

ANNUAL REPORT 2005-2006

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NICCO CORPORATION LTD.

**23rd ANNUAL GENERAL MEETING****Date : 9th August, 2006****Day : Wednesday****Time : 10.30 a.m.**

**Place : "Williamson Magor Hall" of
The Bengal Chamber of
Commerce & Industry
6, Netaji Subhas Road,
Kolkata 700 001**

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BOARD OF DIRECTORS

Mr Rajive Kaul
Mr Pillapakkam Bahukutumbi Ramanujam
Dr Tamal Datta Chaudhuri
Mr Narottam Das
Mr Prabir Chakravarti
Dr Lakshminaryanapuram Ramier Vaidyanath
Mr Dharendra Nath Bhattacharjee
Mr Hanumanthu Purushotham
Mr Sujit Poddar
Mr Sanjoy Bhattacharya
Mr Udayan Roy

Chairman
Nominee of GIC
Nominee of IIBI

Nominee of TDB

Director (Cable Operations)
Director (Finance) & CFO

SR VICE PRESIDENT & CO. SECRETARY

Mr J S Paul

AUDITORS

Messrs G Basu & Co.,
Chartered Accountants, Kolkata

BOARD COMMITTEES

Audit Committee

Mr N Das
Dr T D Chaudhuri
Mr Prabir Chakravarti
Mr Sujit Poddar
Mr D N Bhattacharjee
Mr J S Paul

Chairman
Member
Member
Member
Member
Secretary

Compensation & Remuneration Committee

Mr N Das
Dr L R Vaidyanath
Mr Prabir Chakravarti
Mr Sujit Poddar

Chairman
Member
Member
Member

Share Transfer Committee

Mr Rajive Kaul
Mr Sanjoy Bhattacharya
Mr Udayan Ray

Chairman
Member
Member

Shareholders' Grievances Committee

Mr N Das
Mr D N Bhattacharjee
Mr Sanjoy Bhattacharya
Mr Udayan Ray

Chairman
Member
Member
Member

SOLICITORS

Messrs Khaitan & Co., Kolkata

BANKERS

Allahabad Bank
Canara Bank
Central Bank of India
State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Travancore
UCO Bank

REGISTERED OFFICE

Nicco House,
2 Hare Street, Kolkata-700 001
Phone No.: (033) 2248 5102/7
Fax No. : (033) 2220 9443
Website : www.niccogroup.com

WORKS

1. Shamnagar, 24-Parganas (North), West Bengal
2. Baripada Dist. Mayurbhanj, Orissa



NAMES & ADDRESSES OF THE STOCK EXCHANGES WHERE THE SHARES OF THE COMPANY ARE LISTED AND WHETHER LISTING FEES PAID.

(Pursuant to Clause 49 of the Listing Agreement)

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai-400 051
e-mail : cm1ist@nse.co.in

REGISTRARS & SHARE TRANSFER AGENTS

M/s AMI Computers (I) Ltd.
60 A&B, Chowringhee Road
Kolkata-700 020
Phone Nos : (033) 2280-0900
Fax Nos : (91) 33 2280 0901
e-mail : amicomputers@vsnl.com

The Company has already paid Annual Listing Fees for the year 2006-07 to the above mentioned Stock Exchange.





Notice of the Annual General Meeting to the Members

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Nicco Corporation Limited will be held on Wednesday, the 9th August, 2006 at 10.30 a.m. at the "Williamson Magor Hall" of The Bengal Chamber of Commerce & Industry, 6 Netaji Subhas Road, Kolkata 700 001, to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account of the Company for the year ended on 31st March, 2006, the Balance Sheet as on that date and the Directors' Report and the Auditors' Report thereon.
2. (a) To appoint a Director in place of Mr Udayan Ray who retires by rotation and being eligible, offers himself for re-appointment.
(b) To appoint a Director in place of Dr L R Vaidyanath who retires by rotation and being eligible, offers himself for re-appointment.
(c) To appoint a Director in place of Mr D N Bhattacharjee who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of section 224A of the Companies Act, 1956, Messrs G Basu & Co., Chartered Accountants, Kolkata, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors and that the Board of Directors be and is hereby authorised to determine the remuneration payable to the Company's Auditors as aforesaid."

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :
"RESOLVED that Mr H Purushotham be and is hereby appointed a Director of the Company, whose period of office will be liable for determination by retirement of Directors by rotation."
5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :
"RESOLVED that Mr Sujit Poddar be and is hereby appointed a Director of the Company, whose period of office will be liable for determination by retirement of Directors by rotation."
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :
"RESOLVED that the Company hereby accords its approval and consent under sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to such other approvals/clearances as may be required, to the re-appointment of and to the payment of remuneration, benefits and amenities to Mr Rajive Kaul as Chairman of the Company for a period of five years with effect from 1st April, 2006 (during which period he shall not be subject to retirement by rotation and his Directorship shall not be considered in determining rotation of Directors in accordance with Article 138 of the Articles of Association of the Company) upon the terms and conditions and stipulations and on the remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with an authority and power to the Board of Directors of the Company ("The Board"), to alter and vary the terms and conditions, referred to above, in such manner as may from time to time be stipulated by the Central Government or as may be in consonance with the applicable provisions of law and as may be agreed to by and between the Board and Mr Rajive Kaul, within the overall ceiling prescribed under Schedule XIII of the Act.

"RESOLVED FURTHER that the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution."

Registered Office:

NICCO HOUSE
2 Hare Street
Kolkata 700 001

By Order of the Board
NICCO CORPORATION LIMITED

J S PAUL
Sr Vice President & Co Secretary

Dated, the 31st May, 2006



NOTES

1. A. Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies in order to be effective must be submitted at the Company's Registered Office, not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 1st August, 2006 to Wednesday, the 9th August, 2006, both days inclusive.
4. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.
5. Members are requested to intimate any change in their addresses, and are also requested to send intimation for consolidation of Accounts, regarding their holdings in shares of erstwhile Nicco Steels Ltd., The National Insulated Cable Co. of India Ltd., Nicco Industries Ltd., and Nicco Batteries Ltd., if any, immediately to the Company's Registrars & Share Transfer Agents, M/s AMI Computers (I) Ltd., 60A & 60B, Chowringhee Road, Kolkata 700 020, Phone No. 2280 0900, Fax No. 033-2280 0901.
6. Information u/s 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below:
 - (i) Pursuant to section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends upto the Financial Year ended on 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, 234/4, A J C Bose Road, Kolkata 700 020, by submitting an application in the prescribed form.
 - (ii) Consequent upon amendment in section 205A of the Companies Act, 1956 and introduction of section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
 - (iii) Pursuant to section 205C of the Companies (Amendment) Act, 1999, the unpaid/unclaimed dividend for the financial year ended on 31st December, 1997 has been transferred to the Investor Education and Protection Fund set up by the Government of India.
 - (iv) The unpaid/unclaimed dividends due for transfer to the Investor Education and Protection Fund set up by the Central Government are as follows :

Date of AGM	Financial Year	Date of transfer to Unpaid Dividend Account	Due date for transfer
30.04.1999	1998 (from 01.01.98 to 31.12.98)	18.06.1999	17.06.2006

7. An Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.



ANNEXURE TO NOTICE

EXPLANATORY STATEMENTEXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2)
OF THE COMPANIES ACT, 1956**ITEM NO. 3**

M/s G Basu & Co., Chartered Accountants, Kolkata, Auditors of your Company retire at the forthcoming Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment. It is recommended that M/s G Basu & Co., Chartered Accountants, Kolkata be appointed as Auditors of the Company for the year 2006-07. The Auditors have confirmed that their appointment, if made, will be within the limits prescribed under section 224(IB) of the Companies Act, 1956.

Since the Financial Institutions hold shares in excess of 25% of the Subscribed Capital of the Company, as per the provisions of section 224A of the Companies Act, 1956, the appointment of and remuneration payable to Auditors are required to be approved by the Members by a Special Resolution.

Your Directors recommend the resolution set out in item no. 3 of the convening Notice for adoption.

None of the Directors is interested in the resolution.

ITEM NO. 4 — Appointment of Mr H Purushotham

Mr H Purushotham Scientist 'G' of Technology Development Board (TDB) has been appointed as an Additional Director, on 31st May, 2006, as Nominee Director of TDB, in place of Dr A K Sood. In terms of the applicable provisions of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company, the aforesaid Director holds his office upto the date of this Annual General Meeting. The Company has received a separate Notice under section 257 of the Companies Act, 1956, along with requisite deposit, from a Member of the Company signifying his intention to propose the appointment of the said Director at the ensuing Annual General Meeting. The said Director has also filed his Consent pursuant to the provisions of section 264(1) of the Companies Act, 1956, to act as a Director, if appointed.

The Board considers that the Company will benefit from the association of Mr H Purushotham and recommends the resolution for your approval.

Excepting Mr H Purushotham, who is interested in his appointment, none of the Directors of the Company is in any way concerned or interested in the said resolution.

ITEM NO. 5 — Appointment of Mr Sujit Poddar

On the recommendation of the Compensation & Remuneration Committee, the Board of Directors of the Company at its Meeting held on 31st May, 2006 appointed Mr Sujit Poddar as an Additional Director, on 31st May, 2006.

In terms of the applicable provisions of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company, the aforesaid Director holds his office upto the date of this Annual General Meeting. The Company has received a separate Notice under section 257 of the Companies Act, 1956, along with requisite deposit, from a Member of the Company signifying his intention to propose the appointment of the said Director at the ensuing Annual General Meeting. The said Director has also filed his Consent pursuant to the provisions of section 264(1) of the Companies Act, 1956, to act as a Director, if appointed.

The Board considers that the Company will benefit from the association of Mr Sujit Poddar and recommends the resolution for your approval.

Excepting Mr Sujit Poddar, who is interested in his appointment, none of the Directors of the Company is in any way concerned or interested in the said resolution.

ITEM NO.6 — Re-appointment of Mr Rajive Kaul as Chairman

Mr Rajive Kaul was earlier appointed as Chairman of the Company for a period of 5 years with effect from 2nd June, 2002 till 1st June, 2007, on the terms approved by the Members at the Extra Ordinary General Meeting held on 26th June, 2002.

On the recommendation of the Compensation & Remuneration Committee, the Board of Directors ("the Board") of the Company, at its Meeting held on 31st May, 2006, re-appointed Mr Rajive Kaul, as Chairman of the Company, for a further period of 5 years commencing from 1st April, 2006 on the terms and conditions as mentioned in Annexure 'A', subject to the approval of the Members of the Company in a General Meeting and such other approvals / clearances as may be required.

Mr Rajive Kaul is a Metallurgical Engineer, a renowned Industrialist, and a former President of the Confederation of Indian Industry.

He is 57 years of age with more than 34 years of wide experience. He has been associated with the Company since its inception, as one of the first Directors of the Company.



The main terms of appointment of Mr Rajive Kaul as Chairman are as per Annexure 'A'.

(For items not separately specified hereinbelow, the rules of the Company shall be applicable).

In accordance with the terms and conditions of appointment, Mr Rajive Kaul will be entitled to the remuneration and perquisites as mentioned in the enclosed Annexure 'A'.

Mr Rajive Kaul shall hold office as Chairman for a further period of 5 years with effect from 1st April, 2006 till 31st March, 2011.

The particulars of Mr Rajive Kaul, which are required to be disclosed pursuant to Clause 49 IV(G) of the Listing Agreement are mentioned in the enclosed Annexure 'B'.

This, read with the enclosed Annexure 'A', should also be considered as an Abstract of the terms of re-appointment of Mr Rajive Kaul as Chairman of the Company and a Memorandum as to the nature of the concern or interest of the Directors in the said appointment as required under section 302 of the Companies Act, 1956.

Excepting Mr Rajive Kaul, who is interested in his appointment and the remuneration payable to him, no other Director is interested in the said appointment and payment of remuneration.

Considering his educational background and experience as stated above, the Board considers that the Company will benefit from the re-appointment of Mr Rajive Kaul as Chairman and recommends the resolution for your approval.

Registered Office:

NICCO HOUSE
2 Hare Street
Kolkata 700 001

By Order of the Board
NICCO CORPORATION LIMITED

J S PAUL
Sr Vice President & Co Secretary

Dated, the 31st May, 2006



ANNEXURE - 'A'

Salary, Commission, Perquisites and Minimum Remuneration payable to Mr Rajive Kaul as Chairman :

I. Salary :

Rs 1,00,000/- per month in the scale of —

Minimum	Maximum
Rs 1,00,000/-	Rs 1,75,000/-

The Annual increments in the aforesaid scale, which will be effective from 1st April, each year, will be decided by the Compensation & Remuneration Committee of Directors/Board. The first increment of Mr Rajive Kaul will be with effect from 1st April, 2007.

II. Commission :

At the rate of 1% of the net profits of the Company, computed in the manner as laid down in Section 309(5) of the Companies Act, 1956, subject to a ceiling of 24 months' salary.

III. Perquisites :

Perquisites shall be in addition to Salary and Commission and they shall be restricted to the following :

- | | | |
|--|---|---|
| i) Residential Accommodation | : | Free furnished accommodation. In case no accommodation is provided by the Company, the Managerial Personnel shall be entitled to House Rent Allowance in lieu thereof @ 60% of salary. Value of perquisites to be calculated as per Income Tax Act, 1961. |
| ii) Servant Allowance | : | Rs 4,000/- p.m. |
| iii) Reimbursement of Gas & Electricity expenses. | : | Actuals. Expenses incurred on Gas & Electricity, to be valued as per Income Tax Act, 1961. |
| iv) Reimbursement of Club & Home Entertainment expenses. | : | Actuals. |
| v) Reimbursement of Soft Furnishing expenses. | : | Upto a ceiling of Rs 40,000/- p.a. |
| vi) Leave Travel Assistance. | : | Upto a ceiling of Rs 70,000/- p.a. |
| vii) Medical reimbursement in a block period of 3 years. | : | Equivalent to 3 months' salary, (Board authorised to relax ceiling), in addition to insurance for hospitalisation/nursing home treatment. |
| viii) Personal Accident Insurance premium. | : | Upto Rs 4,000/- p.a. |
| ix) Reimbursement of Fees to Professional Institutes. | : | Actuals. |
| x) Provident Fund/Superannuation Fund. | : | The Company's contribution to Provident Fund and Superannuation Fund shall be in accordance with the Rules and Regulations of the Company. Such contributions to Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on remuneration to the extent that these either singly or put together, are not taxable under the Income Tax Act, 1961. |
| xi) Gratuity | : | Gratuity payment shall be in accordance with the Rules and Regulations of the Company and this will also not be included in computing limits for remuneration as aforesaid. |
| xii) Leave | : | Leave accumulated shall be encashable at the end of the tenure as per the Company's Rules. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration. |
| xiii) Car & Telephone | : | The Company shall provide car and telephone at residence. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Use of car for private purposes shall be treated as perquisites as per Income Tax Rules. |



IV. Minimum Remuneration :

Notwithstanding anything herein, where in any financial year, during the currency of tenure of Mr Rajive Kaul, Chairman, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary and perquisites specified above, not exceeding salary limit specified in Part II (Section II-1) of Schedule XIII to the Act, provided that the following perquisites will not be included in computation of the ceiling limit :

- a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) gratuity payable as per rules of the Company; and
- c) encashment of leave at the end of the tenure.

The above remuneration is within the ceiling laid down in sections 198, 269 and 309, read with Schedule XIII, of the Companies Act, 1956.

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