

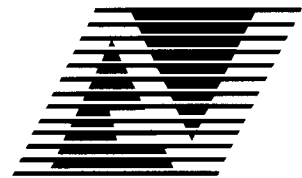
NISSAN COPPER LIMITED

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17th Annual Report
2005-2006

Pioneering Growth through Strategic Vision

Since 1989 **Nissan** has been committed to quality. The strategic vision has helped to develop new products and to create value for customers. The company has acquired the reputation of a flexible and adaptive manufacturer while ensuring world class standards through accreditations to JAS-ANZ ISO 9001-2000 Quality Systems.



NISSAN COPPER LIMITED

**Board of Directors**

Mr. Shanti Lal Mardia – Chairman

Mr. Sanjay Mardia – Vice Chairman

Mr. Ratan Mardia – Managing Director

Registered Office

J/20 G.I.D.C. Umergaon (Gujrat) – 396 171

Corporate Office1002 Raheja Centre, Nariman Point,
Mumbai – 400 021**Auditors**

Ramesh Bhatt & Co.

Chartered Accountants

Mumbai – 400 092

Manufacturing Facilities**Unit – I**

J/20 G.I.D.C. Umergaon (Gujrat) – 396 171

Unit – IISurvey No. 168/2/1, Rudana Village, Khanvel,
Near Texind Corporation, Silvassa, Dadra &
Nagar Haveli – 396230**Bankers**

State Bank of India

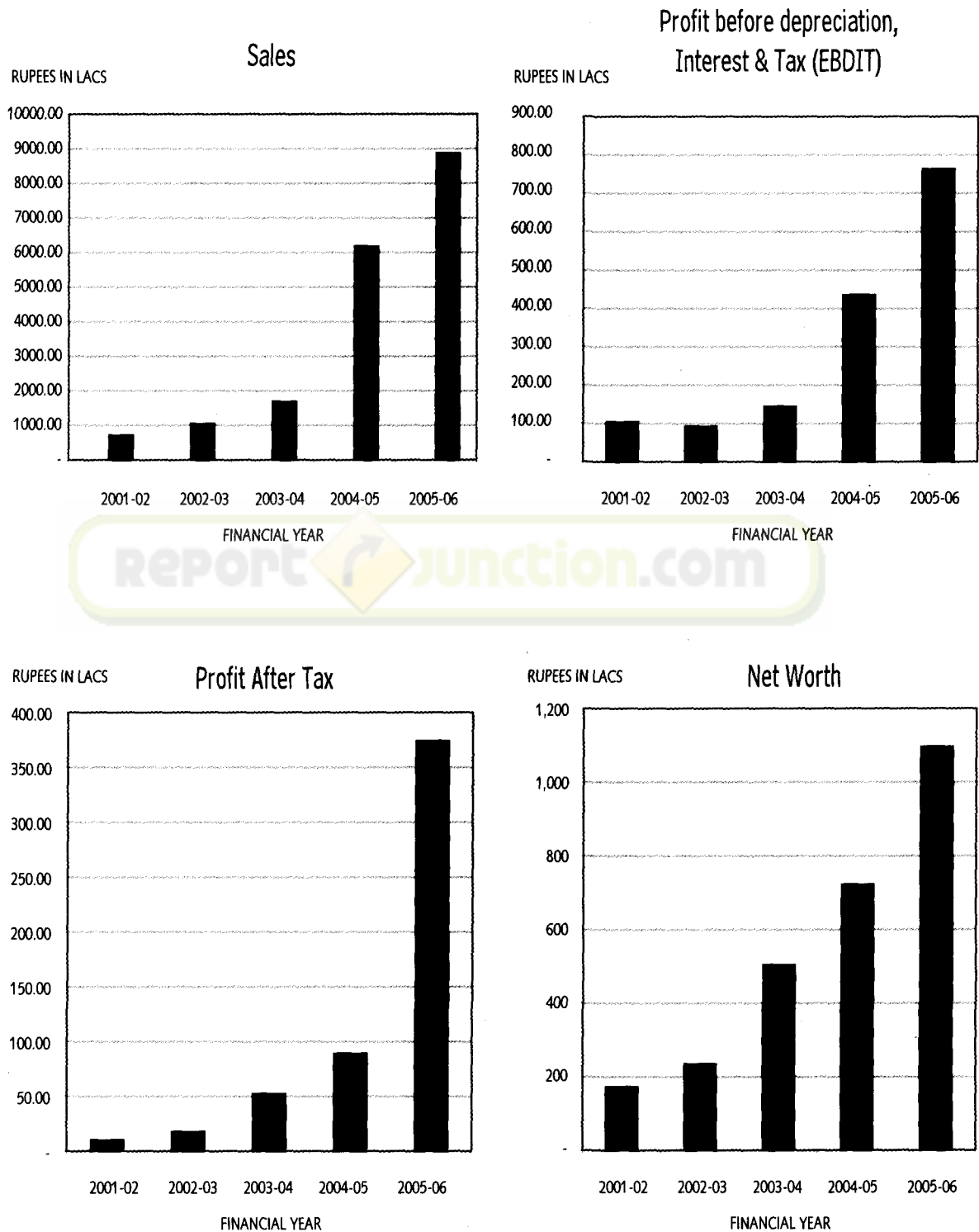
Mumbai

Marketing Office8, Badrika Ashram, 1st Khetwadi Lane,
Metal Market, Mumbai-400 004**Website**www.nissancopper.com**TABLE OF CONTENTS**

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FINANCIAL HIGHLIGHTS





NISSAN COPPER LIMITED
Financial Highlights for last five years

(Rs. in Lacs)

Financial Year Ended	2005-06	2004-05	2003-04	2002-03	2001-02
Sales	8,867.40	6,173.78	1,681.44	1,040.68	709.52
Growth in sale	44%	267%	62%	47%	
Profit before depreciation, Interest & Tax (EBDIT)	763.04	434.61	143.63	91.98	103.46
Depreciation	140.25	161.23	36.50	37.51	45.58
Interest & Financial charges	226.10	137.62	53.71	36.27	47.34
Profit before Tax	396.70	135.76	53.42	18.20	10.54
Income Tax	22.79	46.76	1.25	0.84	0.69
Profit After Tax	373.91	89.00	52.17	17.36	9.85
Equity Share Capital	176.13	176.13	158.00	125.00	87.47
Reserves & Surplus	921.97	548.06	347.72	64.55	47.19
Net Worth	1,096.14	721.99	503.28	234.55	172.19
Earning per Share (EPS)	21.23	50.53	33.02	13.89	11.26
Cash Earning per Share (CEPS)	29.19	142.07	56.12	43.90	63.37
Sales per Share (Rs.)	503.47	3,505.34	1,064.20	832.54	811.16
Book Value per Share (Rs.)	62.24	409.93	318.53	187.64	196.86

Note: Face value of equity shares was Rs. 100/- per share till 2004-2005 then sub divided to Rs. 10/- per equity share during the FY 2005-06. Hence EPS, CEPS, Sale per share and Book value per share for the FY 2005-06 is calculated on Rs. 10/- paid up share

NISSAN COPPER LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the members of NISSAN COPPER LIMITED will be held on Monday, the 22nd May, 2006 at 11.00 a.m. at the Registered Office of the company at J-20 GIDC, Umergaon, Dist. Valsad (Gujrat) 396 171 to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2006, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Sanjay Mardia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if though fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution: -

"RESOLVED THAT Mr. Shanti Lal Mardia, who was appointed as an Additional Director by the Board of Directors of the Company with effect from 28th October 2005, under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company".

By order of the Board
sd
Ratan S. Mardia
(Managing Director)

Place: Mumbai

Date: 24th April, 2006

Registered Office:

Nissan Copper Limited

J/20 G.I.D.C. Umergaon- 396 171 (Gujarat)

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 PROXY NEED NOT BE THE MEMBER OF THE COMPANY AND THE PROXY IN ORDER TO BE VALID, MUST BE DULY COMPLETED, STAMPED AND SIGNED, SHOULD REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.



ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item Nos. 4

Mr. Shanti Lal Mardia was appointed by the Board of Directors at its meeting held on 28th October 2005 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office as Director only up to the date of the ensuing Annual General Meeting. As required by the provisions of Section 257 of the Companies Act, 1956, a notice has been received from a member proposing his appointment as Director along with a deposit of Rs. 500/- (Rupees Five Hundred Only). The Board of Directors considers it desirable that the Company should continue to avail the services of Mr. Shanti Lal Mardia.

The Ordinary Resolution, at item no. 4 is recommended for passing by the members.

None of the Directors of the Company except Mr. Sanjay Mardia & Mr. Ratan Mardia are in any way, concerned or interested in passing of the resolution.

By order of the Board
sd

Ratan S. Mardia
(Managing Director)

Place: Mumbai

Date: 24th April, 2006

Registered Office:

Nissan Copper Limited

J/20 G.I.D.C. Umergaon- 396 171(Gujarat)

NISSAN COPPER LIMITED

DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS

To,
The Members,
NISSAN COPPER LIMITED

Your Directors have pleasure in presenting the 17th Annual Report together with the Audited statement of Accounts of the Company for the year ended 31st March 2006.

FINANCIAL RESULTS

The Financial performance of your Company for the year under review is summarized below:

PARTICULARS	Rs. in Lakhs	
	YEAR ENDED 31.03.2006	YEAR ENDED 31.03.2005
Sales	8867.40	6173.78
Profit before Depreciation, Finance Charges & Taxation	763.04	434.61
Less: Depreciation	140.25	161.23
Less: Finance Charges	226.10	137.62
Profit before Taxation	396.70	135.76
Less: Provision for Taxation	22.79	46.76
Net Profit after taxation	373.91	89.00
Add: Surplus Brought Forward from previous years	199.16	110.16
Surplus available for appropriation	573.07	199.16
Less: Transfer to General Reserves	200.00	--
Balance carried to Balance Sheet	373.07	199.16

REVIEW OF OPERATIONS

Your Company has achieved sales turnover of Rs. 8867.40 Lacs as compared to Rs 6173.78 Lacs during the preceding year, registering a growth of over 44%. The profit before Depreciation, Finance Cost and taxation has gone up at Rs. 763.04 lacs as compared to Rs. 434.61 lacs during the preceding year, registering a growth of over 76%. The profit after tax has gone up at Rs. 373.91 lacs as compared to Rs. 89.00 lacs during the preceding year. The overall growth was possible by implementation of its expansion cum back ward integration project at Silvassa. This expansion cum backward integration project was fully commissioned during the FY 2004-05 but the benefit of full year of all twelve month's operations of expanded capacities have come in FY 2005-06.

The Company has taken measures to adopt innovative strategies to increase the turnover and profitability of the Company. The Company is continuing its efforts to improve productivity and curtail costs. The Company's plants at Umergaon & Silvassa has performed satisfactorily during the year and plant at Silvassa continue to be eligible for tax holidays pursuant to section 80 IB of the Income Tax Act, 1956.

The operation of the Company is carried in a single segment i.e. manufacturing and marketing of Copper Products.



DIVIDEND

Your Directors have preferred not to recommend any dividend for the financial year ended 31st March 2006 as it requires conserving resources for forth coming expansion plans of the company.

FUTURE OUTLOOK

India's GDP growth for financial year 2006-07 is estimated at 10%. The main catalyst behind this industry led growth is the construction and the manufacturing sector. The performance of the agriculture sector has been low on the back of an erratic monsoon. It is expected that a growth of 6% to 8% in real GDP will continue over the next few years. While the demand for copper pipes / sections / flats / rods / ingots / billet bars / strips has closely followed the GDP growth. A demographic transition in the income and population dynamic, with increasing number of peoples with better purchasing power now coming under the middle class bracket is expected to add to the growth of the economy. The manufacturing sector is expected to benefit from the rise in domestic demand for various goods as the robust economic growth increases disposable incomes, aspirations and affordability. This will have direct spill over effect in the business of the company, which touches the lives of people in almost all the sectors of the economy. The Government as realized, to ensure that the economy continues to record strong growth, investment level needs to be raised substantially. India's investment levels are relatively low when compared to the likes of China as an example. The Government of India's ongoing focus on infrastructure and rural development programs with particular emphasis on agriculture, irrigation and drinking water schemes will augur well for business of the company in the future. The growth in demand for the company's products continues to rise in tandem with the increase in income and living standards of the people in rural areas of India.

The company's products are used in following fast growing sectors:

- Petrochemical & Oil Refineries
- Power Generation & Energy Distribution
- Chemicals & Fertilizers
- Atomic Energy, Space Research & Defense
- Electrical, Electronics & Telecommunication
- Ship Building & Automotive Transport
- Machine Building & General Engineering
- Air Conditioning & Refrigeration
- Water Coolers & Deep Freezers
- Food Processing & Interior Decoration
- Hardware, Fixtures & Fittings
- Writing Instruments & Office Accessories
- Domestic Gadgets & Home Appliances

Present Trend Driving Copper Tube Consumption

- High growth rate forecast for 2005-06.
- Additional Air Conditioner & Refrigerator production capacities set up in 2004-05 to cater the projected growth.
- Free Trade Agreement (FTA) with Thailand operational for Room Air Conditioners and Domestic Refrigerators.
- FTA under negotiation with china and other countries in Asia, Middle East & Africa
- Peak custom duty rate reduced to 15% in 2005.
- Further reduction in customs duties planned in next two years to bring to ASEAN levels.

NISSAN COPPER LIMITED

- Value Added Tax (VAT) introduced in most states effective from April 1, 2005 replacing state sales tax.
- Copper metal prices reach new peak levels.
- Energy labeling program to start end 2005 for domestic refrigerators and in 2006 for room air conditioners.
- Consolidation started in Indian AC & R Industry. Videocon takes over Electrolux Indian operations.
- Indian Industry globalizes. Manufacturing capacities enhanced to push product & component export efforts.
- Environmental concerns require switch to new refrigerants which require ultra clean copper tube.
- New enhanced surface tube designed with high heat transfer and low weight per unit length.

Positive Factors for Growth

- Strong GDP growth and boom in Indian Economy.
- Increase in disposable Income
- Investment in housing & infrastructure
- Market expansion to rural areas
- Improved quality of power supply
- Hot climate and rising temperatures

INDUSTRY SCENARIO

Copper is one of the precious metals. It is extracted from mine sulfide & oxide ores through digging or blasting and then crushing to walnut- size pieces. Majority of the world's copper reserves are located in China, Russia, African Countries and USA. Trading of the metal is mainly done from the business centers like Dubai, Singapore, Rotterdam, etc.

Today, the importance and demand of copper products is growing due to properties like superconductivity and higher recycling rate. Copper has wide-ranging applications in transportation, electrical, electronic, consumer & general products, construction, industrial machinery & equipments, etc. These industries require copper in the form of strips, rods, tubes, sheets, plates, bars, wires, etc. Further, due to growing industrialization, the demand for copper products is ever increasing.

There are number of organized players in manufacturing copper bars, tubes, pipes, flats, strips etc. and their market share is in the range of 60%. There are other small players in the unorganized sector and they collectively cater to 40% of the total demand. Nissan is catering mainly to construction, refrigeration and auto components sectors.

The total copper tube requirement for the use of air conditioning, refrigeration, heat exchanger, plumbing, heating for electrical connectors, geysers, railways, defense and other industries in India is in excess of 35,000 TPA while manufacturing capacity (both organized & un organized sectors) is approx. 10,000 TPA only. The demand supply gap is filled by imports from Korea, China, Thailand, Malaysia etc.

(a) Copper Tube in Air Conditioning

Copper is being associated with Refrigeration System other than Ammonia Refrigeration, due to its excellent physical and chemical properties. Various advancements have been done by reworking on