) Private Limited.	672,707	791,430	-	-	-	-	-	-	672,707	791,430
1. Names of related parties										
Subsidiaries			Numeric Lanka Technologies (Private) Limited Numeric Power Systems Pte. Limited, Singapore Numeric Power Systems (Mauritius) Private Limited.							
Associates / Joint Ventures / Enterprises owned or significantly influenced by key management personnel or their relatives			NPSL-Sunpac Power Protection Private Limited Numeric Infrastructure Services Private Limited Hi Power Electronics Private Limited Static Power Technologies (India) Private Limited Numeric Electronics Private Limited Numeric Technologies Private Limited SOCOMEC - Numeric Ups private limited							
Key Management Personnel			Mr R Chellappan - Managing Director Mr A Balan - Director Mr K V Nachiappan - Director							
Relatives of key management personnel			Mrs Gunasundari Chellappan Mr. V.C. Raghunath							
2. Remuneration paid to directors is disclosed elsewhere in note 12 of Schedule 19.										

**Schedule 19 : Notes to Accounts contd...**  
*(All amounts are in Indian Rupees unless otherwise stated)*

**21 Segment information**

**A. Primary segment information** (By Business segments)

The Company's operations predominantly relates to the manufacture of and trading in UPS systems and accordingly this is the only primary reportable segment.

**B. Secondary segment information** (By Geographical segments)

The following table shows the geographical distribution of the Company's segment revenues and additions to tangible and intangible assets for the year ended March 31, 2008 and year ended March 31, 2007.

Particulars	Geographical segment			
	31-Mar-08		31-Mar-07	
	Outside India	India	Outside India	India
Revenues	52,489,292	3,813,164,361	22,922,096	2,699,681,137
Additions to Tangible and Intangible assets*	-	135,650,147	-	37,510,009
Segment assets	81,487,851	2,249,824,691	71,171,108	1,685,940,159

\* Tangible and intangible assets are located only in India

**22 Information in respect of Joint Venture in terms of Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures'**

<b>Name of the Joint Venture:</b>	Numeric Infrastructure Services Private Limited (NISPL)	Socomec Numeric UPS Private Limited (SNPL)
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<b>Proportion of Ownership Interest:</b>	50 %	50%
--	------	-----

<b>Date of incorporation:</b>	April 2, 2004	June 9, 2006
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<b>Country of Incorporation:</b>	India	India
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## NUMERIC POWER SYSTEMS LIMITED

### Schedule 19 : Notes to Accounts contd...

(All amounts are in Indian Rupees unless otherwise stated)

#### Summary of assets and liabilities:

(Details given below represent proportionate amount of the Company's share in joint venture)

	As at March 31, 2008		As at March 31, 2007
	NISPL	SNPL	NISPL
<b>Fixed Assets</b>			
Gross block	136,500	6,345,578	136,500
Less : Accumulated Depreciation	58,322	786,020	36,195
Net Block	<b>78,178</b>	<b>5,559,558</b>	<b>100,305</b>
Capital work in progress including capital advances	-	1,313,410	-
	<b>78,178</b>	<b>6,872,968</b>	<b>100,305</b>
<b>Secured Loan</b>	-	<b>15,061,004</b>	-
<b>Current Assets, Loans and Advances:</b>			
Debtors	2,624,716	37,687,537	912,727
Inventories	-	53,627,207	-
Cash and bank balances	1,306,878	11,390,583	150,391
Unbilled Revenues	-	-	6,214,167
Other current assets	-	14,570	-
Loans and advances	294,007	6,788,676	206,052
Less: Current Liabilities and Provisions			
Liabilities	3,166,256	78,508,740	6,355,571
Provisions	44,542	164,500	210,586
Net Current Assets	<b>1,014,803</b>	<b>30,835,333</b>	<b>917,180</b>

#### Summary of income and expenditure:

(Details given below represent proportionate amount of the Company's share in joint venture)

	Year ended March 31, 2008		Year ended March 31, 2007
	NISPL	SNPL	NISPL
<b>Income</b>			
Revenue	7,276,804	103,064,278	4,661,954
Commission Income	-	17,914,586	-
Other income	478,733	610,363	1,044,203
	<b>7,755,537</b>	<b>121,589,227</b>	<b>5,706,157</b>
<b>Expenditure</b>			
Personnel expenses	546,127	12,387,491	500,755
Manufacturing and other expenses	7,055,541	113,098,604	4,582,229
Depreciation	22,127	786,020	21,271
Financial expenses	5,066	465,597	4,778
	<b>7,628,861</b>	<b>126,737,712</b>	<b>5,109,033</b>



**Schedule 19 : Notes to Accounts contd...**  
*(All amounts are in Indian Rupees unless otherwise stated)*

**23 Licensed Capacity, Installed Capacity and Actual Production**

Class of Goods	Unit	UPS systems		Others	
		31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Licensed Capacity	Nos	NA	NA	NA	NA
Installed Capacity	Nos	NA	NA	NA	NA
Actual Production	Nos	31,735	24,445	*	*

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**24 Quantitative information on stocks and sales of goods produced / traded during the period**

**Year ended March 31, 2008**

Class of goods	Opening stock		Sales		Closing Stock	
	Quantity (Nos)	Amount (Rs)	Quantity (Nos)	Amount (Rs)	Quantity (Nos)	Amount (Rs)
Manufactured UPS Systems	1,007	68,361,357	31,717	2,692,311,565	1,025	46,232,403
Traded UPS Systems	21,021	73,346,767	319,676	762,475,475	12,942	54,034,181
Others*		102,498,760		438,336,946		131,684,180
		<u>244,206,884</u>		<u>3,893,123,986</u>		<u>231,950,764</u>

**Year ended March 31, 2007**

Class of goods	Opening stock		Sales		Closing Stock	
	Quantity (Nos)	Amount (Rs)	Quantity (Nos)	Amount (Rs)	Quantity (Nos)	Amount (Rs)
Manufactured UPS Systems	1,145	46,824,406	24,583	1,735,554,750	1,007	68,361,357
Traded UPS Systems	11,809	44,046,364	238,352	609,322,394	21,021	73,346,767
Others*		59,110,395		319,748,251		102,498,760
		<u>149,981,165</u>		<u>2,664,625,395</u>		<u>244,206,884</u>

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**25 Purchase of traded goods**

	Quantity (Nos.)		Value	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
UPS Systems	311,597	247,564	504,358,299	447,402,707
Others*			334,560,839	291,592,424
			<u>838,919,138</u>	<u>738,995,131</u>

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

# NUMERIC POWER SYSTEMS LIMITED

## Schedule 19 : Notes to Accounts contd...

(All amounts are in Indian Rupees unless otherwise stated)

### 26 Consumption of raw materials and components

	Unit	Quantity		Value	
		31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Batteries	Nos.	306,260	277,994	953,523,662	586,837,821
SKD	Nos.	23,981	18,838	242,489,798	205,687,138
Others*				520,314,935	451,899,469
				<u>1,716,328,395</u>	<u>1,244,424,428</u>

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

Note: The figures shown are balancing figures, ascertained on the basis of opening stock, purchases and closing stock and, therefore, include adjustments of excesses and shortages ascertained on physical count and write off of obsolete and other items.

### 27 Imported and indigenous raw materials, components and spare parts consumed

	% of total consumption		Value	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Imported	45.10%	48.98%	774,081,600	609,511,433
Indigenous	54.90%	51.02%	942,246,795	634,912,995
	<u>100.00%</u>	<u>100.00%</u>	<u>1,716,328,395</u>	<u>1,244,424,428</u>

### 28 Derivative instruments and Foreign currency exposures

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

The following are the outstanding Forward Exchange Contracts entered into by the Company as at March 31, 2008

Particulars	March 31, 2008		March 31, 2007	
	USD	CHF	USD	CHF
Number of contracts	2	2	-	-
USD/CHF Equivalent	500,000	125,000	-	-
INR Equivalent	21,232,500	4,992,500	-	-

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Foreign Currency	March 31, 2008		March 31, 2007	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	664,796	26,691,545	9,981	437,663
	SGD	433,017	12,700,381	918,080	26,725,301
	EURO	7,433	474,568	38,468	2,268,064
Advances	USD	904,669	36,322,469	16,335	716,282
Investments	SLR	20,000,000	9,560,000	20,000,000	9,560,000
	SGD	1,141,000	31,317,090	1,141,000	31,317,090
	MUR	100,000	146,708	100,000	146,708
Payables	USD	7,663,996	307,709,425	6,598,719	289,353,828
	SGD	664,125	19,478,800	1,561,008	45,440,943
	EURO	5,792	369,816	80,909	4,770,395
Bank balances	USD	39,138	1,571,377	60,395	2,648,316
	SGD	58,194	1,706,826	53,331	1,552,470
	EURO	56,001	3,575,648	4,413	260,193

29 As discussed in note 5 in view of the merger of the UPS division of NEPL with the Company, the figures for the year ended March 31, 2008 are not comparable with that of previous year figures have been reclassified/regrouped wherever possible to conform to the current year's presentation.

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **S. BALASUBRAHMANYAM**

a Partner

Membership No.: 053315

Place : Chennai

Date : June 27, 2008

For and on behalf of the Board of Directors

**R. CHELLAPPAN**

Managing Director

**A. BALAN**

Director

**S. KRISHNAMURTHY**

Company Secretary

## Cash Flow Statement for the year ended March 31, 2008

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
<b>A. Cash flow from operating activities:</b>		
Net profit before taxation	464,518,722	241,526,661
Adjustments for:		
Depreciation	32,320,213	21,323,864
Interest expense	17,824,553	15,934,720
Interest income	(645,560)	(237,930)
Dividend income	(4,695,718)	(4,658,819)
(Profit) / Loss on sale of investments	-	2,403,013
(Profit) / Loss on sale of fixed assets	(60,347)	13,964
Remission and write off of debts	29,239,592	21,340,232
Provision for doubtful debts	14,000,000	-
Write off of EMDs / advances	-	2,500,000
Unrealised foreign exchange (gain) /loss, net	(3,576,439)	(4,734,282)
<b>Operating profit before working capital changes</b>	<b>548,925,016</b>	<b>295,411,423</b>
<b>Adjustments for changes in working capital :</b>		
(Increase) / Decrease in sundry debtors	(282,076,631)	(23,082,162)
(Increase) / Decrease in loans and advances	(64,590,941)	(36,914,683)
(Increase) / Decrease in inventories	(87,729,859)	(171,672,840)
Increase / (Decrease) in current liabilities and provisions	171,916,983	8,784,185
<b>Cash generated from operations</b>	<b>286,444,567</b>	<b>72,525,923</b>
Taxes (paid) / received, net	(57,314,273)	(29,657,493)
<b>Net cash from operating activities</b>	<b>229,130,294</b>	<b>42,868,430</b>
<b>B. Cash flow from investing activities:</b>		
Capital expenditure (Refer note 1 below)	(108,257,837)	(52,206,506)
Advance received/(made) to subsidiary	118,723	8,953,862
Investments in mutual funds	-	(38,225,238)
Proceeds from sale of mutual funds	-	57,080,213
Investment in Joint venture	(28,210,000)	-
Proceeds from sale of fixed assets	105,000	25,000
Interest received	523,783	858,697
Dividend received	4,695,718	5,159,660
<b>Net cash used in investing activities</b>	<b>(131,024,613)</b>	<b>(18,354,312)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from short term borrowings	(20,393,823)	8,822,229
Interest paid	(18,622,132)	(15,830,698)
Dividend paid	(22,507,929)	(20,000,000)
Dividend tax paid	(3,823,875)	(2,805,000)
<b>Net cash from / (used) in financing activities</b>	<b>(65,347,759)</b>	<b>(29,813,469)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>32,757,923</b>	<b>(5,299,351)</b>
Cash and cash equivalent at the beginning of the year	84,425,652	89,725,003
<b>Cash and cash equivalents transferred pursuant to the merger (refer note 5 of schedule 19)</b>		
- From Numeric Electronics Private Limited	3,416,231	-
<b>Closing cash and cash equivalents*</b>	<b>120,599,806</b>	<b>84,425,652</b>
* Includes restricted cash balances of	549,334	557,262

**Notes :** 1. Increase in capital expenditure include payments for items in capital work in progress and advances for purchase of fixed assets. Adjustments for increase / decrease in current liabilities related to acquisition of fixed assets to the extent identified have been made.  
2. During the current year, the company has issued 52,920 shares to NEPL pursuant to merger as per the order of Hon'ble High Court.  
3. The accompanying notes are an integral part of this statement.

As per our report of even date  
For **S. R. BATLIBOI & ASSOCIATES**  
Chartered Accountants  
per **S. BALASUBRAHMANYAM**  
a Partner  
Membership No.: 053315  
Place : Chennai  
Date : June 27, 2008

For and on behalf of the Board of Directors  
  
**R. CHELLAPPAN**  
Managing Director  
  
**A. BALAN**  
Director  
  
**S. KRISHNAMURTHY**  
Company Secretary

## NUMERIC POWER SYSTEMS LIMITED

### Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

#### I Registration Details

Registration No : 28578 State Code : 18  
Corporate Identity Number (CIN): L93090TN1994PLC028578  
Balance Sheet Date : 31-Mar-08

#### II Capital Raised During The Year (Amount in Rs. 000)

Public Issue : - Rights Issue : -

Bonus Issue : - Private Placement : -

#### III Position of Mobilisation And Deployment of Funds (Amount in Rs. 000)

Total Liabilities : 2,331,313 Total Assets : 2,331,313

##### Sources of Funds

Paid-Up Capital : 50,529 Reserves & Surplus : 1,351,420  
Secured Loans : 167,013 Deferred tax liability : -

##### Application of Funds

Net Fixed Assets : 376,368 Investments : 73,709  
Net Current Assets : 1,161,436 Miscellaneous expenditure : -

#### IV Performance of Company (Amount in Rs. 000)

Turnover  
(Sales and other income) : 3,894,411 Total Expenditure : 3,429,892  
Profit Before Tax : 464,519 Profit After Tax : 401,978  
Earnings Per Share -  
Basic Rs. : 80 Dividend Rate % : 50%  
Earnings Per Share -  
Diluted Rs. : 80

#### V Generic names of principal products/services of the Company (As per monetary Terms)

Item Code No. (ITC Code)	Product Description
85044009	Uninterruptible Power Supply System Static Converters - Others
85044001	Static Converters - Electric Inverters - Rectifier and Chargers

For and on behalf of the Board of Directors

**R. CHELLAPPAN**  
Managing Director

**A. BALAN**  
Director

**S. KRISHNAMURTHY**  
Company Secretary

Place : Chennai  
Date : June 27, 2008

**Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956.**

a) Name of the Subsidiary	Numeric Lanka Technologies (Private) Limited, Sri Lanka	Numeric Power Systems Pte. Limited, Singapore	Numeric Power Systems (Mauritius) Private. Limited, Mauritius.
b) Holding Company's Interest	100%	100%	100%
c) Net aggregate amount of subsidiaries profits / losses which concerns the members of Numeric Power Systems Limited to the extent mentioned above and not dealt with in the Company's books:			
i) For the subsidiaries' financial year ended March 31, 2008	Profit: Rs.6,988,697	Profit: Rs.25,176,981	Loss: Rs.541,556
ii) For the previous financial years/period since these companies became subsidiaries.	Profit: Rs.24,498,126	Profit: Rs.27,761,612	Loss: Rs.566,633

## NUMERIC LANKA TECHNOLOGIES (PVT) LTD

**LAWRIE MUTHU KRISHNA & CO.**  
CHARTERED ACCOUNTANTS

30 - 2/1, Galle Road,  
Colombo 06, Sri Lanka.  
Tel.: +94 (11) 2501677, 5624303  
Fax: +94 (11) 2508874

81 1/7, 1/8, Ashika Building,  
Prince Street, Colombo 11, Sri Lanka.  
Tel +94 (11) 2329642 - 3, 2341178  
Fax +94 (11) 2432660  
e - mail : lmk12@sltnet.lk

### INDEPENDENT AUDITOR'S REPORT

#### TO THE SHAREHOLDERS OF NUMERIC LANKA TECHNOLOGIES (PVT) LTD.

##### Report on the Financial Statements

We have audited the accompanying financial statements of Numeric Lanka Technologies (Pvt) Ltd. which comprise the balance sheet as at 31st March 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes Exhibited in pages from 7 to 13

##### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and 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 have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

##### Opinion

In our opinion, so far as appears from our examination, the company maintained proper accounting records for the year ended 31st March 2008 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2008 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

##### Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No.07 of 2007.

Colombo  
April 30, 2008

**LAWRIE MUTHU KRISHNA & CO.**  
Chartered Accountants

**NUMERIC LANKA TECHNOLOGIES (PVT) LTD**  
 407-409, JUMMA MASJID ROAD, MALIGAWATTE, COLOMBO-10

**Balance Sheet as at March 31, 2008**

<b>ASSETS</b>	<b>31-03-2008</b>	<b>31-03-2007</b>
<b>NON CURRENT ASSETS</b>	<b>Rs. in SLR</b>	<b>Rs. in SLR</b>
Property, Plant & Equipment	<u>1,341,715.60</u>	<u>2,098,315</u>
<b>CURRENT ASSETS</b>		
Stock	2,943,193.22	8,167,470
Trade and other receivables	64,087,565.92	54,823,422
Fixed Deposits	17,983,482.93	18,828,385
Taxation	151,878.02	57,222
Cash at Banks & In-Hand	<u>13,763,128.62</u>	<u>5,375,354</u>
	<u>98,929,248.71</u>	<u>87,251,853</u>
<b>TOTAL ASSETS</b>	<u><b>100,270,964.31</b></u>	<u><b>89,350,168</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
<b>STATED CAPITAL</b>	<b>20,000,000.00</b>	<b>20,000,000</b>
Retained Earning	<u>67,002,704.00</u>	<u>57,021,977</u>
	<u>87,002,704.00</u>	<u>77,021,977</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<u>13,268,260.31</u>	<u>12,328,191</u>
	<u>13,268,260.31</u>	<u>12,328,191</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>100,270,964.31</b></u>	<u><b>89,350,168</b></u>

for and on behalf of Board of Directors

**R. CHELLAPPAN**  
 Director

**A. MURALIDHARAN**  
 Director

Colombo  
 April 30, 2008

**NUMERIC LANKA TECHNOLOGIES (PVT) LTD**  
407-409, JUMMA MASJID ROAD, MALIGAWATTE, COLOMBO-10

**Income Statement for the year ended March 31, 2008**

	<b>31-03-2008</b> <b>Rs. in SLR</b>	<b>31-03-2007</b> <b>Rs. in SLR</b>
REVENUE	53,982,453.75	48,079,645
Cost of Sales	(32,584,461.60)	(32,907,597)
Gross Profit	21,397,992.15	15,172,049
Other Operating Income	4,220,569.83	866,795
	25,618,561.98	16,038,844
Administration Expenses	(3,918,574.45)	(4,150,746)
Other Operating Expenses	(1,605,062.37)	(1,624,088)
Profit from Operating Activities	20,094,925.16	10,264,010
Finance Cost	(51,649.72)	(92,682)
Profit before Taxation	20,043,275.44	10,171,328
Taxation	(62,548.43)	(86,077)
Profit after Taxation	<b>19,980,727.01</b>	<b>10,085,251</b>
Earnings Per Share	99.90	50.43

for and on behalf of Board of Directors

**R. CHELLAPPAN**  
Director

**A. MURALIDHARAN**  
Director

Colombo  
April 30, 2008



**AUDITORS' REPORT TO THE MEMBERS OF  
NUMERIC POWER SYSTEMS PTE. LTD.**

(Company No.200402543C)

We have audited the accompanying financial statements of Numeric Power Systems Pte. Ltd. (the Company) as set out on pages 6 to 22, which comprise the balance sheet as at 31st March 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimate that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

**Opinion**

**In our opinion,**

- (a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st March 2008 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**K.F. HOONG & CO**

Certified Public Accountants  
Singapore

19.06.2008

**NUMERIC POWER SYSTEMS PTE. LTD.**

**NUMERIC POWER SYSTEMS PTE. LTD.**  
**Balance Sheet as at 31st March 2008**

	<b>2008</b> US\$	<b>2007</b> US\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant & equipment	13,808	-
Property under construction	285,695	-
	<u>299,504</u>	<u>-</u>
<b>Current assets</b>		
Inventories	1,461,693	411,414
Trade and other receivables	2,118,447	1,869,892
Cash and cash equivalents	1,420,421	1,160,401
	<u>5,000,562</u>	<u>3,441,707</u>
<b>Total Assets</b>	<u>5,300,065</u>	<u>3,441,707</u>
<b>EQUITY</b>		
Share Capital	745,752	745,752
Retained earnings	1,313,653	638,658
	<u>2,059,405</u>	<u>1,384,410</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payable	3,120,660	1,996,971
Income tax liabilities	120,000	60,326
<b>Total Liabilities</b>	<u>3,240,660</u>	<u>2,057,297</u>
<b>Total Equity and Liabilities</b>	<u>5,300,065</u>	<u>3,441,707</u>

For and on behalf of the Board of Directors

Singapore  
19.06.2008

**R. CHELLAPPAN**  
Director

**VICK WONG**  
Director



**NUMERIC POWER SYSTEMS PTE. LTD.**  
**Profit and Loss Account for the Year ended 31st March 2008**

	<b>01-04-2007 to 31-03-2008 US\$</b>	<b>01-04-2006 to 31-03-2007 US\$</b>
Revenue	7,920,040	4,214,485
Cost of sales	(6,759,008)	(3,578,465)
Gross Profit	<b>1,161,032</b>	636,020
Other gains	46,078	48,931
Distribution costs	(274,301)	(209,690)
Administrative expenses	(128,616)	(97,895)
Other expenses	(3,376)	(1,493)
Profit before income tax	<b>800,817</b>	375,872
Income tax	(125,822)	(60,327)
Profit for the year	<b>674,995</b>	315,545

For and on behalf of the Board of Directors

Singapore  
19.06.2008

**R. CHELLAPPAN**  
Director

**VICK WONG**  
Director

## NUMERIC POWER SYSTEMS (MAURITIUS) PRIVATE LTD

### AUDITORS' REPORT

To

The Shareholders of Numeric Power Systems (Mauritius) Private Ltd

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

#### **Respective responsibilities of Directors and Auditors**

The company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with the International Standards on Auditing (S205(3) of CA 2001). An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2008 and of its loss and cash flow for the year then ended have been properly prepared in accordance with the Companies Act 2001.

Without qualifying our above opinion, we draw attention to the fact that in common with many businesses of similar size and organization the company's system of control is dependent upon the close involvement of the Directors, who are major shareholders, and as part of basis for my opinion we have accepted assurances from the Directors that all the company's transactions have been properly recorded.

The financial statements comply with the International Financial Reporting Standards.

**MILTON PARKER**

Public Accountants

June 26, 2008

# **NUMERIC POWER SYSTEMS (MAURITIUS) PRIVATE LTD**

## **BALANCE SHEET - 31<sup>st</sup> MARCH 2008**

<b>ASSETS EMPLOYED</b>	<b>2008 MUR</b>	<b>2007 MUR</b>
<b>INTANGIBLE ASSETS</b>		
Investment and preliminary expenses	-	-
<b>Non-current assets</b>		
Property, Plant and Machinery	-	-
<b>Current assets</b>		
Stock	20,300	489,328
Trade and other receivables	690,269	1,057,899
Cash in hand and at bank	178,313	518,998
	<hr/> 888,882	<hr/> 2,066,225
<b>TOTAL ASSETS</b>	<hr/> 888,882	<hr/> 2,066,225
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	100,000	100,000
Reserve	(677,368)	(280,372)
Shareholders' interests	<hr/> (577,368)	<hr/> (180,372)
Shareholders' Loan	583,438	583,438
<b>Current liabilities</b>		
Trade and other payables	856,820	1,631,003
Taxation	-	-
Bank Overdraft	25,992	32,156
	<hr/> 882,812	<hr/> 1,663,159
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> 888,882	<hr/> 2,066,225

For and on behalf of the Board of Directors

Chennai  
June 26, 2008

**R. CHELLAPPAN**  
Director

**A. BALAN**  
Director

# **NUMERIC POWER SYSTEMS (MAURITIUS) PRIVATE LTD**

## **PROFIT AND LOSS ACCOUNT - 31<sup>st</sup> MARCH 2008**

	<b>2008 MUR</b>	<b>2007 MUR</b>
Sales	574,146	3,881,845
Cost of Sales	<u>480,865</u>	<u>3,673,043</u>
Gross Profit	93,281	208,802
Other Income	-	775,203
Distribution costs	-	150,808
Administrative expenses	355,687	919,976
Other operating expenses	<u>-</u>	<u>-</u>
Operating Loss	(262,407)	(86,779)
Finance costs	<u>134,589</u>	<u>4,772</u>
Loss before taxation	(396,996)	(91,551)
Taxation	<u>-</u>	<u>-</u>
Loss after taxation	(396,996)	(91,551)
Balance B/F	<u>(280,372)</u>	<u>(188,821)</u>
Balance C/F	<u>(677,368)</u>	<u>(280,372)</u>
Loss per share	<b>(3,969.96)</b>	<b>(915.51)</b>

For and on behalf of the Board of Directors

Chennai  
June 26, 2008

**R. CHELLAPPAN**  
Director

**A. BALAN**  
Director

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### The Board of Directors

#### Numeric Power Systems Limited

1. We have audited the attached consolidated balance sheet of Numeric Power Systems Limited ('the Company'), as at March 31, 2008, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 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.
3. We did not audit the financial statements of the subsidiaries, joint ventures and associate whose financial statements reflect total assets of Rs 2,603.20 lacs as at March 31, 2008, the total revenue of Rs 3,468.97 lacs and cash flows amounting to Rs 85.52 lacs for the year then ended. The financial statements of the subsidiaries, joint venture and associate and other financial information required for the purpose of consolidation have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. *The financial statements of one of the joint ventures, SOCOMEC Numeric UPS Private Limited is yet to be audited and therefore unaudited financial statements for the year ended March 31, 2008 have been furnished to us by the management of the Company. The attached consolidated financial statements include Rs 55.63 lacs in loss, total revenue of Rs 1215.89 lacs, cash flows amounting to Rs 113.91 lacs for the year ended March 31, 2008 and total assets of Rs 1,163.82 lacs as at March 31, 2008 of the aforementioned joint venture.*
5. We report that the consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standards (AS) 21 - 'Consolidated financial statements', AS 23 - 'Accounting for Investments in Associates' in Consolidated Financial Statements and AS 27 - 'Financial Reporting of Interests in Joint Ventures' prescribed by the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to our comments in paragraph 4 for the effect of adjustments if any, that may arise, had the financial statements of SOCOMEC Numeric UPS Private Limited been audited, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
  - (a) in the case of the consolidated balance sheet, of the state of affairs of Numeric Power Systems Limited and its subsidiaries, joint ventures and associate as at March 31, 2008;

## **NUMERIC POWER SYSTEMS LIMITED**

- (b) in the case of the consolidated profit and loss account, of the consolidated profit of Numeric Power Systems Limited and its subsidiaries, joint ventures and associate for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of Numeric Power Systems Limited and its subsidiaries, joint ventures and associate for the year ended on that date.

**For S.R. BATLIBOI & ASSOCIATES**  
**Chartered Accountants**

**per S. Balasubrahmanyam**  
**Partner**  
Membership No.: 053315

Chennai  
June 27, 2008



**Consolidated Balance Sheet as at March 31, 2008**  
*(All amounts are in Indian Rupees unless otherwise stated)*

Particulars	Sch.	March 31, 2008	March 31, 2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	50,529,200	50,000,000
Reserves and surplus	2	1,418,126,981	1,015,032,895
		<u>1,468,656,181</u>	<u>1,065,032,895</u>
<b>Loan funds</b>			
Secured loans	3	182,073,674	188,204,072
		<u>182,073,674</u>	<u>188,204,072</u>
Deferred Tax Liability	4	42,573,923	40,634,508
<b>TOTAL</b>		<b><u>1,693,303,778</u></b>	<b><u>1,293,871,475</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	5		
Gross block		488,868,148	346,806,232
Less : Depreciation		<u>117,817,245</u>	<u>80,296,492</u>
Net block		371,050,903	266,509,740
Capital work-in-progress including capital advances		<u>23,873,141</u>	<u>21,349,337</u>
		<u>394,924,044</u>	<u>287,859,077</u>
<b>Investments</b>	6	6,279,879	6,307,799
<b>Current Assets, Loans and Advances</b>			
Inventories	7	693,316,096	510,351,288
Debtors	8	1,076,527,477	816,972,856
Cash and bank balances	9	202,002,045	147,019,212
Other current assets	10	190,318	53,971
Loans and advances	11	195,636,087	112,225,845
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	12	792,596,262	552,400,854
Provisions	13	<u>82,975,906</u>	<u>34,517,719</u>
<b>Net Current Assets</b>		<u>1,292,099,855</u>	<u>999,704,599</u>
<b>TOTAL</b>		<b><u>1,693,303,778</u></b>	<b><u>1,293,871,475</u></b>

**Notes to Accounts**

19

The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**  
 Chartered Accountants  
 per **S. BALASUBRAHMANYAM**  
 a Partner  
 Membership No.: 053315  
 Place : Chennai  
 Date : June 27, 2008

For and on behalf of the Board of Directors

**R. CHELLAPPAN**  
 Managing Director

**A. BALAN**  
 Director

**S. KRISHNAMURTHY**  
 Company Secretary

# NUMERIC POWER SYSTEMS LIMITED

## Consolidated Profit and Loss Account for the year ended March 31, 2008

(All amounts are in Indian Rupees unless otherwise stated)

Particulars	Sch.	Year ended March 31, 2008	Year ended March 31, 2007
<b>INCOME</b>			
Turnover (Gross)		4,279,757,185	2,843,018,668
Less : Excise duty		333,397,593	234,468,069
Turnover (Net)		3,946,359,592	2,608,550,599
Service income		313,204,065	295,987,159
Other income	14	44,935,979	38,618,601
<b>TOTAL</b>		<b>4,304,499,636</b>	<b>2,943,156,359</b>
<b>EXPENDITURE</b>			
Personnel expenses	15	296,562,223	210,924,303
Manufacturing and other expenses	16	3,501,044,374	2,505,758,116
Decrease/(Increase) in inventories	17	(71,525,647)	(97,950,747)
Depreciation/Amortisation	5	33,545,282	21,654,782
Financial expenses	18	53,048,763	40,759,914
<b>TOTAL</b>		<b>3,812,674,995</b>	<b>2,681,146,368</b>
Share in (loss) / profit of Associate Company		(27,920)	(647,767)
Profit before tax and prior period items		491,796,721	261,362,224
Provision for current tax			
- Current tax		62,036,526	35,668,373
- Minimum Alternate Tax credit entitlement		(1,300,000)	(16,477,407)
- Deferred tax		1,939,413	14,062,003
- Fringe benefit tax		5,420,856	5,671,143
Net Profit after tax and before prior period items		423,699,926	222,438,112
Prior period items (Refer note 4 to Schedule 19)		-	17,709,007
Net profit after tax		423,699,926	204,729,105
Profit/(loss) of UPS Division of NEPL for the period from Nov.1, 2005 to March 31, 2007 (Refer note 5(c)(iv) of Sch.19)		2,474,388	-
Net profit after exceptional item		426,174,314	204,729,105
Balance brought forward from previous year		857,094,179	697,495,665
Profit available for appropriation		1,283,268,493	902,224,770
Appropriations:			
Proposed final dividend		25,264,600	22,500,000
Tax on dividend		4,292,456	3,823,875
Transfer to general reserve		40,445,219	18,806,716
		70,002,275	45,130,591
<b>Surplus carried to Balance Sheet</b>		<b>1,213,266,218</b>	<b>857,094,179</b>
Earnings per share			
- Weighted average number of equity shares (Nos)		5,052,920	5,000,000
- Basic and diluted earnings per share (Rs)		84	41
- Nominal value per equity share (Rs)		10	10

### Notes to Accounts

19

The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss account.  
As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **S. BALASUBRAHMANYAM**

a Partner

Membership No.: 053315

Place : Chennai

Date : June 27, 2008

For and on behalf of the Board of Directors

**R. CHELLAPPAN**

Managing Director

**A. BALAN**

Director

**S. KRISHNAMURTHY**

Company Secretary

**Schedules to Consolidated Financial Statements**  
(All amounts are in Indian Rupees unless otherwise stated)

	March 31, 2008	March 31, 2007
<b>Schedule 1 : Share Capital</b>		
<i>Authorised</i>		
5,500,000 (2007 - 5,500,000) equity shares of Rs.10/- each	55,000,000	55,000,000
<i>Issued</i>		
5,052,920 (2007 - 5,000,000) equity shares of Rs. 10/- each fully paid	50,529,200	50,000,000
<i>Subscribed and paid up</i>		
5,052,920 (2007 - 5,000,000) equity shares of Rs. 10/- each fully paid	50,529,200	50,000,000
<i>Of the above:</i>		
(i) 1,250,000 (2007 - 1,250,000) shares of Rs.10 each were allotted as fully paid up bonus shares by capitalisation of Profit and Loss account.		
(ii) 945,000 (2007 - 945,000) shares of Rs.10 each were allotted as fully paid up pursuant to a contract for consideration other than cash.		
(iii) 52,920, (2007-Nil) equity shares Rs.10 each were allotted as fully paidup pursuant to merger of UPS division of Numeric Electronic (P) Ltd. (Refer note 5 of shcedule 19)		
<b>Schedule 2 : Reserves and Surplus</b>		
Share Premium	68,797,500	68,797,500
Capital Reserve		
Balance as per last account	-	-
Add: Addition on account of merger (refer Note 5 to Sch. 19)	15,263,880	-
	15,263,880	-
General Reserve		
Balance as per last account	91,281,006	81,319,864
Add : Transferred from Profit and Loss Account	40,445,219	18,806,716
Less : Transitional liability for Employee Benefits as per AS-15 (refer to note no 2(b)(i))	(4,800,000)	-
Less : Deferred tax transitional adjustment as at October 1, 2001	-	(8,845,574)
	126,926,225	91,281,006
Foreign Currency Translation Adjustment		
Balance as per last account	(2,139,790)	(119,593)
Add : Addition during the year	(3,987,052)	(2,020,197)
	(6,126,842)	(2,139,790)
Profit and Loss Account	1,213,266,218	857,094,179
	<b>1,418,126,981</b>	<b>1,015,032,895</b>
<b>Schedule 3 : Secured Loans</b>		
From banks		
Working capital demand loans	100,692,000	135,000,000
Cash credit	72,227,672	44,439,282
Bills Discounted	9,154,002	7,967,211
Interest accrued and due	-	797,579
(Secured against stock, book debts, land, building, plant & machinery and other assets on a pari passu basis and by the personal guarantee of two directors)		
	<b>182,073,674</b>	<b>188,204,072</b>
<b>Schedule 4 : Deferred Tax Liability</b>		
Differences in depreciation as per tax books and as per financial books, reversing after tax holiday period.	47,332,523	40,634,508
Provision for doubtful debts	(4,758,600)	-
	<b>42,573,923</b>	<b>40,634,508</b>

# NUMERIC POWER SYSTEMS LIMITED

## Schedules to Consolidated Financial Statements contd...

(All amounts are in Indian Rupees unless otherwise stated)

### Schedule 5 : Fixed Assets

Particulars	Gross block				Accumulated depreciation				Net block		
	As at April 1, 2007	Additions (Note 1)	Additions from acqn.	Deletions	As at March 31, 2008	As at April 1, 2007	Charge from acqn.	Charge during the yr (Note 1)	Deletions	As at March 31, 2008	As at March 31, 2007
Land	38,953,864	12,713,820	-	-	51,667,684	-	-	-	-	51,667,684	38,953,864
Leasehold land	-	10,815,430	-	-	10,815,430	-	-	100,856	-	10,714,574	-
Leasehold improvements	-	2,865,886	-	-	2,865,886	-	-	265,725	-	2,600,161	-
Building	84,509,374	36,072,793	-	-	120,582,167	16,648,362	-	3,335,160	-	100,598,645	67,861,012
Plant and machinery	120,747,372	18,816,555	1,278,579	-	140,842,506	20,089,388	110,066	11,039,480	-	109,603,572	100,657,984
Office equipment, electricals etc	32,827,132	3,372,179	574,862	-	36,774,173	9,261,113	211,865	3,074,495	-	24,226,700	23,566,019
Computers	24,886,386	9,117,145	52,760	-	34,056,291	12,553,619	2,249	3,614,761	-	17,885,662	12,332,767
Furniture and fittings	21,556,591	3,230,838	47,832	-	24,835,261	11,243,144	21,137	2,611,972	-	10,959,008	10,313,447
Vehicles	23,325,513	7,698,011	-	499,531	30,523,993	10,500,866	-	2,292,893	454,877	12,338,882	12,824,647
Intangibles	-	-	-	-	-	-	-	-	-	-	-
Software	-	22,088,697	-	-	22,088,697	-	-	4,386,941	-	17,701,756	-
Goodwill*	-	-	13,816,060	-	13,816,060	-	4,144,818	2,763,212	-	6,908,030	-
	346,806,232	126,791,354	15,770,093	499,531	488,868,148	80,296,492	4,490,135	33,485,495	454,877	371,050,903	266,509,740
Previous year	309,575,508	37,435,764	-	205,040	346,806,232	58,865,237	-	21,597,331	166,076	266,509,740	-

\* Refer note 5(c)(i) of schedule 19

Note: 1. Additions and depreciation charge for the period include foreign currency translation adjustment arising on consolidation to a foreign subsidiary aggregating Rs. 130,323 (2007 - Rs.216,651) and Rs. 59,787 (2007 - Rs.57,451) respectively.

**Schedules to Consolidated Financial Statements**  
*(All amounts are in Indian Rupees unless otherwise stated)*

	<b>March 31, 2008</b>	March 31, 2007
<b>Schedule 6 : Investments</b>		
<b>Long Term Investments</b> (Unquoted, at cost)		
<b>A. Other than trade</b>		
300,000 (2007 - 300,000) equity shares of Rs 10 each fully paid in Gem Sugars Limited	3,000,000	3,000,000
<b>B. Investment in Associate Company</b>		
12,250 (2007 - 12,250) shares of Rs 100 each fully paid in NPSL - Sunpac Power Protection Private Limited	1,225,000	1,225,000
Add: Share of change in total equity in Associate Company	2,054,879	2,082,799
	<b><u>6,279,879</u></b>	<b><u>6,307,799</u></b>
<b>Schedule 7 : Inventories</b>		
Raw materials and components	316,893,437	205,454,276
Work-in-progress	35,592,360	44,690,788
Finished goods	340,830,299	260,206,224
	<b><u>693,316,096</u></b>	<b><u>510,351,288</u></b>
<b>Schedule 8 : Sundry Debtors</b>		
Debts outstanding for a period exceeding six months		
- Unsecured, considered good	119,294,488	102,725,609
- Considered doubtful	-	-
Other debts		
- Unsecured, considered good	957,232,989	714,247,247
- Considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	<b><u>1,076,527,477</u></b>	<b><u>816,972,856</u></b>
<b>Schedule 9 : Cash and Bank Balances</b>		
Cash on hand	612,260	372,724
Remittances in transit	-	800,000
Balances with banks:		
On current accounts	146,076,538	87,047,012
On deposit accounts	54,763,913	58,242,214
On unpaid dividend accounts	549,334	557,262
	<b><u>202,002,045</u></b>	<b><u>147,019,212</u></b>

# NUMERIC POWER SYSTEMS LIMITED

## Schedules to Consolidated Financial Statements (All amounts are in Indian Rupees unless otherwise stated)

	March 31, 2008	March 31, 2007
<b>Schedule 10 : Other current assets</b> (Unsecured, considered good)		
Interest accrued	190,318	53,971
	<b>190,318</b>	<b>53,971</b>
<b>Schedule 11 : Loans and Advances</b> (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	93,582,513	30,632,231
Minimum Alternate Tax Credit entitlement	17,777,407	16,477,407
Earnest money deposit	9,867,525	9,320,099
Deposits – others	10,634,796	11,543,251
Balances with Government departments	77,773,846	44,252,857
Less: Provision for doubtful debts	(14,000,000)	-
	<b>195,636,087</b>	<b>112,225,845</b>
<b>Schedule 12 : Current Liabilities</b>		
Sundry creditors and accrued expenses	696,737,383	508,056,944
Deferred service income	33,619,710	28,405,000
Book overdraft	11,164,139	-
Unpaid dividend	549,333	557,262
Other liabilities	50,525,697	15,381,648
	<b>792,596,262</b>	<b>552,400,854</b>
<b>Schedule 13 : Provisions</b>		
Proposed dividend	25,264,600	22,500,000
Tax on proposed dividend	4,292,456	3,823,875
Provision for income tax (net of advance tax and tax deducted at source)	14,858,252	5,143,844
Provision for gratuity	1,351,676	-
Provision for leave encashment	8,835,687	-
Provision for warranty:		
Balance, beginning of year	3,050,000	2,400,000
Additions during the year	27,973,235	3,500,000
Amounts used during the year	(2,650,000)	(2,850,000)
Balance, end of year	28,373,235	3,050,000
	<b>82,975,906</b>	<b>34,517,719</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>March 31, 2008</b>	<b>March 31, 2007</b>
<b>Schedule 14 : Other income</b>		
Interest	3,446,196	611,434
Dividend income	-	4,658,819
Commission income	17,603,208	11,426,163
Foreign exchange gains, net	13,236,006	6,633,777
Miscellaneous income	10,650,569	15,288,408
	<b>44,935,979</b>	<b>38,618,601</b>

## Schedules to Consolidated Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

	Year ended March 31, 2008	Year ended March 31, 2007
<b>Schedule 15 : Personnel Expenses</b>		
Salaries, wages and bonus	261,381,911	189,065,566
Contribution to provident and other funds	20,401,785	11,598,281
Gratuity cost	4,632,959	3,678,312
Workmen and staff welfare expenses	10,145,568	6,582,144
	<b>296,562,223</b>	<b>210,924,303</b>
<b>Schedule 16 : Manufacturing and Other Expenses</b>		
Raw materials and components consumed	1,728,262,292	1,268,323,655
Purchase of traded goods	1,238,662,020	858,518,555
Sub-contracting and processing expenses	56,067,688	27,401,467
Power and fuel	9,384,042	7,173,580
Freight and forwarding charges	107,677,188	81,496,557
Rates and taxes	16,407,739	17,454,364
Rent	32,670,612	20,052,111
Insurance	4,941,977	4,137,344
Repairs and maintenance		
- Buildings	2,905,990	2,670,831
- Others	3,747,013	4,191,060
Sales promotion and commission	69,371,232	41,271,591
Advertisement	14,297,862	15,470,698
Travelling and conveyance	19,375,327	16,070,452
Communication costs	14,268,686	11,745,423
Printing and stationery	8,191,310	5,387,307
Legal and professional fees	22,255,034	14,234,538
(Increase)/decrease of Excise duty on Inventory of finished goods	856,437	415,902
Remission and write off of debts	29,239,592	21,397,043
Provision for doubtful debts	14,000,000	-
Service centre expenses (Refer note 8 to Schedule 19)	59,523,424	58,178,744
Loss on sale of investments	-	2,403,013
Foreign exchange losses, net	2,796,008	2,973,505
Miscellaneous expenses	46,142,901	24,790,376
	<b>3,501,044,374</b>	<b>2,505,758,116</b>
<b>Schedule 17 : Decrease/(Increase) in Inventories</b>		
Inventories, beginning of year		
- Work-in-progress	44,690,788	33,365,086
- Finished goods	260,206,224	173,581,179
	<b>304,897,012</b>	<b>206,946,265</b>
Inventories, end of year		
- Work-in-progress	35,592,360	44,690,788
- Finished goods	340,830,299	260,206,224
	<b>376,422,659</b>	<b>304,897,012</b>
	<b>(71,525,647)</b>	<b>(97,950,747)</b>
<b>Schedule 18 : Financial Expenses</b>		
Interest		
- on Working capital	17,342,371	15,522,026
- others	837,819	412,694
Bank and other charges	34,868,573	24,825,194
	<b>53,048,763</b>	<b>40,759,914</b>

## NUMERIC POWER SYSTEMS LIMITED

### Schedule 19 : Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees unless otherwise stated)

#### 1. Principles of Consolidation

The Consolidated Financial Statements relate to Numeric Power Systems Limited ('the Company') and its subsidiaries, joint venture and associate. The details of such subsidiaries, joint venture and associate together with the basis of preparation of the Consolidated Financial Statements ('CFS') have been set out below:

- (i) The particulars of subsidiary companies, which are included in consolidation and the Company's holding therein, are as under:

Name	Country of Incorporation	Percentage Holding
Numeric Power Systems Pte Ltd. ('Numeric Singapore')	Singapore	100 %
Numeric Lanka Technologies (Private) Ltd. ('Numeric Lanka')	Sri Lanka	100 %
Numeric Power Systems (Mauritius) Private Ltd. ('Numeric Mauritius')	Mauritius	100%

- (ii) The particulars of joint venture company, which is included in consolidation and the Company's holding therein, are as under:

Name	Country of Incorporation	Percentage Holding
Numeric Infrastructure Services Private Limited ('Numeric Infrastructure')	India	50%
Socomec Numeric UPS Private Limited ('SNUPL')	India	50%

- (iii) The particulars of associate company, which is included in consolidation and the Company's holding therein, are as under:

Name	Country of Incorporation	Percentage Holding
NPSL-Sunpac Power Protection Private Limited ('Numeric Sunpac')	India	49%

- (iv) The financial statements of the subsidiaries, joint venture and associate used for consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2008.
- (v) The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses and after eliminating intra-group balances, intra-group transactions and unrealized profits/losses.
- (vi) The Company has prepared the accompanying CFS by including the Company's proportionate interest in the joint venture's assets, liabilities, income, expenses etc on a line by line basis. Intra-group balances, intra-group transactions and unrealized profits / losses have been eliminated to the extent of the Company's proportionate share.
- (vii) The investment in the associate company has been accounted under the equity method as per Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India ('ICAI'). The Company's share



in profits / losses of an associate company is accounted for to the extent of the Company's percentage holding in its share capital.

- (viii) There is no excess / shortage of cost to the Company of its investment in the subsidiaries, joint venture and associate over its proportionate share in the equity of such subsidiaries, joint venture and associate as at the date of the investment. Accordingly no goodwill / capital reserve is recognized in the CFS.
- (ix) The CFS have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- (x) The consolidated financial statements include the Company's share of loss (Rs 55.63 lacs ), revenues of Rs 1215.89 lacs, cash flows of Rs 113.91 lacs for the year ended March 31, 2008 and total assets of Rs 1163.82 lacs as at March 31, 2008 of the joint venture SNUPL. The financial statements of SNUPL are in the process of being audited. In the opinion of the management, the impact of adjustments that may arise upon completion of the audit of the financial statements of SNUPL would not be material.

#### **Acquisition of UPS division ('Division') of Numeric Electronics Private Limited ('NEPL')**

The Company has entered into a Scheme of arrangement ('Scheme') with Numeric Electronics Private Limited ('NEPL' or the 'Demerged Company'). The Scheme was sanctioned by the Hon'ble High Court of Judicature at Madras ('the Court') vide its order dated June 27, 2007, whereby with effect from November 1, 2005 ('the appointed date') the UPS division ('Division') of NEPL has been transferred to the Company as a going concern. The Scheme has accordingly been given effect to in these accounts, the details of which have been set out in note 5 below.

## **2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below are consistent with those used in the previous year.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of income and expenses during the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

### **(b) Changes in accounting policy**

#### **(i) Adoption of Accounting Standard AS15 (Revised) Employee Benefits**

Till March 31, 2007, the Company was providing for gratuity based on actuarial valuation as per certificate from Life Insurance Corporation ('LIC'). In the current year, the Company has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Pursuant to adoption, the Company has determined the liability for transitional provision amounting to Rs 48 lakhs, which has been debited to general reserve. As a result of this change salaries, wages and bonus has increased by Rs 40.36 lakhs and correspondingly profit before tax is lower by the same amount.

## NUMERIC POWER SYSTEMS LIMITED

(ii) **Inventory valuation**

In the current year, the Company has implemented Enterprise Resource Planning Software (ERP) and hence, has changed its method of valuing cost of raw materials from first-in-first-out method to weighted average method. The impact of the above change in accounting policy on the current year financial statements is not material.

(c) **Fixed assets and Intangible assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) **Depreciation and amortisation**

Depreciation is provided using the Straight Line Method at the rates prescribed under schedule XIV of the Companies Act, 1956 other than windmills which are depreciated @ 10% p.a. Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Leasehold improvements are amortized over their estimated useful lives or the remainder of primary lease period, whichever is lower.

Intangible assets comprising goodwill and software are amortized using the straight-line method over a period of five years.

The assets of subsidiaries and joint venture aggregating to Rs. 2.4 million (0.49% of the total group assets) are depreciated using straight line method over their estimated useful life.

(e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(f) **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of long-term investments.

(g) **Inventories**

Inventories are valued as follows:

Raw materials, components, stores and spares Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(h) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### Sales

Sales of UPS systems and accessories are recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with dispatch of goods. Revenues under composite contracts comprising supply, installation and commissioning are recognized on dispatch as such services are generally considered insignificant to the contract.

#### Service income

Service income is recognized over the period of the contract with customers.

#### Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividends

Revenue is recognized when the Company's right as a shareholder / unit holder to receive payment is established by the balance sheet date.

#### Commission income

Commission income is accounted on accrual basis in accordance with the terms of the arrangements.

### (i) **Foreign currency transactions and translations**

#### Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

#### Derivative instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

### (j) **Retirement and other employee benefits**

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the regional provident fund.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

## NUMERIC POWER SYSTEMS LIMITED

- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

- iv. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

### **(k) Income taxes**

- i. Provision for income tax is made for current, fringe benefit and deferred taxes. Provision for current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, other than those arising from undertakings enjoying tax holiday benefits, are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The Company claims tax holiday benefits under Section 80-IB, Section 80-IC and Section 10-B of the Income Tax Act, 1961 with respect to certain undertakings. Deferred tax assets or liabilities relating to such undertakings are recognised in these financial statements for the future tax consequences attributable to differences between taxable income and accounting income for the year, to the extent that such differences are not expected to reverse within the tax holiday period.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

- ii. Deferred tax assets and liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so.
- iii. Provision for income-tax has been determined on the basis of the tax laws of the respective countries in which the companies have been incorporated.
- iv. Numeric Lanka is exempt from income-tax for a period of 5 years commencing from April 1, 2003 pursuant to an agreement with the Board of Investment of Sri Lanka. Interest earned on fixed deposits is separately subject to income-tax.

### **(l) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

### **(m) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**(n) Provision**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provision for the estimated liability in respect of warranty costs is made in the period in which the revenues are recognized based on technical evaluation.

**3. Transactions with parties covered under section 297 of the Companies Act, 1956**

During the previous year, the Company had entered into transactions for the purchase and sale of goods and materials with certain parties covered under section 297 of the Companies Act, 1956. In addition, the Company had also entered into transactions with such parties for the purchase of services. The Central Government / Company Law Board has vide order dated January 9, 2008 has condoned the offence with respect to contravention of Section 297 of the Companies Act, 1956.

**4. Prior period items**

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Deferred Tax Liability	-	17,709,007
<b>Total</b>	<b>-</b>	<b>17,709,007</b>

**5. Acquisition of the UPS division of NEPL under the scheme of arrangement between NEPL and the Company**

- a. NEPL is a private limited company engaged in manufacturing of Online UPS systems.
- b. During the year, the Scheme of Arrangement entered into between the Company and NEPL was sanctioned by the Court. The Scheme, having an appointed date of November 1, 2005, envisaged the following:
  - i. Demerger of the Demerged Undertaking of NEPL, and
  - ii. Transfer / vesting of the business of that Demerged Undertaking of NEPL with the Company
- c. The transfer has been accounted for in the following manner:
  - i. Assets and liabilities of the Demerged Undertaking of NEPL, as at November 1, 2005, were transferred to / vested in the Company at the fair value, a summary of which is given below. In addition, the Company has recognized goodwill amounting to Rs. 13,816,060 which represents the excess of the fair value of the assets and liabilities of the Demerged undertaking of NEPL over the purchase consideration.

Particulars		As at November 1, 2005
Purchase consideration	(a)	15,793,080
Less : Fair values (Net) of Assets and Liabilities of the Demerged undertaking of NEPL	(b)	1,977,020
Goodwill	(a-b)	13,816,060

- ii. As per the scheme of the arrangement sanctioned by the court the Company is required to issue an aggregate of 52,920 equity shares of Rs 10 each as fully paid up at par, to the shareholders of the Demerged Company as consideration for the acquisition. These shares have been allotted to the

## NUMERIC POWER SYSTEMS LIMITED

shareholders of the Demerged Company, on September 12, 2007. The exchange ratio has been arrived based on valuations of the individual companies.

- iii. The aggregate excess of the purchase consideration over the par value of shares issued for Rs. 529,200 has been recorded as capital reserve in these financial statements.

Particulars		
Par value of Shares	(a)	529,200
Purchase consideration	(b)	15,793,080
Capital Reserve	(b-a)	15,263,880

- iv. As per the scheme, as and from the appointed date upto and including the effective date, NEPL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities and contracts, of the Demerged undertaking for and on account of, in trust for, resulting company. Accordingly the net profit after tax of the Demerged Undertaking for the period from November 1, 2005 to March 31, 2007 of Rs. 2,474,388 has been incorporated in the financial statements of the Company by way of an adjustment to the profit and loss account.
6. The Company has terminated the Joint Venture agreement with Socomec SA, France with effect from April 10, 2008. Further, post year end, the Company has entered into a Letter of Intent ('LoI') with SOCOMEC SA on April 10, 2008. As per the LoI, the Company will transfer it's holding in the Joint Venture to SOCOMEC SA and the consideration for the same is more than the carrying value of the investment in the joint venture.
7. A provision is recognized for expected warranty claims on products sold during the last two years, based on past experience of level of repairs and returns. Assumption used to calculate the provision for warranties were based on current sales level and current information available about returns based on the two year warranty period for all products sold.

## Schedule 19 : Notes to Consolidated Financial Statements contd...

(All amounts are in Indian Rupees unless otherwise stated)

### 8 Service centre expenses

The aggregate amounts incurred on Service centre expenses comprise the following:

	Year ended March 31, 2008	Year ended March 31, 2007
Advertisement	111,450	49,019
Bank and other charges	6,992	59,109
Communication costs	7,655,161	7,582,556
Freight and forwarding charges	1,126,804	1,854,758
Insurance	141,078	137,202
Legal and professional fees	14,500	402,486
Miscellaneous expenses	1,302,961	4,035,616
Power and fuel	1,633,585	1,730,008
Printing and stationery	36,372	495,234
Rates and taxes	241,873	301,558
Repairs and maintenance - Others	3,783,368	958,361
Sales Promotion and Commission	1,555,212	1,523,557
Sub-contracting and processing expenses	3,649,050	3,134,801
Travel and Conveyance	36,771,080	33,340,622
Workmen and staff welfare expenses	1,493,938	2,573,857
	<b>59,523,424</b>	<b>58,178,744</b>

### 9 Contingent liabilities not provided for

Claims against the Company not acknowledged as debts

a) Excise / CENVAT related matters *	200,000	200,000
b) Sales tax related matters	1,000,000	10,706,000
c) Income tax related matters		
See note (i) below		

\* excludes amount to be determined based on verification ordered by the Settlement Commission  
(Maximum possible liability is Rs 3,700,000)

- i) The income-tax authorities had reopened in an earlier year the assessments of the Company for certain years and have raised demands on the Company on various matters including the tax holiday benefits availed in respect of profits arising from the service activities of the Company. The Company had gone on appeal against such demands in the previous year and had received orders from the appellate and other authorities demanding a sum of Rs 6.75 million towards income tax and Rs 8.20 million towards interest. The Company had provided for the claims relating to taxes of Rs 6.75 million in the previous year. The Company is in the process of filing relevant appeals against the demands for interest and expects a favourable outcome to such appeals. Pending resolution of the same, provision has been made in these financial statements for the interest claim of Rs 8.20 million.

### 10 Lease commitments - Operating Leases

Particulars	As at March 31, 2008	As at March 31, 2007
<b>Minimum Lease Payments :</b>		
Not later than one year	4,816,970	2,684,120
Later than one year but not later than five years	6,102,780	6,114,350
Later than five years	-	-
	<b>10,919,750</b>	<b>8,798,470</b>
Payments for non-cancellable leases during the year	3,851,523	2,784,254



**Schedule 19 : Notes to Consolidated Financial Statements contd...**
*(All amounts are in Indian Rupees unless otherwise stated)*
**11 Employee benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan.

**Net employee benefit expense (recognised in Personnel Expenses)**

Particulars	2007 - 2008
Current service cost	1,806,098
Interest cost on benefit obligation	842,683
Expected return on plan assets	(938,441)
Net actuarial (gain) / loss recognised in the year	2,922,619
<b>Net benefit expense</b>	<b>4,632,959</b>

**Details of provision for gratuity**

Particulars	Year ended March 31, 2008
Present value of obligation as at the end of the year	16,225,994
Less : Fair value of plan assets at the end of the year	(14,874,318)
<b>Plan asset / (liability)</b>	<b>1,351,676</b>

**Changes in the present value of the defined benefit obligation are as follows:**

Particulars	Year ended March 31, 2008
Present value of obligation at the beginning of the year	12,004,681
Interest Cost	842,683
Current service cost	1,806,098
Benefits paid	(1,537,818)
Actuarial (gain) / loss on obligation	3,110,350
Present value of obligation as at the end of the year	<b>16,225,994</b>

**Changes in the fair value of plan assets are as follows:**

Particulars	Year ended March 31, 2008
Fair value of planned assets at the beginning of the year	11,276,957
Expected return on plan assets	938,441
Contributions	4,009,007
Benefits paid	(1,537,818)
Actuarial gain / (loss) on plan assets	187,731
Fair value of plan assets at the end of the year	<b>14,874,318</b>

Particulars	Year ended March 31, 2008
Defined Benefit Obligation	16,225,994
Plan Assets	14,874,318
Surplus / (deficit)	1,351,676
Experience adjustments on plan liabilities	2,922,619
Experience adjustments on plan assets	-

**The principal assumptions used in determining gratuity benefit obligation for the Company's plan is shown below:**

Particulars	2007 - 2008
Discount rate (p.a.)	8.0%
Expected return on plan assets (p.a)	8.0%
Employee turnover	1% - 3%
Contribution expected to be paid during the next year	4,610,358

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the year over which the obligation is to be settled.

The estimates of future salary increases and rate of attrition considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

This being the first year of incorporation of Accounting standard 15 (R), hence comparative figures of previous year has not been provided.



## Schedule 19 : Notes to Consolidated Financial Statements contd...

(All amounts are in Indian Rupees unless otherwise stated)

### 12 Related party transactions

Particulars	Associates / Joint Ventures / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		Total	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
<b>Sales</b>	<b>15,128,773</b>	<b>20,983,315</b>	-	-	-	-	<b>15,128,773</b>	<b>20,983,315</b>
Socomec Numeric Ups P. Ltd	15,128,773	-	-	-	-	-	15,128,773	-
Numeric Electronics Private Limited	-	20,983,315	-	-	-	-	-	20,983,315
<b>Purchases of raw materials, intermediaries and finished goods</b>	<b>2,837,848</b>	<b>71,643,783</b>	-	-	-	-	<b>2,837,848</b>	<b>71,643,783</b>
Socomec Numeric Ups P. Ltd	2,837,848	-	-	-	-	-	2,837,848	-
Numeric Electronics Private Limited	-	71,643,783	-	-	-	-	-	71,643,783
<b>Receipt of services</b>	<b>2,451,998</b>	<b>3,529,866</b>	-	-	-	-	<b>2,451,998</b>	<b>3,529,866</b>
Numeric Infrastructure Services Private Limited	425,224	2,085,405	-	-	-	-	425,224	2,085,405
Hi-Power Electronics Private Limited	194,000	880,318	-	-	-	-	194,000	880,318
Socomec Numeric Ups P. Ltd.	1,149,494	-	-	-	-	-	1,149,494	-
Numeric Technologies Private Limited	683,280	564,143	-	-	-	-	683,280	564,143
<b>Purchase of fixed assets</b>	<b>725,973</b>	-	-	-	-	-	<b>725,973</b>	-
Numeric Infrastructure Services Private Limited	725,973	-	-	-	-	-	725,973	-
<b>Rent Received</b>	<b>1,229,200</b>	<b>144,000</b>	-	-	-	-	<b>1,229,200</b>	<b>144,000</b>
Numeric Technologies Private Limited	-	24,000	-	-	-	-	-	24,000
Socomec Numeric Ups P. Ltd.	1,180,200	-	-	-	-	-	1,180,200	-
Numeric Electronics Private Limited	24,000	-	-	-	-	-	24,000	-
Numeric Infrastructure Services Private Limited	25,000	120,000	-	-	-	-	25,000	120,000
<b>Rent Expense</b>	<b>4,237,500</b>	<b>150,000</b>	<b>590,000</b>	<b>48,000</b>	-	<b>180,000</b>	<b>4,827,500</b>	<b>378,000</b>
Numeric Electronics Private Limited	4,237,500	150,000	-	-	-	-	4,237,500	150,000
<b>Salary Paid</b>	-	-	<b>7,506,022</b>	<b>6,197,921</b>	<b>282,912</b>	<b>175,000</b>	<b>282,912</b>	<b>175,000</b>
<b>Dividend Paid</b>	-	-	<b>11,035,017</b>	<b>9,808,904</b>	<b>187,043</b>	<b>150,000</b>	<b>11,222,060</b>	<b>9,958,904</b>
Mr. R. Chellappan	-	-	10,577,678	9,402,380	-	-	10,577,678	9,402,380
Others	-	-	457,340	406,524	-	-	457,340	406,524
<b>Investments made</b>	<b>28,210,000</b>	-	-	-	-	-	<b>28,210,000</b>	-
Socomec Numeric Ups P. Ltd.	28,210,000	-	-	-	-	-	28,210,000	-

## NUMERIC POWER SYSTEMS LIMITED

Particulars	Associates / Joint Ventures / Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel		Relatives of key management personnel		Total	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
<b>Advances made</b>	<b>1,180,165</b>	<b>7,223,143</b>	-	-	-	-	<b>1,180,165</b>	<b>7,223,143</b>
Numeric Infrastructure Services Private Limited	-	725,000	-	-	-	-	-	725,000
Socomec Numeric Ups P. Ltd	1,180,165	6,498,143	-	-	-	-	1,180,165	6,498,143
<b>Balance outstanding as at the period end:</b>								
<b>Amounts payable (net) to related parties</b>	<b>6,493,974</b>	<b>5,895,519</b>	-	<b>1,446,640</b>	-	-	<b>6,493,974</b>	<b>7,342,159</b>
NPSL-Sunpac Power Protection Private Limited	4,202,605	4,205,207	-	-	-	-	4,202,605	4,205,207
Numeric Electronics Private Limited	2,100,000	1,604,558	-	-	-	-	2,100,000	1,604,558
Static Power Technologies (India) Private Limited	1,450	-	-	-	-	-	1,450	-
Numeric Infrastructure Services Private Limited	189,919	-	-	-	-	-	189,919	-
Hi-Power Electronics Private Limited	-	85,754	-	-	-	-	-	85,754
<b>Amounts receivable (net) from related parties</b>	<b>1,736,207</b>	<b>1,241,827</b>	-	-	-	-	<b>1,736,207</b>	<b>1,241,827</b>
Static Power Technologies (India) Private Limited	-	452,065	-	-	-	-	-	452,065
Socomec Numeric Ups P.Ltd.	1,695,753	-	-	-	-	-	1,695,753	-
Hi Power Electronics Private Limited	40,455	-	-	-	-	-	40,455	-
Numeric Infrastructure Services Private Limited	-	789,762	-	-	-	-	-	789,762
<p>1. Names of related parties.</p> <p>Associates / Joint Ventures / Enterprises owned or significantly influenced by key management personnel or their relatives</p> <p>NPSL-Sunpac Power Protection Private Limited  Numeric Infrastructure Services Private Limited  Hi-Power Electronics Private Limited  Static Power Technologies (India) Private Limited  Numeric Electronics Private Limited  Numeric Technologies Private Limited  Socomec Numeric UPS Private Limited</p> <p>Key Management Personnel</p> <p>Mr R Chellappan - Managing Director  Mr A Balan - Director  Mr K V Nachiappan - Director</p> <p>Relatives of key management personnel</p> <p>Mrs. Gunasundari Chellappan  Mr. V.C. Raghunath</p>								

## Schedule 19 : Notes to Consolidated Financial Statements contd...

(All amounts are in Indian Rupees unless otherwise stated)

### 13. Information in respect of Joint Venture in terms of Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures'

<b>Name of the Joint Venture:</b>	Numeric Infrastructure Services Private Limited (NISPL)	Socomec Numeric UPS Private Limited (SNPL)
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<b>Proportion of Ownership Interest</b>	: 50 %	50%
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<b>Date of incorporation</b>	: April 2, 2004	June 9, 2006
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<b>Country of Incorporation</b>	: India	India
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#### Summary of assets and liabilities:

(Details given below represent proportionate amount of the Company's share in joint venture)

	March 31, 2008 NISPL	As at March 31, 2008 SNPL	As at March 31, 2007 NISPL
<b>Fixed Assets</b>			
Gross block	136,500	6,345,578	136,500
Less : Accumulated Depreciation	58,322	786,020	36,195
<b>Net block</b>	<b>78,178</b>	<b>5,559,558</b>	<b>100,305</b>
Capital work in progress including capital advances	-	1,313,410	-
	<b>78,178</b>	<b>6,872,968</b>	<b>100,305</b>
<b>Secured Loan</b>	-	<b>15,061,004</b>	-
<b>Current Assets, Loans and Advances</b>			
Debtors	2,624,716	37,687,537	912,727
Inventories	-	53,627,207	-
Cash and bank balances	1,306,878	11,390,583	150,391
Unbilled Revenues	-	-	6,214,167
Other current assets	-	14,570	-
Loans and advances	294,007	6,788,676	206,052
Less: Current Liabilities and Provisions			
Liabilities	3,166,256	78,508,740	6,355,571
Provisions	44,542	164,500	210,586
<b>Net Current Assets</b>	<b>1,014,803</b>	<b>30,835,333</b>	<b>917,180</b>

#### Summary of income and expenditure:

(Details given below represent proportionate amount of the Company's share in joint venture)

	Year ended March 31, 2008 NISPL	Year ended March 31, 2008 SNPL	Year ended March 31, 2007 NISPL
<b>Income</b>			
Revenue	7,276,804	103,064,278	4,661,954
Commission income	-	17,914,586	-
Other income	478,733	610,363	1,044,203
	<b>7,755,537</b>	<b>121,589,227</b>	<b>5,706,157</b>
<b>Expenditure</b>			
Personnel expenses	546,127	12,387,491	500,755
Manufacturing and other expenses	7,055,541	113,098,604	4,582,229
Depreciation	22,127	786,020	21,271
Financial expenses	5,066	465,597	4,778
	<b>7,628,861</b>	<b>126,737,712</b>	<b>5,109,033</b>

## NUMERIC POWER SYSTEMS LIMITED

### Schedule 19 : Notes to Consolidated Financial Statements contd...

(All amounts are in Indian Rupees unless otherwise stated)

#### 14 Segment reporting

##### A. Primary segment information (By Business segments)

The Company's operations predominantly relates to the manufacture of and trading in UPS systems and accordingly this is the only primary reportable segment.

##### B. Secondary segment information (By Geographical segments)

The following table shows the geographical distribution of the Company's segment revenues and additions to tangible and intangible assets for the year ended March 31, 2008 and year ended March 31, 2007.

Particulars	Geographical segment			
	31-Mar-08		31-Mar-07	
	Outside India	India	Outside India	India
Revenues	338,157,051	3,921,406,606	208,718,788	2,695,818,970
Additions to Tangible and Intangible assets	565,721	141,995,726	(74,245)	37,510,009
Segment assets	234,746,148	2,334,511,719	254,336,668	1,626,476,269

#### 15 Foreign currency exposures

The Company does not use any derivative instruments to hedge its foreign currency exposures. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Particulars	Foreign Currency	March 31, 2008		March 31, 2007	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Receivables	USD	664,796	26,691,545	9,981	437,663
	SGD	433,017	12,700,381	918,080	26,725,301
	EURO	7,433	474,568	38,468	2,268,064
Advances	USD	904,669	36,322,469	16,335	716,282
Payables	USD	7,663,996	307,709,425	6,598,719	289,353,828
	SGD	664,125	19,478,800	1,561,008	45,440,943
	EURO	5,792	369,816	80,909	4,770,395
Bank balances	USD	39,138	1,571,377	60,395	2,648,316
	SGD	58,194	1,706,826	53,331	1,552,470
	EURO	56,001	3,575,648	4,413	260,193

16. As discussed in note 5 in view of the merger of the UPS division of NEPL with the company, the figures for the year ended March 31, 2008 are not comparable with that of previous year. Previous year figures have been reclassified/regrouped wherever possible to conform to the current year's presentation

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **S. BALASUBRAHMANYAM**

a Partner

Membership No.: 053315

Place : Chennai

Date : June 27, 2008

For and on behalf of the Board of Directors

**R. CHELLAPPAN**

Managing Director

**A. BALAN**

Director

**S. KRISHNAMURTHY**

Company Secretary

## Consolidated Cash Flow Statement for the year ended March 31, 2008

(All amounts are in Indian Rupees unless otherwise stated)

	Year ended March 31, 2008	Year ended March 31, 2007
<b>A. Cash flow from operating activities</b>		
Net profit before taxation	491,796,721	261,362,224
Adjustments for:		
Share of loss in associate company	27,920	647,767
Depreciation	33,545,282	21,654,782
(Profit)/Loss on sale of investments	-	2,403,013
Unrealised foreign exchange (gain)/loss, net	(3,576,439)	(4,734,282)
Interest expense	18,180,190	15,934,720
Interest income	(3,446,196)	(611,434)
Dividend income	-	(4,658,819)
(Profit)/Loss on sale of fixed assets	(60,347)	13,964
Remission and write off of debts	29,239,592	21,397,043
Provision for doubtful debts	14,000,000	-
Write off of advances	-	2,500,000
<b>Operating profit before working capital changes</b>	<b>579,706,723</b>	<b>315,908,978</b>
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(277,180,686)	(49,552,030)
Decrease / (Increase) in loans and advances	(89,719,559)	(44,610,636)
Decrease / (Increase) in inventories	(172,219,058)	(169,100,291)
Increase / (Decrease) in current liabilities and provisions	252,720,067	20,641,345
<b>Cash generated from operations</b>	<b>293,307,486</b>	<b>73,287,366</b>
Taxes (paid) / received, net	(61,151,349)	(23,930,887)
<b>Net cash from operating activities</b>	<b>232,156,137</b>	<b>49,356,479</b>
<b>B. Cash flows from investing activities</b>		
Capital expenditure (Refer note 1 below)	(129,315,156)	(47,096,400)
Proceeds from sale of fixed assets	105,000	25,000
Investments in mutual funds	-	(38,225,238)
Proceeds from sale of mutual funds	-	57,080,213
Dividend received	-	5,159,660
Interest received	3,309,849	1,232,201
<b>Net cash (used) in / from investing activities</b>	<b>(125,900,307)</b>	<b>(21,824,564)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from short term borrowings	15,061,004	8,822,229
Repayment of long term borrowings	(20,393,823)	-
Interest paid	(18,977,769)	(15,830,698)
Dividends paid	(22,507,929)	(20,000,000)
Dividend tax paid	(3,823,875)	(2,805,000)
<b>Net cash from / (used) in financing activities</b>	<b>(50,642,392)</b>	<b>(29,813,469)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>55,613,439</b>	<b>(2,281,554)</b>
Foreign Currency Translation Adjustment	(4,046,837)	(2,077,648)
Cash and cash equivalent transferred pursuant to the merger (refer note 5 of schedule 19)	3,416,231	-
Cash and cash equivalents at the beginning of the year	147,019,212	151,378,414
<b>Cash and cash equivalents at the end of the year (refer Schedule 9)*</b>	<b>202,002,045</b>	<b>147,019,212</b>
* Includes restricted cash balances of	37,794,707	41,186,617

**Notes:** 1. Increase in capital expenditure include payments for items in capital work in progress and advances for purchase of fixed assets.

Adjustments for increase / decrease in current liabilities related to acquisition of fixed assets to the extent identified have been made.

2. During the current year, the company has issued 52,920 shares to NEPL pursuant to merger as per High Court order

3. The accompanying notes are an integral part of this statement.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**

Chartered Accountants

per **S. BALASUBRAHMANYAM**

a Partner

Membership No.: 053315

Place : Chennai

Date : June 27, 2008

For and on behalf of the Board of Directors

**R. CHELLAPPAN**

Managing Director

**A. BALAN**

Director

**S. KRISHNAMURTHY**

Company Secretary

# NUMERIC GLOBAL NETWORK



# NUMERIC POWER SYSTEMS LIMITED

NUMERIC HOUSE: 5, Sir.P.S.Sivasamy Salai, Mylapore, Chennai - 600 004.  
Tel: 24993266 Fax: 91-44-24998210. Email: [npsl.corporate@numericups.com](mailto:npsl.corporate@numericups.com),

**Toll Free No: 1800 425 3266**