

RETAIL

RESEARCH 

# Nissan Copper Ltd.

Sector: Metals – Copper

Initial Public Offering Prospectus Extracts

## Company overview

Nissan Copper Ltd. was established with the main objective of carrying on business of manufacturing Copper Tubes. Subsequently the company enlarged its scope of production and its product portfolio by including products for refrigeration, solar power, engineering and infrastructure industry done by installing a complete plant to manufacture tubes starting from melting of Scrap / Cathode.

The company is presently into manufacturing of copper ingots, coils, wire bars, strips, section, flats, billet bars, rods and copper pipes. The products manufactured by the company are mainly used for switchgears / panels, radiators, refrigerators, electric appliances, connectors, heat exchangers etc.

### Issue Details

Type of Issue	: Book Building
Issue Size	: 6.4m Equity Shares
Price	: Rs.33 – Rs.39
Issue Opens	: December 04, 2006
Issue Closes	: December 08, 2006
Minimum Bid Lot	: 160 Equity shares and in multiples of 160 thereafter
Listing	: BSE and NSE
Book Running Lead Managers	: • Keynote Corporate Services Ltd.
Registrar to the Issue	: Bigshare Services Pvt. Ltd.

## Profile

### ■ Experience management team

The company has a strong and experienced management team. They have extensive and in depth knowledge of the economic dynamics of the copper market. Deep domain knowledge and experience has helped the company in expanding the business.

### ■ High standard quality products

Nissan's high standard quality products have enabled it to accredit the ISO 9001: 2000. The company is supplying its products for the projects of well known companies in the Air Conditioning and Refrigeration, Engineering and Gas Application Industry and few of them are Eletrotherm India Ltd., Blue Star Ltd., Voltas Ltd., Siemens Ltd., Hindustan Copper Ltd., Nutech Construction Pvt. Ltd. etc.

### ■ Diversified business

Nissan Copper Ltd. has been catering to various sectors, thereby diversifying its business. The company caters to a number of sectors, viz.:

1. Petrochemical & Oil Refineries.
2. Power generation & Energy Distribution.
3. Chemicals & Fertilizers.
4. Atomic Energy, Space Research and Defense.
5. Electrical, Electronics & Telecommunications.
6. Ship Building & Automotive transport.
7. Air Conditioning & Refrigeration.
8. Water Coolers & Deep Freezers.
9. Food Processing & Interior Decoration.
10. Hardware, Fixtures & Fittings.
11. Writing Instruments & Office Accessories.
12. Domestic Gadgets & Home Appliances.

### Retail Research

Viren Bajalia

e.info@idbicapital.com

91-22-6637 1187

### Production & Database

### IPO Sales

Ambresh Hanmanthu  
Prashant Sawant

ambresh@idbicapital.com

91-22-6637 1202

prashant.sawant@idbicapital.com

91-22-6637 1203

S. Narasimhan Rao

narasimhan.rao@idbicapital.com

91-22-6637 1165

### ■ Understanding industry requirements

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, consumer and general products etc. The company fully understands the needs to supply its materials in accordance with customer requirements, while ensuring stringent quality checks and time bound schedules.

## Objects to the issue

- To part finance the expansion of the production capacity.
- To fund the margin money for working capital requirements of the company.
- To get the equity shares of the company listed on the Stock Exchanges (BSE & NSE).

### ■ Details of existing and proposed capacity

Product	Installed Capacity TPA	Proposed Capacity TPA
Copper Pipes	1,200	2,400
Copper Section / Mother Tube / Flats / Rod / Wire Bars	2,400	5,400
Copper Ingots / Billet Bars	7,200	10,800

Source: Company data, IDBI Capital Market Services

### ■ Funds requirements

(Rs. m)

Particulars	Fund Requirements
Land development, Boundary Walls, Workers Quarters	10
Plant & Machinery	169.3
Electrical Installations	19
Equipments	12.8
Erection & Commissioning	4.4
Preliminary & Share Issue Expenses	25
Contingencies	9.5
Working Capital Margin	100
<b>Total</b>	<b>350</b>

Source: Company data, IDBI Capital Market Services

## Financial history

### Profit and loss account

(Rs m)

Year-end: March	FY04	FY05	FY06
Sales Turnover	173.0	617.4	886.7
Excise Duty	4.8	57.9	106.0
Net Sales	168.2	559.5	780.7
Other Income	0.1	0.2	2.0
Stock Adjustments	26.6	53.4	62.9
Total Income	194.9	613.1	845.6
Total Expenditure	180.5	569.6	769.3
Operating Profit	14.4	43.5	76.3
Interest	5.4	13.8	22.6
Depreciation	3.7	16.1	14.0
Tax	0.1	1.1	2.3
Deferred Tax	-	3.6	(0.1)
Reported Net Profit	5.2	8.9	37.4

Source: Company data, IDBI Capital Market Services

### Balance sheet

(Rs m)

Year-end: March	FY04	FY05	FY06
Share Capital	15.8	17.6	17.6
Reserves Total	34.8	54.8	92.2
Total Shareholders Funds	50.6	72.4	109.8
Secured Loans	83.3	156.1	205.2
Unsecured Loans	6.1	6.4	11.2
Total Debt	89.4	162.5	216.4
Total Liabilities	140.0	234.9	326.2
Net Block	42.9	101.0	87.0
Capital Work in Progress	23.5	-	9.0
Investments	-	-	0.2
Total Current Assets	133.1	268.1	338.5
Total Current Liabilities	59.7	129.3	103.7
Net Current Assets	73.4	138.8	234.8
Miscellaneous Expenses not written off	0.2	0.2	0.2
Net Deferred Tax	-	(5.1)	(5.0)
Total Assets	140.0	234.9	326.2

Source: Company data, IDBI Capital Market Services

## ■ Ratios

(Rs m)

Year-end: March	FY04	FY05	FY06
<b>Key Ratios</b>			
Earnings Per Share-Unit Curr	32.9	50.6	21.3
Book Value-Unit Curr	320.3	411.4	62.4
Debt-Equity Ratio	1.8	2.1	2.1
Long Term Debt-Equity Ratio	1.8	2.1	2.1
Current Ratio	2.3	2.1	2.5
<b>Turnover Ratios</b>			
Fixed Assets	3.4	6.1	6.4
Inventory	4.6	8.7	7.8
Debtors	3.5	6.0	5.9
Interest Cover Ratio	2.0	2.0	2.8
PBIDTM (%)	8.3	7.1	8.6
PBITM (%)	6.2	4.4	7.0
PBDTM (%)	5.2	4.8	6.1
CPM (%)	5.1	4.1	5.8
APATM (%)	3.0	1.4	4.2
ROCE (%)	11.1	14.6	22.2
RONW (%)	14.9	14.5	41.1

Source: Company data, IDBI Capital Market Services

IDBI Capital Market Services Ltd. (A wholly owned subsidiary of IDBI Ltd.)

Registered Office: 5th floor, Mafatal Centre, Nariman Point, Mumbai – 400 021. Phones: (91-22) 6637 1212 Fax: (91-22) 2288 5850 Email: info@idbicapital.com

### Disclaimer

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