

# 18th ANNUAL REPORT 2006-2007

Report Junction.com

NISSAN COPPER LIMITED



## Poised for growth and sustainable earnings

This year's Annual Report outlines how Nissan has worked to promote sustainable growth which has contributed to an increase in profitability and achieve our goals in a short period of time. These reforms are not an end in themselves; rather they are a means to enhance the positive impacts of our expansion programmes which will bear fruit in the near future. Our positive approaches to developing innovative products was guided by the conviction that, if properly implemented, it will result in greater impact at the industrial level and contribute to clients that sustain national growth.

Being part of this growth story, we invite you to join us taking things forward and participating in the long term to build on a company which is less cyclical and depends on its goodwill of quality and commitment to foster growth with the support of all industries.

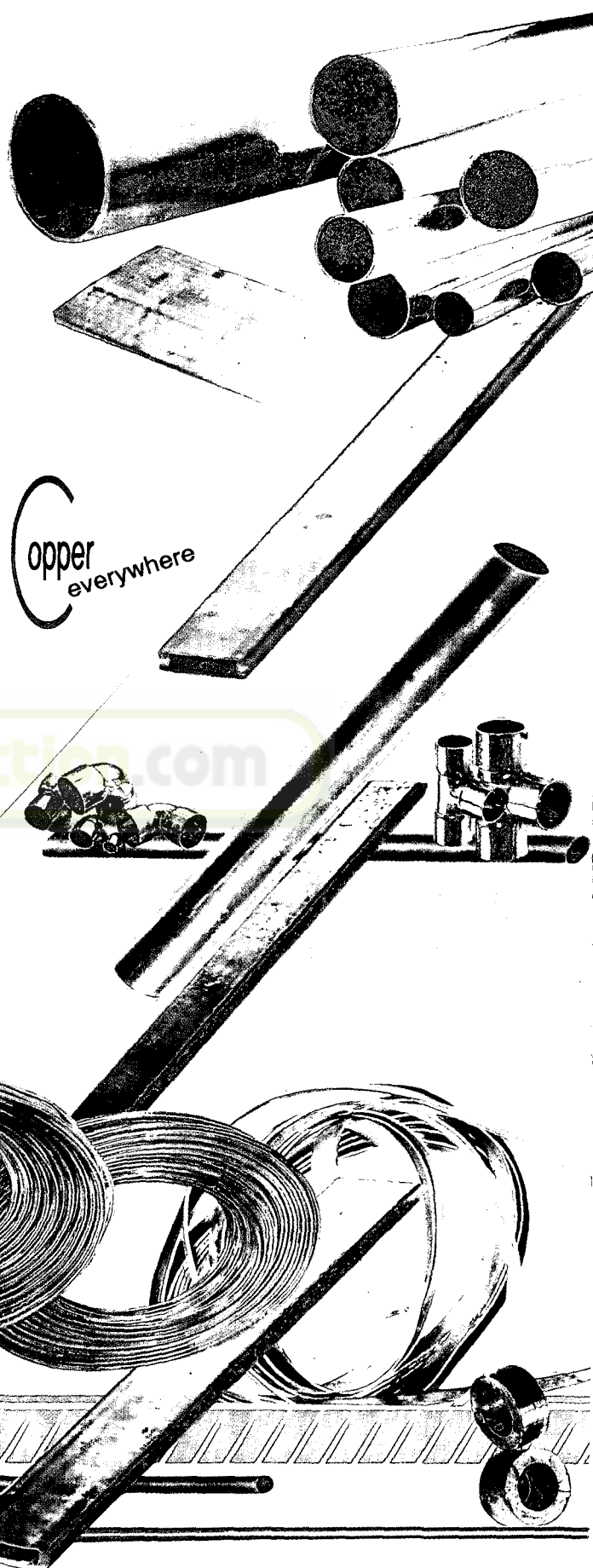
We will keep you informed of the latest developments in your company, from time to time.

*Copper - Brass - Cupronickel*



**NISSAN COPPER LIMITED**

[www.nissancopper.com](http://www.nissancopper.com)







### Board of Directors

Mr. Shantilal S. Mardia – Chairman  
 Mr. Sanjay S. Mardia – Vice Chairman  
 Mr. Ratanlal S. Mardia – Managing Director  
 Mr. Sunil Ghorawat – Independent Director  
 Mr. Praveen Kumar H. Shah – Independent Director  
 Mr. Shailesh H. Shah – Independent Director

### Auditors

Ramesh Bhatt & Co.  
 Chartered Accountants  
 Mumbai

### Bankers

State Bank of India  
 Mumbai

### Registered Office

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

### Corporate Office

1002 Raheja Centre, Nariman Point,  
 Mumbai – 400 021

### Manufacturing Facilities

#### Unit – I

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

#### Unit – II

Survey No. 168/2/1, Rudana Village, Khanvel,  
 Silvassa, (D&NH) – 396230

### Marketing Office

8, Badrika Ashram, 1st Khetwadi Lane,  
 Metal Market, Mumbai – 400 004

### Website

[www.nissancopper.com](http://www.nissancopper.com)

### Registrar & Transfer Agent

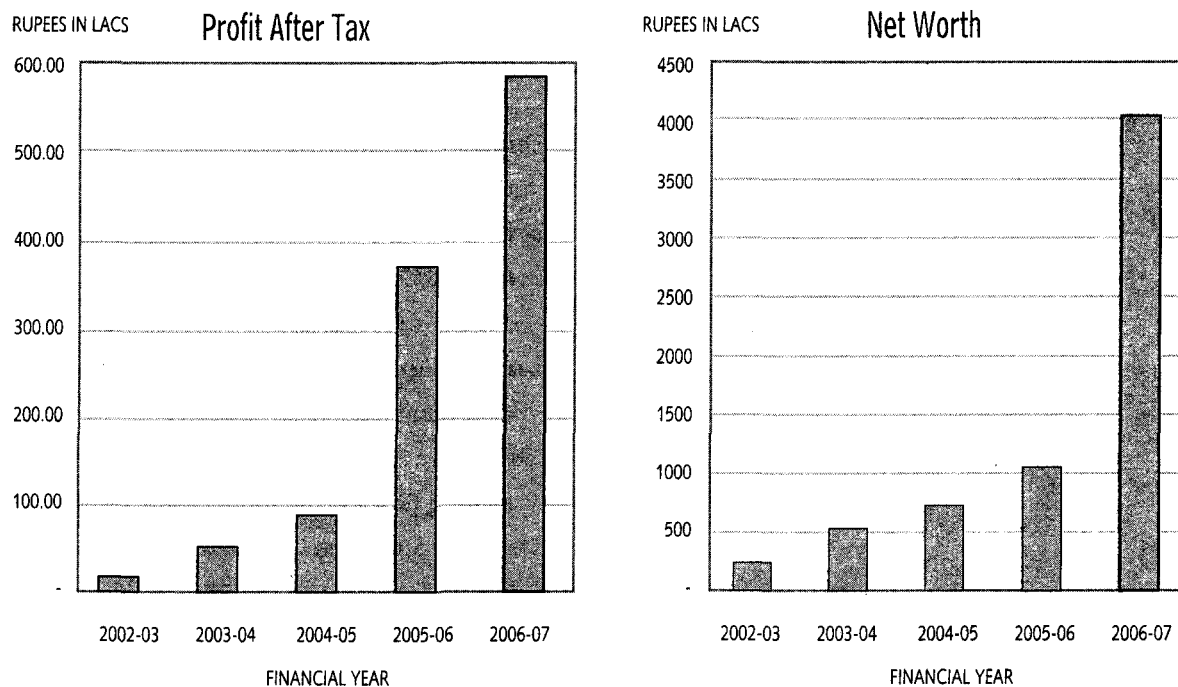
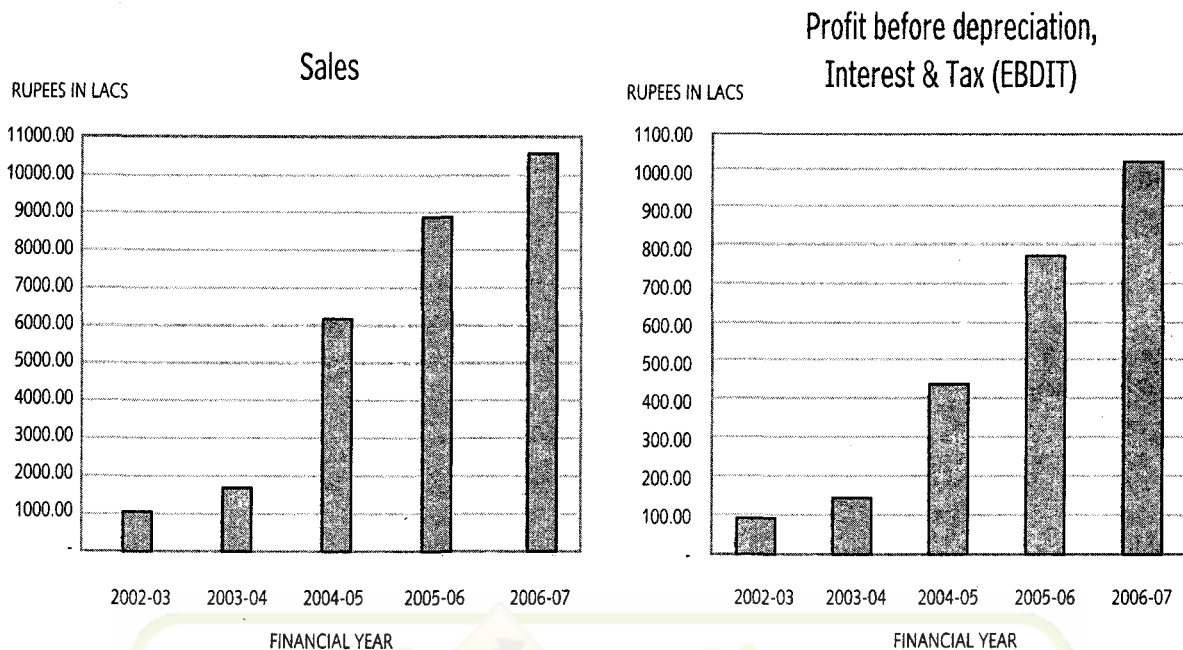
M/S Bigshare Services Pvt. Ltd.  
 E-2, Ansa Industrial Estate, Sakivihar Road,  
 Andheri (E), Mumbai – 400 072

### TABLE OF CONTENTS

Financial Highlights .....	3
Notice .....	4
Directors' Report .....	7
Corporate Governance Report .....	13
Auditors' Report .....	21
Balance Sheet .....	24
Profit & Loss Account .....	25
Schedules .....	26
Accounting Policies & Notes to the Accounts ..	31
Cash Flow Statement .....	36
CEO Certification .....	37
Balance Sheet Abstracts .....	38

## NISSAN COPPER LIMITED

## FINANCIAL HIGHLIGHTS





## NISSAN COPPER LIMITED

### Financial Highlights For Last Five Years

(Rs. in Lacs)

Financial Year Ended	2006-07	2005-06	2004-05	2003-04	2002-03
Sales	10,550.14	8,867.40	6,173.78	1,681.44	1,040.68
Growth in sale	19%	44%	267%	62%	
Profit before depreciation, Interest & Tax (EBDIT)	1,014.57	763.04	434.61	143.63	91.98
Depreciation	129.20	140.25	161.23	36.50	37.51
Interest & Financial charges	283.17	226.10	137.62	53.71	36.27
Profit before Tax	602.20	396.70	135.76	53.42	18.20
Income Tax	13.26	22.79	46.76	1.25	0.84
Profit After Tax	588.94	373.91	89.00	52.17	17.36
Equity Share Capital	1,455.59	176.13	176.13	158.00	125.00
Reserves & Surplus	2,756.55	921.97	548.06	347.72	64.55
Net Worth	4,021.20	1,096.14	721.99	503.28	234.55
Earning per Share (EPS)	5.02	21.23	50.53	33.02	13.89
Cash Earning per Share (CEPS)	6.12	29.19	142.07	56.12	43.90
Sales per Share (Rs.)	72.48	503.47	3,505.24	1,064.20	832.54
Book Value per Share (Rs.)	27.63	62.24	409.92	318.53	187.64

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 onwards is calculated on Rs. 10/- paid up share.

**NISSAN COPPER LIMITED****NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of **Nissan Copper Limited** will be held on Thursday, the 20<sup>th</sup> September 2007 at 11.00 a.m. at The Umbergaon Club and Resort, Madhuvan Complex, Umbergaon Sanjan Road, Umbergaon 396171, Gujarat to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2007, 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 declare dividend on equity shares.
3. To appoint a Director in place of Mr. Sunil Ghorawat, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Praveen Kumar H. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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**

6. To pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT the following Article 93A be inserted after the existing Article 93 in the Articles of Association of the Company:

93A. Unless otherwise determined by the Company in General Meeting, each Director of the Company shall be entitled to receive out of the funds of the Company such remuneration for their services as the Board of Directors may determine, and within the permissible limits of the Companies Act, 1956. The remuneration of the Directors shall be such fee for attending every meeting of the Board as may be from time to time determined. The Director may be paid, in addition to remuneration/sitting fees all traveling, hotel and other expenses properly incurred by them in attending and returning from Meeting of the Board of Directors or any committee thereof for General Meeting of the Company or in connection with business of the Company."

**By order of the Board**

**Sanjay S. Mardia**  
Vice Chairman

**Ratanlal S. Mardia**  
Managing Director

**Place : Mumbai**

**Date : 30<sup>th</sup> July, 2007**

**Registered Office:**

Nissan Copper Ltd.  
J/20 G.I.D.C. Umbergaon,  
Gujarat – 396171

**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. Members who hold Shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in Physical form are requested to write their Folio Number in the attendance slip while attending the Meeting for easy identification of attendance at the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 18<sup>th</sup> September 2007 to Thursday, 20<sup>th</sup> September 2007 (Both days inclusive).
4. Dividend on equity shares as recommended by the directors, if declared at the ensuing Annual General Meeting, the payment of the dividend will be made to those shareholders whose name appears in the Register of Members of the company as on 20<sup>th</sup> September 2007. *In respect of the shares held in electronic form (dematerialized mode), the dividend will be payable on the basis of the details of beneficial ownership, furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose at the end of business hours on 20<sup>th</sup> September 2007.*
5. Members are requested to:
  - i) Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31<sup>st</sup> March 2007, so as to enable the Company to keep the information ready.
  - ii) Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
  - iii) Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses, where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R & TA.
  - iv) Quote Registered Folio Number or DP ID/ Client ID in all the correspondence,
  - v) Approach the R&TA of the Company for consolidation of folios.
  - vi) Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
  - vii) Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
  - viii) Send all share transfer lodgments (physical mode) / correspondence to the **R&TA** of the Company M/S Bigshare Services Pvt. Ltd., E-2, Ansa Industrial Estate, Sakivihar Road, Andheri (E), Mumbai – 400 072 up to the date of book closure.
6. Members holding shares in electronic form may kindly note that their Bank details as furnished by the respective Depositories to the R & TA will be printed on their Dividend Warrants as per the applicable Regulations of the Depositories, and that the Company / R & TA will not entertain any direct request from such Members for deletion of / change in such Bank details. Further, instructions, if any, already given by the Members in respect of Shares held in physical form will not be automatically applicable to Dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding Bank Accounts in which they wish to receive Dividend, directly to their Depository Participant/(s). However, shareholders holding shares in physical form are requested to complete and submit the Mandate form that is separately enclosed with this Annual Report, to the Company's Registrar and Transfer Agent latest by 17<sup>th</sup> September 2007.
7. Members/ Proxies are requested to bring the Attendance Slip duly filled up for attending the Meeting.
8. Non-Resident Indian Members are requested to inform the Company / R & TA the following immediately:
  - i) Change in the residential status on return to India for permanent settlement.
  - ii) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
9. 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.

**NISSAN COPPER LIMITED**

10. The Company has listed its shares at BSE & NSE. All the listing fees, till date, have been paid.
11. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

**EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****Item No: 6**

The Articles of Association of the Company do not include any provisions for providing Sitting Fees to the Directors, for the purpose of attending Board Meetings. The Board proposes to incorporate this Article in the Articles of Association for the same, by inserting the following Article 93A after the Article 93 in the existing Articles of Association of the Company. As per the provisions of the Companies Act, 1956, the alteration of Articles requires members' approval by means of a Special Resolution. Subsequently, the Board recommends the Resolution for the members' approval.

The Directors are interested in the Resolution, to the extent of remuneration/sitting fees as payable to them.

**Name: - Mr. Sunil Ghorawat**

Father's Name: - Shri Sujan Chand Ghorawat

Age: - 39

Designation: Director

**Business Experience:** - Has a vast experience in business. He is associated with Nissan Copper Limited as an Independent & Non - Executive Director on 9<sup>th</sup> May 2006. He is Chairman of Audit Committee, Member of Remuneration Committee and Investor Grievance Committee and also associated with Earth Water Group and Sargon Geosynthetics Limited as Director and as Managing Director in Fontus Water Limited.

**Name: Mr. Praveen Kumar. S .Shah**

Father's Name: Shri Hastimal.V. Shah

Age: 44

Designation: Director

**Business Experience:** - Experience in textile business. He is Director of Ambica Fabrics Private limited. And also a Partner of Balaji Plastic. He is associated with Nissan Copper Limited as an Independent & Non - Executive Director on 9<sup>th</sup> May 2006 and also a Member of Audit Committee, Chairman of Remuneration Committee & Member of Investor Grievance Committee.

**By order of the Board**

**Sanjay S. Mardia**  
Vice Chairman

**Ratanlal S. Mardia**  
Managing Director

**Place : Mumbai**

**Date : 30<sup>th</sup> July, 2007**

**Registered Office:**

Nissan Copper Ltd.  
J/20 G.I.D.C. Umbergaon,  
Gujarat – 396171





## DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS

To,  
The Members,  
NISSAN COPPER LIMITED

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report together with the Audited statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2007.

### FINANCIAL RESULTS

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

Rs. in Lacs

PARTICULARS	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
Sales	10550.14	8867.40
Profit before Depreciation, Finance Charges & Taxation	1014.57	763.04
Less: Depreciation	129.20	140.25
Less: Finance Charges	283.17	226.10
Profit before Taxation	602.20	396.70
Less: Provision for Taxation	13.26	22.79
Net Profit after taxation	588.94	373.91
Add: Surplus Brought Forward from previous years	373.07	199.16
Surplus available for appropriation	962.01	573.07
Less: Transfer to General Reserves	400.00	200.00
Less: Proposed Dividend including Distribution Tax	85.15	—
Balance carried to Balance Sheet	476.86	373.07

### REVIEW OF OPERATIONS

Your Company has achieved sales turnover of Rs. 10550.14 Lacs as compared to Rs 8867.40 Lacs during the preceding year, registering a growth of over 19%. The profit before Depreciation, Finance Cost and taxation has gone up at Rs. 1014.57 lacs as compared to Rs. 763.04 lacs during the preceding year, registering a growth of over 33%. The profit after tax has gone up at Rs. 588.94 lacs as compared to Rs. 373.91 lacs during the preceding year. The overall growth is due to increase in prices of copper and optimum product portfolio mix.

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 Umbergaon & Silvassa have 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 are pleased to recommend a dividend at 5% (Rs. 0.50 per equity share of Rs. 10/- each) for the financial year ended 31<sup>st</sup> March 2007.

The total cash outflow on account of equity dividend payments including distribution tax will be Rs. 85.15 lacs (Previous year Rs. Nil).

**NISSAN COPPER LIMITED****FUTURE OUTLOOK**

India's GDP growth for financial year 2007-08 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 8% to 9% 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.

**INDUSTRY SCENARIO**

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.

**OPPORTUNITIES & THREATS****Opportunities**

- Established manufacturer.
- Accumulated technology by experience.
- Promoters have wide experience in the field.
- The implementation of VAT should help to remove the disadvantage due to activities of the unorganized sector.
- Company's products are used by fast growing core sectors

**Threats**

- Uncertain Monsoon
- A large number of players in the unorganized sector enjoy price advantage either due to tax concessions or SSI status.

**Risk & concerns**

The industry fortunes are linked to the rural income, which is depending to some extent on agricultural production, government off take and monsoon in the country. The domestic, regional and global macro economic environment directly influences the demand of consumer durable products. Any economic slowdown can adversely impact demand supply dynamics and profitability of all industry players, including "Nissan".

However, the Company's operations have historically shown significant exposure to the resilience to the fluctuations of economic and industry cycles, with demand for most of its key products continue to grow at healthy rates even at times of an overall economic slowdown. These factors potentially expose "Nissan" to any risk of a significant shock to the Indian economy, which may adversely impact the long-term economic fundamentals.