

ANNUAL REPORT
2010-2011

THE COPPER MINER TO THE NATION



हिन्दुस्तान कॉपर लिमिटेड
HINDUSTAN COPPER LIMITED





HINDUSTAN COPPER LIMITED

(A Government of India Enterprise)

AUDITORS

M/s. Ray & Company, Kolkata
M/s. Agrawal Anil & Company, New Delhi

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BANKS

State Bank of India
State Bank of Bikaner and Jaipur
United Bank of India
Indian Overseas Bank
Punjab National Bank
State Bank of Hyderabad

REGISTERED OFFICE

“Tamra Bhavan”
1 Ashutosh Chowdhury Avenue
Kolkata - 700 019, India
Tel No. : 91 33 22832224, 91 33 22832226
Fax No. : 91 33 22832478, 91 33 22832640
Website : www.hindustancopper.com



BOARD OF DIRECTORS



Shakeel Ahmed



G. Srinivas



Anjali Anand Srivastava



Anupam Anand



K. D. Diwan



Avijit Ghosh



K. K. Saberwal



Apurba Kumar Sarmah



Raajnish Gossain



NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that 44th Annual General Meeting of the members of Hindustan Copper Limited will be held on Tuesday, the 20th September, 2011 at 11 am in the registered office of the Company at 'Tamra Bhavan' 1 Ashutosh Chowdhury Avenue, Kolkata-700 019 to transact the following business :-

Ordinary Business

- 1) To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2011, the Balance Sheet as on that date together with the Directors' Report, Auditors' Report and C&AG's comments.
- 2) To declare dividend on equity shares.
- 3) To appoint a director in place of Shri Kailash Dhar Diwan, who retires by rotation and is eligible for reappointment.
- 4) To appoint a director in place of Shri Anupan Anand, who retires by rotation and is eligible for reappointment.
- 5) To fix the remuneration of the Auditors.

Special Business

- 6) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT appointment of Shri G Srinivas as Director on the Board of the Company with effect from 19.10.2010 in terms of Ministry of Mines' order No.10(2)/2002-Met.III dated 19.10.2010 be and is hereby approved."
- 7) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT appointment of Smt Anjali Anand Srivastava as Director on the Board of the Company with effect from 17.01.2011 in terms of Ministry of Mines' order No.10(2)/2002-Met.III dated 17.01.2011 be and is hereby approved."
- 8) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT appointment of Shri Apurba Kumar Sarmah as Director on the Board of the Company with effect from 23.09.2010 in terms of Ministry of Mines' order No.10(5)/2008-Met.III dated 23.09.2010 be and is hereby approved."
- 9) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT appointment of Major General (Retired) Raajnish Gossain as Director on the Board of the Company with effect from 23.09.2010 in terms of Ministry of Mines' order No.10(5)/2008-Met.III dated 23.09.2010 be and is hereby approved."
- 10) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT appointment of Shri Avijit Ghosh as Director (Mining) of the Company with effect from 01.06.2010 in terms of Ministry of Mines' order No.10(1)/2009-Met.III dated 01.04.2010 be and is hereby approved."
- 11) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT appointment of Shri K K Saberwal as Director (Finance) of the Company with effect from 01.02.2011 in terms of Ministry of Mines' order No.10(3)/2007-Met.III dated 24.12.2010 be and is hereby approved."

By order of the Board

Place: Kolkata
Date: 25th August, 2011

C S Singhi
DGM & Co Secretary



NOTES:

- i) **A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. Proxies, in order to be valid and effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
- ii) The Register of Members and Share Transfer Books of the Company will remain closed from 6th September 2011 to 20th September 2011 (both days inclusive).
- iii) Dividend on equity shares as recommended by the Board, if approved at the meeting will be paid within 30 days of declaration to those members whose names shall appear in the Company's Register of Members at the end of business hours on 5th September, 2011 after giving effect to all valid share transfers lodged with the Company. In respect of shares held in electronic form, the dividend will be paid to those persons whose names shall appear as beneficial owners at the end of business hours on 5th September, 2011 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
- iv) Members are requested to notify immediately change in their address, if any, to the Depository Participants (DPs) in respect of their electronic shares, and to the Company at its registered office in respect of their physical shares, quoting the folio numbers.
- v) Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company at least a week prior to the date of the meeting, so that the information required can be made readily available at the meeting.
- vi) Corporate members are requested to send a duly certified copy of the Board Resolution, pursuant to section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the AGM.
- vii) In order to prevent the fraudulent encashment of dividend warrants, the members of the Company holding shares in physical form are requested to inform their complete bank account details along with Xerox copy of the cheque to the share department of the Company. Further, members holding shares in dematerialized form may please note that the bank account details as provided by their Depository Participants to the Company will be printed on the dividend warrants. The company will not entertain any direct request from such members for deletion of or change in such Bank Account details. As such, they are requested to immediately intimate their Depository Participants about any changes in their bank account details.
- viii) The Company has provided facility to the members for remittance of dividend through the National Electronic Clearing System (NECS) at locations identified by Reserve Bank of India from time to time, to avoid loss of dividend warrants in transit and delay in receipt of dividend warrants. Therefore, members holding shares in physical form are requested to write to the Company to avail the NECS facility and members holding shares in demat form may request their Depository Participants for availing the NECS facility.
- ix) Members are requested to:-
 - a. produce the enclosed Attendance Slip duly signed as per specimen signature recorded with the Company / Depository Participants for admission to the meeting venue.
 - b. bring their Client ID and DP ID numbers for easy identification of attendance at the meeting in respect of shares held in dematerialized form.
 - c. bring their Annual Report to the meeting as extra copies shall not be provided.
 - d. quote their Folio / Client ID & DP ID Nos in all correspondence.
 - e. note that due to security reasons, brief case, eatables and other belongings are not allowed inside the meeting venue.
 - f. **note that no gifts shall be given to the members attending the meeting.**
- x) Any documents referred to in the accompanying notice or the statutory registers, as applicable to the Company, are open for inspection at the Registered Office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the date of the Annual General Meeting.
- xi) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item no 6, 7, 8, 9, 10 & 11 as set out above is annexed hereto.



ANNEXURE TO NOTICE
(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956)

Item No.6

Shri G Srinivas, Joint Secretary, Ministry of Mines, Government of India has been appointed as part-time official Director of the Company with effect from 19.10.2010 in terms of Ministry of Mines' order No.10(2)/2002-Met.III dated 19.10.2010. It is now proposed to regularise his appointment at the ensuing 44th Annual General Meeting of the Company in order to comply with the relevant provisions of the Companies Act, 1956

Shri G Srinivas is M.E.(Civil Engineering) from College of Engineering, Osmania University and IAS, Orissa cadre (1990). He had worked in key positions in the Government of India, Government of Andhra Pradesh and Government of Orissa. He held various posts such as Project Manager, International Fund for Agriculture Development (IFAD) Assisted Tribal Welfare Project, Government of Orissa, Collector and D.M, Jaipur, Government of Orissa, Project Manager of World Bank assisted ICDS programme, Government of Andhra Pradesh, Managing Director, A P Markefed, Private Secretary to the Hon'ble Minister of State, Ministry of Rural Development, Govt of India, Director, Ministry of Mines, Govt of India.

Shri G Srinivas is also a Government nominated part time Director on the Board of Directors of Bharat Aluminium Company Limited and Hindustan Diamond Company Limited. He does not hold any shares in HCL.

None of the Directors of the Company except Shri G Srinivas is in any way concerned or interested in the resolution.

Item No.7

Smt Anjali Anand Srivastava, Joint Secretary & Financial Adviser, Ministry of Mines, Government of India has been appointed as part-time official Director of the Company with effect from 17.01.2011 in terms of Ministry of Mines' order No.10(2)/2002-Met.III dated 17.01.2011. It is now proposed to regularise her appointment at the ensuing 44th Annual General Meeting of the Company in order to comply with the relevant provisions of the Companies Act, 1956

Smt Anjali Anand Srivastava is an Indian Audit & Accounts Service officer of 1982 batch and LLB from Lucknow University. Smt Srivastava has held various important posts like Executive Director (Personnel), Food Corporation of India, Principal Director of Audit (Railways) in the office of Comptroller & Auditor General of India, Professor (Audit) & Financial Advisor in National Institute of Financial Management, Faridabad, Director of Audit in Northern Railways, Economic and Service Ministries and Andaman & Nicobar Islands and also worked as Director (Finance) in Ministry of Environment and Forests. Smt. Srivastava as Member Secretary of the Task Force which overhauled the General Financial Rules, 1963 was responsible for drafting the new General Financial Rules, 2005 of Government of India. She was also closely associated with preparation of Manuals on procurement of goods and consultancies on behalf of Ministry of Finance, Government of India. She is a certified trainer in Public Expenditure Management from the Asian Development Bank Institute, Tokyo (Japan). Smt Anjali Anand Srivastava is, at present, on deputation to the Government of India and is working as Joint Secretary & Financial Adviser in the Ministry of Coal and in addition looking after the work of Joint Secretary & Financial Adviser of the Ministry of Mines and Ministry of Youth Affairs & Sports.

Smt Anjali Anand Srivastava is also a Government nominated part time Director on the Board of Directors of Coal India Limited, Hindustan Zinc Limited and Bharat Aluminium Company Limited. She does not hold any shares in HCL.

None of the Directors of the Company except Smt Anjali Anand Srivastava is in any way concerned or interested in the resolution.

Item No.8

Shri Apurba Kumar Sarmah, former Managing Director, Bongaigaon Refinery & Petrochemicals Limited has been appointed as part-time non-official Director of the Company with effect from 23.09.2010 in terms of Ministry of Mines' order No.10(5)/2008-Met.III dated 23.09.2010. It is now proposed to regularise his appointment at the ensuing 44th Annual General Meeting of the Company in order to comply with the relevant provisions of the Companies Act, 1956

Shri Apurba Kumar Sarmah is B.E. (Chemical Engineering) from Assam Engineering College, Gauhati University and a diploma holder in Ecology and Environment from Indian Institute of Ecology & Environment, New Delhi. He has



approximately 36 years of work experience, in Petroleum sector. He started his career with Oil India Limited in 1973 and worked there for period of two years before joining the newly formed Bongaigaon Refinery and Petrochemicals Ltd. (BRPL) where he worked in various capacities in operations, maintenance, technical services and corporate and strategic planning till 1998. He took the next assignment as General Manager (Production) in Numaligarh Refinery Ltd which was then in advanced stage of construction. He was responsible for building up the technical team, commissioning and operation of the refinery. His vast experience had helped the refinery to have smooth and safe commissioning, and systems and procedures introduced by him helped the refinery to become one of the most advanced, sophisticated and efficient refineries in India. He was elevated to the position of Senior General Manager (Refinery) in 2003. Shri Sarmah rejoined BRPL in January 2005 as Managing Director and held the post till March 2009 when BRPL got merged with Indian Oil Corporation Limited.

Shri Apurba Kumar Sarmah does not hold directorship in other companies. He also does not hold any shares in HCL.

None of the Directors of the Company except Shri Apurba Kumar Sarmah is in any way concerned or interested in the resolution.

Item No.9

Major General (Retired) Raajnish Gossain, former Chairman-cum-Managing Director, Bharat Dynamics Limited has been appointed as part-time non-official Director of the Company with effect from 23.09.2010 in terms of Ministry of Mines' order No.10(5)/2008-Met.III dated 23.09.2010. It is now proposed to regularise his appointment at the ensuing 44th Annual General Meeting of the Company in order to comply with the relevant provisions of the Companies Act, 1956

Major General (Retired) Raajnish Gossain is B.E. (Mechanical engineering) from Military College of Electronics & Mechanical Engineering, Secunderabad, M Tech from IIT Delhi, and Master in Management Studies (MMS) from Osmania University. He started his career in the corps of electrical and mechanical engineers of the Indian Army. After 33 years of distinguished service in the Armed Forces, retired in the Rank of Major General. He thereafter served for approximately six and half years with Bharat Dynamics Limited, a Defense Public Sector Undertaking, from where he retired as Chairman & Managing Director.

Major General (Retired) Raajnish Gossain does not hold directorship in other companies. He also does not hold any shares in HCL.

None of the Directors of the Company except Major General (Retired) Raajnish Gossain is in any way concerned or interested in the resolution.

Item No.10

Shri Avijit Ghosh has been appointed as Director (Mining) of the Company in terms of Ministry of Mines' order No.10(1)/2009-Met.III dated 01.04.2010 and he joined with effect from 01.06.2010. It is now proposed to regularise his appointment at the ensuing 44th Annual General Meeting of the Company in order to comply with the relevant provisions of the Companies Act, 1956

Shri Avijit Ghosh is a B.Tech (Mining) from Indian School of Mines, Dhanbad and obtained first class Manager's Certificate of Competency in 1985-86. He attended Management Education Programme at IIM, Ahmedabad in 1995-1996. Shri Ghosh has 30 years of experience in the field of mining and has held key managerial positions in Raymond Cements Works, Indian Aluminium Company and was the Assistant Vice President in Jindal Steel & Power Limited prior to joining the Company.

Shri Avijit Ghosh does not hold directorship in other companies. He also does not hold any shares in HCL.

None of the Directors of the Company except Shri Avijit Ghosh is in any way concerned or interested in the resolution.

Item No.11

Shri K K Saberwal has been appointed as Director (Finance) of the Company in terms of Ministry of Mines' order No.10(3)/2007-Met.III dated 24.12.2010 and he joined with effect from 01.02.2011. It is now proposed to regularise his appointment at the ensuing 44th Annual General Meeting of the Company in order to comply with the relevant provisions of the Companies Act, 1956



Shri K K Saberwal is M.Sc (Geology) (Gold Medallist) from Delhi University, MBA from Faculty of Management Studies, Delhi University and an officer of Indian Railway Accounts Service, 1985 batch. Before joining the Company, Shri Saberwal was Chief General Manager (Finance) in Delhi Metro Railway Corporation Limited on deputation from the Indian Railways. He had also worked as Director in the Ministry of Finance, Government of India from November 2000 to March 2006. Before joining the Indian Railways, he had also worked with National Insurance Company Limited as Assistant Administrative Officer from 1982 to 1985.

Shri K K Saberwal does not hold directorship in other companies. He also does not hold any shares in HCL.

None of the Directors of the Company except Shri K K Saberwal is in any way concerned or interested in the resolution.

Brief resume of directors who are retiring and eligible for reappointment furnished in terms of clause 49 of the listing agreement:

Shri Kailash Dhar Diwan

Shri Kailash Dhar Diwan has been appointed as Director (Operations) of the Company in terms of Ministry of Mines' order No.10(3)/2006-Met.III dated 28.6.2007 and he joined with effect from 14.9.2007.

Shri Kailash Dhar Diwan is B.E.(Electrical) from National Institute of Technology, Raipur, LLB from Ravishankar University, Raipur, post-graduation in Materials Management from Indian Institute of Material Management, Mumbai and a post graduate diploma in Financial and Accounts Management from Ravishankar University, Raipur. He is also a member in the executive council of Chhattisgarh Swami Vivekanand Technical University. He has 26 years of experience in operations, material management, marketing and finance having previously worked in Bharat Refractories Limited as the Head of Marketing and Services.

Shri Kailash Dhar Diwan does not hold directorship in other companies. He also does not hold any shares in HCL.

Shri Anupam Anand

Shri Anupam Anand had been appointed as Director (Personnel) of the Company in terms of Ministry of Mines' order No.10 (3)/2008 dated 14.7.2009 and he joined with effect from 5.8.2009.

Shri Anupam Anand in M.Sc. (Physics) from Banaras Hindu University, M A (Public Administration) from Punjab University, Diploma in Social Work (DSW) from Calcutta University and passed Bihar Factory Welfare Officers' Examination conducted by Department of Labour, Government of Bihar. Before joining HCL, Shri Anand worked for around 24 years in SAIL in different positions and rose as Chief Personnel Manager. Later in 2005, he joined as General Manager (HR) in MTNL. Shri Anand has extensive experience in all facets of Human Resource including HRM, HRD, Administration and Industrial Relations.

Shri Anupam Anand does not hold directorship in other companies. He also does not hold any shares in HCL.



REPORT OF THE BOARD OF DIRECTORS

The Shareholders
Hindustan Copper Limited
Kolkata

Your Directors have pleasure in presenting the forty third annual report of the Company together with the audited statement of accounts and auditors' report thereon for the year ended 31 March, 2011.

1.0 Financial Review

i. Financial Performance

The comparative working results for the FY 2010-11 vis-à-vis FY 2009-10 are as under:

(Rs in crore)

	2010-11	2009-10
(a) Turnover	1258	1430
(b) Profit before depreciation, interest & tax	358	237
(c) Less : Depreciation	21	18
(d) Less : Interest & Finance Charges	2	3
(e) Profit before tax	335	216
(f) Less : Provision for Taxes(including deferred tax)	111	61
(g) Profit after tax	224	155
(h) Add:/(less) Statutory appropriation	0	0
(i) Distributable Profit	224	155
(j) Add: Balance brought forward from the previous year	391	236
(k) Balance available for appropriation	615	391
i) Dividend (including interim dividend)	93	0
ii) Corporate Dividend Tax(incl. on interim dividend)	15	0
iii) Amount transferred to General Reserve	17	0
(l) Balance in P&L account to be carried forward	490	391
(m) Earnings per Share(Rs)	2.42	1.67

During the year the Company achieved its best ever profit before tax. As compared to previous year profit before tax has increased by 55.3%. Financial performance during the year improved substantially due to increase in LME price of copper compared to last year, improvement in mine production and tolling of surplus concentrate through outside smelters.

ii. Dividend

Your Company proposes to follow dividend policy as per guidelines issued by Department of Expenditure, Ministry of Finance in terms of which all profit making PSEs should declare a minimum dividend on equity of 20% or a minimum dividend pay out of 20% of post tax profits, whichever is higher. In sync with the above policy, the Board of Directors of your Company have recommended payment of dividend @ 20% on equity (inclusive of interim dividend of 10% already paid in November,2010) i.e. Re 1/- per share for the year 2010-11, for approval of shareholders in the annual general meeting. The outgo on account of dividend is Rs. 92.52 crore and tax on dividend is Rs15.19 crore, aggregating to a total outgo of Rs. 107.71 crore. Your Directors have proposed to transfer Rs.16.90 crore to General Reserve account from the profits available for appropriation.



2.0 Physical Performance

The comparative physical performance of production and sales for the year 2010-11 vis-à-vis 2009-10 is as under:

Particulars	2010-11	2009-10
Ore ('000 tonnes)	3,603	3,205
Metal-in-concentrate (tonnes)	31,683	28,202
Cathode (tonnes)	24,001	17,516
CC Wire Rod (tonnes)	22,993	41,999
Sales (tonnes) :		
Refined Copper	24,283	30,752
MIC	2,571	10,134

Overall ore production of the Company during the year 2010-11 was the highest in the last 12 years and is 103% of the MoU target and 112% of the previous year.

Overall Metal-in-Concentrate (MIC) production of the Company during the year 2010-11 was the highest in the last 9 years and is 92% of MoU target and 112% of the previous year.

Overall Cathode production including from tolling was 137% of the target. Cathode production at Indian Copper Complex (ICC) was 78% of the target.

Total CC Wire Rod production during the year was 23003 MT which is 94% of the MoU target and was commensurate with availability of Cathode.

Factors Affecting Performance

During the year the ore production at Khetri Copper Complex (KCC) was hampered due to unprecedented floods at Khetri and production was normalized after 15 days. Also, repeated breakdown of crushing systems at Khetri and Kolihan mine affected the production. Production around two months was lost respectively at Khetri and Kolihan mine due to unscheduled maintenance.

MIC production at KCC was affected due to low recovery of metal. Low grade of copper in mined ore affected the production at MCP.

Cathode production at ICC suffered a setback due to breakdown of 5 MVA transformers lasting for 113 days.

Remedial Action

The Company has prepared a comprehensive Renewal & Replacement plan for improving the reliability and availability of equipment in Khetri & Kolihan Mine. Availability of funds will not be a constraint for this purpose.

The Company has also initiated steps to improve recovery at KCC in consultation with Indian Bureau of Mines (IBM) with limited success. Action is under way for engaging a reputed consultant for advisory in this regard.

3.0 Product wise sales Performance

Sale of copper products during 2010-11 was lower as compared to 2009-10, due to breakdown of transformer at ICC and Company taking a conscious decision not to sell concentrate on account of comparatively higher TcRc charges in global market. Item wise break up is as follows:

Products	2010-11	2009-10
CC Rod	20925	29475
Cathode	3338	1241
RC Conductor	20	36
MIC	2571	10134
Total	26854	40886

(in MT)



4.0 Corporate Plan 2020

Your Company has prepared a long term corporate plan for long term growth and profitability of the Company and set goals and targets up to the year 2020. Your Company will vigorously pursue the capacity enhancement of its mines and will develop new copper deposits in the country and other geographies.

5.0 Growth Strategy

The maximum value in copper value-chain is captured at mining stage. The Company's growth strategy is to expand the mine and concentrate capacity significantly to sustain profitability even at low copper prices.

5.1 Mine Expansion Schemes

During FY2010-11 the Company has charted the mine expansion plan to increase mine production to 12.4 Million tonne by FY2016-17. The scheme envisages expansion of Malanjkhand, Khetri, Kolihan and Surda mines; re-opening of Rakha and kendadih mines and development of new mines namely Banwas and Chapri-Sidheswar. The mine wise scheme and status is given below:

i. Malanjkhand Copper Project

It is proposed to expand the production of Malanjkhand mine from 2 million tonne to 5 million tonne per annum by developing an underground mine below the existing open cast mine, at an estimated cost of Rs. 1857 crores. A detailed project report has been prepared; the HCL Board has approved the proposal. The investment proposal is awaiting the CCEA approval. Meanwhile, Planning Commission has given in-principle approval and appraised the project favorably.

The Company has already started the bid process and completed the first stage of bidding (Request for Qualification) by pre-qualifying the applicants. The second stage of bidding (Request for Proposal) is currently underway. The Company hopes to select the successful bidder in the second quarter of FY 2011-12.

ii. Khetri, Kolihan and Banwas mine

The proposed expansion of Khetri & Kolihan mines and development of Banwas deposit will increase ore production from 1.0 million tonne to 3.1 million tonne per annum at an estimated cost of around Rs. 538 crores.

Work for mine construction & development on Banwas mine has started in May 2010. The work is expected to complete by 2014.

Detailed project reports for Khetri & Kolihan mine expansion have been prepared and approvals are in place.

Letter of award has been issued for the project of Khetri Mine on 15.7.2011. Tender for Kolihan mine had to be discharged for technical reasons. Revised Request for Qualification (RFQ) was issued on 1.5.2011 but the tender proceedings have been stayed by Hon'able High court of Madras on the writ petition filed by one of the bidder.

iii. Surda mine expansion

The plan envisages increase in the depth of the mine and enhancement of production capacity from 0.4 million tonne per annum to 0.9 million tonne per annum at an estimated cost of Rs. 215 crore.

Detailed project report for Surda mine expansion has been prepared and Board has approved the proposal.

Financial bids have been received from short listed pre-qualified applicants based on global Request for qualification (RFQ) floated and the bids are under evaluation. The Company hopes to select the successful bidder in the second quarter of FY2011-12.

iv. Re-opening of closed mines at ICC

Company has also initiated action to re-open closed mines at Singbhum Copper Belt of ICC namely, Rakha and Kendadih mines to produce 1.5 million tonnes and 0.21 million tonne of ore per annum respectively. The estimated capital expenditure for Rakha and Kendadih mines are Rs. 346 crore and Rs. 87 crore respectively.

Detailed project reports for re-opening and expansion have been prepared and Board has approved the proposals.



Financial bids have been received from short listed pre-qualified applicants based on global Request for qualification (RFQ) floated and the bids are under evaluation. The Company hopes to select the successful bidder in the second quarter of FY2011-12.

v. Chapri Sideshwar

It is proposed to develop an underground mine at Chapri-Sideshwar to produce 1.5 million tonnes of ore per annum at an estimated capital expenditure of Rs 468 crore.

Detailed project report for development of Chapri-Sideshwar mine has been prepared and Board has approved the proposal.

Financial bids have been received from short listed pre-qualified applicants based on global Request for qualification (RFQ) floated and the bids are under evaluation. The Company hopes to select the successful bidder in the second quarter of FY2011-12.

5.2 Green Field Exploration

The Company has applied 20 fresh prospecting, mining and Reconnaissance Permit (RP) in the State of Rajasthan, Jharkhand and MP. The status of the fresh lease applications is given below:

- i. Prospecting License (PL) has been applied for the two areas at Baniwali-Ki Dhani in Sikar Dist of Rajasthan for an area of 36.07 square km and another for 8.65 square km. Government of Rajasthan has granted of PL for the area 36.07 square km in favour of HCL to the Ministry of Mines in September 2010 and PLs to be executed.
- ii. Mining Lease application has been submitted for Dhobani Pathargora Intervening Block and has already been scrutinized at the district level.
- iii. RP in the district of Balaghat is in the process of finalization by the Government of MP.
- iv. The other areas applied for Mining Lease are in the state of Jharkhand at Dhatkidli Trildih Block in the adjoining district of Saraikala and Nandup-Talsa Block.

Regular follow up is being done with the concerned authorities for obtaining the permits and leases.

5.3 Smelting & Refining

HCL has two Smelter units with matching Electrolytic Refineries located at Khetri (KCC) & Ghatsila (ICC) having capacity to produce 31,000 MT and 18,500 MT of refined copper per annum respectively. At present, only ICC smelter is operative and KCC smelter has been shutdown due to economic consideration since December, 2008.

Khetri facility requires more than 3.3 million tonnes of ore for processing and Ghatsila facility requires about 2 million tonnes of ore for processing. As against this, in-house ore production at Khetri is about 1 million tone and at Ghatsila it is 0.4 million tone.

For running these plants to full capacity, concentrate has to be transported partly from Malanjkhand and the balance from other geographies. Both the methods are not financially viable. Import of concentrate is not viable due to low Treatment charge / Refining charge (Tc/Rc) charges. The Company on a dynamic basis will take into account the Tc/Rc in the international market and captive production of ore at Khetri and availability of water before taking a final decision on its re-opening.

6. Status of Mining Leases

- i. Mining leases in respect of Khetri, Kolihan and Chandmari at KCC are valid up to 22 February, 2013, 23 November, 2016 and 16 December, 2012 respectively.
- ii. Mining lease No. 1 & 2 of Malanjkhand is valid up to 27 August, 2013. The other two adjoining mining leases applied earlier are being pursued.
- iii. Mining lease in respect of Surda Mine is valid up to 14 June, 2014.
- iv. Kendadih Mining Lease renewal is in the final process of approval from State Government of Jharkhand and Rakha Mine execution of Lease Deeds is in advanced stage of clearance with the Govt of Jharkhand. The second stage forest clearance for Kendadih mine has been approved by the Ministry of Forest & Environment, Government of India, New Delhi (MoFE) and is valid for 30 years with effect from 24 November, 1992.



7. Status of Further Public Offer

Ministry of Mines, Government of India (GoI) vide letter number 5/46/2003-Met III (Pt) dated 25.6.2010 have conveyed Government approval for disinvestment of 10% paid up equity capital of HCL out of GoI's shareholding in the Company along with issue of fresh equity of equal size by the Company in the domestic market. The Company has taken necessary action for completion of Further Public Offer (FPO) and filed Draft Red Herring Prospectus (DRHP) with SEBI on 27.9.2010. Department of Disinvestment in consultation with Ministry of Mines will take a view on the timing of FPO.

8. Safety

Safety remains high priority area and the Company is always aiming to achieve "Zero Accident". The Board is happy to report that there was no fatal accident in any of the mines operated by the Company. However, Khetri mine reported one serious accident and Malanjkhand mine reported three serious accidents. Surda mine operated by HCL contractor IRL reported one fatal and two serious accidents in calendar year 2009.

Like previous years, the Company received the following reward in mine safety:

- i. National Safety Award for the year 2009 as Runner's up for longest Accident Free Period for Khetri Mine, awarded by Hon'ble Vice President of India.
- ii. KCC Group awarded as "Best Team in FAB" in all India Rescue Completion, 2010-11.
- iii. Nagpur Zone-II, under jurisdiction of DGMS, Malanjkhand Mine won prizes in eleven categories in Mine Safety Competition 2010 - 2011.

Tripartite Safety Committee (TSC) meeting attended by Officials of HCL Units, DGMS and Trade Union Officials of MCP, KCC & ICC were held at HO on 17 February, 2011 under the Chairmanship of Director (Mining).

Besides the above, special training, regular refresher training programmes and on-the-job training are provided to all employees. Safety Campaigns like "Annual Mines Safety Week", "Fire Services Day", and "Industrial Safety Day" celebrations are being conducted regularly with active participation of employees in all the Units of HCL.

9. Management Discussion and Analysis

A report on Management discussion and analysis is placed at Annexure I.

10. Corporate Social Responsibility

The CSR Plan of the Company, in line with the DPE Guidelines on the subject for FY 2010-11 was approved by the Board. An amount of Rs.1.22 crore was spent on CSR activities compared with total spends of Rs 72.0 lakhs during the period 2007-08 to 2009-10. The following programs were undertaken during 2010-11:

- i. Generating employment opportunities: Silk Production Projects, Safety Hand-gloves Manufacturing Projects, Setting up Bio-gas plants – all in association with State Government departments and voluntary agencies.
- ii. Promoting Education with Scholarships for meritorious students in the region, Computer Training Classes and conducting Vocational training courses in partnership with regional ITI(s)
- iii. Health care support through regular Medical Camps, Multi-specialty Camps as well as Veterinary Camps in the target villages.
- iv. Environment Protection measures like turfing on tailing dams and plantations.
- v. Infrastructural Support like Construction of Community Centre and installation of Bore/Open/Dug wells.

For greater emancipation of the beneficiary population, it was considered necessary to conduct a fresh Need Assessment Study of the target communities and identify projects suiting their requirements. This was undertaken during December 2010-January 2011, for updating Target Baseline information of the five villages, each within 20Km radius area around the three Mining Units of the Company viz., KCC (Rajasthan), MCP (MP) and ICC (Jharkhand). M/s. National Institute of Rural development (NIRD), an autonomous organization under the Ministry of Rural Development, Government of India, was appointed to assist the Company to conduct the Need-Assessment Survey, identify feasible CSR projects for the communities, and provide handholding support for the selected Projects for FY 2011-12. The CSR Plan for FY 2011-12 is being firmed up with their support.



11. Vigilance Activities

Vigilance is to be seen as a part of overall risk management and not a stand alone activity. All efforts are therefore made by Corporate Vigilance to focus attention on simplification of rules & procedures towards minimizing discretionary space, enhancement of transparency and fostering an e-friendly environment through technology upgradation and capacity building to match it. While incidence of willful negligence are to be firmly dealt with through disciplinary proceedings, enough care is taken to send just the right signal without jeopardizing commercial decision, taken in company's interest which must be differentiated from delaying tactics to subvert such decision.

Web based system has been implemented by the Company where complaints can be registered through website.

Vigilance Department has been proactive in taking initiative towards system strengthening by enlarging the scope of ERP implementation in the areas of HR, Finance, Contracts, Mining, etc., updating of procurement, finance and other manuals, facilitating adequate exposure to the dealing officials on Integrity Pact and in general streamlining administrative procedure which often is the source of majority of complaints.

The primary goal is to have a culture of zero tolerance to corruption imbibed into the corporate functioning, so as to address the problem both from demand and supply sides.

12. Official Language Implementation

During the year, HCL has made constant endeavor to increase use of Hindi in its Units located in different states and in its Corporate Office at Kolkata. Hindi Fortnight and Hindi Day was celebrated in the Offices and Units of Company from 14 to 28 September, 2010. The messages of Hon'ble Home Minister and CMD were circulated/read out in all Offices/Units on this occasion. Various competitions were organized with a view to grow interest among employees towards Official Language Hindi and prizes were distributed to the winners. Employees are constantly motivated to use Hindi in their day-to-day official work. Hindi workshops are conducted in the Units and Corporate Office at regular intervals. Regular review of progressive use of Hindi and difficulties faced was carried out in Quarterly meetings of Official Language Implementation Committee under the chairmanship of CMD at Corporate Office and Unit Heads in Units.

During the year the Third Sub-Committee of Committee of Parliament on Official Language inspected Delhi Sales Office of HCL on 1 April, 2010 to ascertain the progress made in this regard. In-house use of O. L. at Indian Copper Complex, Ghatshila & Taloja Copper Project, Taloja was done by Corporate Office on 30 August, 2010 and 4 September, 2010 respectively. The meeting of Hindi Salahkar Samiti, Ministry of Mines held on 10 September, 2010 at Gangtok (Sikkim) under the chairmanship of Hon'ble Minister of Mines was attended by Director (Personnel). The Hindi translations of Annual Report, MoU, Tripartite Safety Committee, Outcome Budget and materials for Annual Report of Ministry of Mines and various other jobs of the Company were performed. During the year 2010-11 the Company participated in both the half yearly meetings of Town Official Language Committee (PSUs), Kolkata held on 24 August, 2010 and 25 January, 2011.

The progressive use of Hindi is being reviewed regularly at the Board meetings. Hindi books have also been purchased during the year. House journal of the Company "Tamralipi" is published in Hindi and English and distributed among employees regularly and also mailed to the members of Hindi Advisory Committee. "One Hindi Word Every Day" scheme is operational for improving Hindi vocabulary of employees. The use of Hindi in Computers has been reinforced and advanced Unicode Software Hindi Open Office has been provided for to all Units/Offices of the Company.

13. Corporate Governance

A report on Corporate Governance as per SEBI directives and stock exchange listing requirements is given at Annexure-II forming part of this report together with statutory auditors' certificate on corporate governance.

14. Code of Conduct

The Company has in place a Code of Conduct applicable to the Directors as well as Senior Management and the same has been circulated to all concerned and posted at the Company's website www.hindustancopper.com. All Board members and senior management personnel have affirmed compliance of the code for the year ended 31 March, 2011.



15. Directors' Responsibility Statement

In terms of Section 217(2AA) of companies Act, 1956, your Directors confirm:

- (i) That in the preparation of the annual accounts for the year ended 31 March, 2011, the applicable accounting standards had been followed along with proper explanations relating to material departures/ variations.
- (ii) That such accounting policies have been selected and applied which 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 31 March, 2011 and of the Profit or Loss of the Company for the year.
- (iii) That proper and sufficient care has been taken 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.
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

16. Directors

The following changes took place in the Board of Directors of the Company since the last report:

Appointment

Shri G Srinivas has been appointed as part time Official Director with effect from 19 October, 2010.

Smt. Anjali Anand Srivastava has been appointed as part time Official Director with effect from 17 January, 2011.

Shri Avijit Ghosh has joined as Director (Mining) with effect from 1 June, 2010

Shri K K Saberwal has joined as Director (Finance) with effect from 1 February, 2011.

Major General (Retd) Raajnish Gossain and Shri Apurba Kumar Sarmah have been appointed as Independent Director of the Company with effect from 23 September, 2010

Cessation

Shri Sanjiv Kumar Mittal ceased to be a part time Official Director with effect from 17 January, 2011.

Smt. Ajita Bajpai Pande ceased to be a part time Official Director with effect from 19 October, 2010.

S/Shri Arun Kumar Mago, Michael Bastian, S K Banerjee, Santikam Hazarika and Dr Mukesh Khare ceased to be Directors as they have completed their three year tenure as independent director of the Company on 6 January, 2011.

The Board places on record its appreciation for the valuable services rendered and contribution made by Smt. Ajita Bajpai Pande, S/Shri Sanjiv Kumar Mittal, Arun Kumar Mago, Michael Bastian, SK Banerjee, Santikam Hazarika and Dr. Mukesh Khare during their tenure on the Board of HCL.

17. Auditors

M/s. Agrawal Anil & Company, New Delhi and M/s. Ray & Company, Kolkata were appointed as joint statutory auditors to audit the accounts of the Company for the year 2010-2011.

M/s. Ranajit Ghosh, Kolkata was appointed as Cost Auditors of the Company to audit cost accounts relating to manufacture of sulphuric acid at ICC for the year 2010-11.

18. Comments of C&AG and Statutory Auditors & Management Replies thereon

The comments of C&AG under Section 619(4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31 March, 2011 along with the review of accounts of your Company by C&AG and statutory auditors' observations along with management replies thereto are annexed to this report.

19. Particulars of Employees in terms of Section 217(2A) of the Companies Act, 1956

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.



20. Appreciation:

In conclusion, your Directors wish to place on record their appreciation of the hard work put in by all employees of the Company during the year under review. The Board gratefully acknowledges the valuable guidance and co-operation received from the Ministry of Mines and other Ministries/Departments of the Government of India and the support received from the State Governments of Rajasthan, Jharkhand, Madhya Pradesh, Maharashtra and West Bengal and the Company's bankers, auditors, C&AG, customers and office bearers of the recognized trade unions of different units/head office. The Board also thanks all shareholders and investors for the trust reposed by them in the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 11th August, 2011

Shakeel Ahmed
Chairman-cum-Managing Director

Annexure - I TO THE DIRECTORS' REPORT

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

1. Discussion on financial performance in respect to operational performance

The financial performance for FY 2010-11 vis-à-Vis FY 2009-10 is summarized below:

(Rs in crore)

Particulars	2010-11	2009-10
Sales	1257.58	1429.85
Net of Extraordinary Income/(Expenses)	0.00	(46.11)
Value of Production	1409.45	1506.04
Cost of production excluding depreciation, provisions, write-off and interest	1037.62	1217.20
Profit before depreciation, provisions, Write-off and interest	371.83	242.73
Depreciation, provisions and write-off	34.20	23.39
Interest	2.42	3.50
Profit/ (Loss) before tax	335.21	215.84
Provision for taxation – Current	107.75	64.77
– Deferred	3.36	(3.61)
Profit/ (Loss) after tax	224.10	154.68

Capital Expenditure

During the year, no Government support for capital expenditure was asked for, nor received, as the Company proposes to meet its capital expenditure out of internal resources. The approved capital outlay on account of Replacements & Renewals (R&R) of plant & machinery and Mine Development Expenditure stands at a total amount of Rs 150.35 crore, which was fully utilized by the Company.

Loans

During the year, your Company had no secured or unsecured loans in its books as it is a debt free company.

Contribution to Exchequer

During the FY 2010-11, the Company contributed a sum of Rs 335.49 crore to the exchequer by way of duties, taxes and royalties, as against Rs 258.76 crore in 2009-10, as detailed below:

Rs in crore

Particulars	2010-11	2009-10
Excise Duty	110.24	106.69
Customs Duty	0.32	1.06
Sales Tax	46.63	38.40
Royalty and Cess	61.04	37.34
Income Tax	110.30	66.88
Others	6.96	8.39
Total :	335.49	258.76

Expenditure in foreign currency

During the FY 2010-11, the Company spent foreign currency to the tune of Rs 3.79 crore towards components, stores & spares, traveling and consultation fees, etc. as compared to Rs 59.54 crore in FY 2009-10.

Annexure - I TO THE DIRECTORS' REPORT (Contd.)

Earnings in foreign exchange

During the FY 2010-11, the Company earned foreign exchange of Rs 64.71 crore through exports of anode slime and lean slime, as against Rs 35.18 crore earned in FY 2009-10.

2. Industry Structure and Business Scenario

Global Business Scenario

Copper is the second largest non-ferrous metal by usage with global demand growing steadily at 2% per annum. Globally, Electrical/Electronic industry is the largest sector for consuming copper, accounting for 42% of total world copper consumption in 2010. Construction is the second largest consuming sector, accounting for 28% of total world copper consumption in 2010.

According to *International Copper Study Group (ICSG)* data, World mine copper production for 2011 is projected at 16.11 million tonnes, an increase by 1.3 % over 2009 and indicating capacity utilization of 80.9%. The growth is significantly lower as production disruptions from project delays, technical problems and labour and political unrest that have become the norm in recent years are expected to continue to reduce output. Chile is the biggest copper mine producer in the world representing 33% of the total world mine production. Total known reserves of copper (in metal terms) are estimated to be around 630 million metric tonne. Globally, Chile has the largest reserves of copper accounting for about 24% of the total world reserves followed by Peru 14%, Australia 13%, 6% USA, Indonesia & Russia 5% each and other countries 33%. As per forecast, the world copper mine production is expected to reach 16.2 million tonnes in 2010 and 17.1 million tonnes in 2011.

World refined copper production is projected at 19.09 million tonne indicating a growth of 4.4% over 2009 and capacity utilization of 80%. Globally, China is the biggest producer of refined copper.

World consumption of refined copper in 2010 is projected to increase by 6.7% at 19.32 million tonne with annual production deficit of 252,000 metric tonnes. Globally, China is the biggest consumer of copper accounting for 38% of world consumption.

ICSG expects world apparent refined consumption in 2011 to increase by 4% from that in 2010 to more than 20 Mt. The annual production deficit, estimated at about 250,000 metric tons (t) of refined copper in 2010, is expected to be about 380,000 t in 2011. In 2012, the production deficit is expected to narrow to 279,000 metric tonnes as refined copper production is expected to grow faster than demand. Robust growth in Asia, led by China, has resulted in significant changes to global consumption patterns during the last decade.

Industrial demand in 2011 in all of the major consuming regions is expected to continue the upward trend begun in 2010 and exceed the growth in refined production.

ICSG recognized that numerous factors including the earthquake and tsunami in Japan, political disturbances in the Middle East and North Africa, changes in trade and monetary policies, and uncertain copper market off-take in the China creates uncertainty, and that the global market deficit could vary from the projected figure.

Indian Copper Scenario

As of now, there is a high level of deficit in the mining capacity and surplus in the refining capacity. Domestic production of concentrate accounts for only 4% of the total domestic requirement. India has very limited known reserves of copper ore exploitable for copper production.

The total resources of India's copper ore as per IBM as of April 2005 (classified under the United Nations Framework Classification system) were estimated at 1.4 billion tonnes. Of these, 369.5 million tonnes (26.5%) fall under "reserves" (proved and probable categories) while the remaining 1.02 billion tonnes (73.5%) are "remaining resources" (under feasibility, pre-feasibility, measured, indicated and inferred categories).

With regard to reserves, about 7 million tonnes (2%) and 347 million tonnes (93.8%) relate to >1.85% copper grade and 11.85% copper grade, respectively. The total copper metal content in these resources is estimated to be 11.4 million tonnes of which 4.4 million tonnes constitute reserves.

Annexure - I TO THE DIRECTORS' REPORT (Contd.)

The largest resources of copper ore are located in the state of Rajasthan with 668.5 million tonnes (47.9%) followed by Madhya Pradesh with 404.3 million tonnes (29%) and Jharkhand with 226 million tonnes (16.2%). Copper resources in Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Meghalaya, Orissa, Sikkim, Tamil Nadu, Uttarakhand and West Bengal accounted for about 7% of the total of all Indian estimated resources.

All the operating mining leases are presently held by Hindustan Copper Limited (HCL)

The Company has access to over two-thirds of the copper ore reserves in India. The Company's copper reserves and resources in accordance with JORC standard are 411.53 (Average grade 1.05%) million tonnes and 623.319 (Average grade 1.04%) million tonnes as on April 1, 2010. Thus, HCL has adequate opportunity to augment its mining capacity by increasing production from the existing mines and by developing new ore reserves, besides re-opening closed mines.

The Company has prepared a detailed road map to increase production of ore from the current level of approx. 3.6 million tonnes to a level of approx. 12.41 million tonnes per annum by end of fiscal 2017

In fiscal 2011, India's refined copper capacity is around 1 million tonnes of copper, requiring approximately 100 million tonnes of copper ore (assuming a copper content of 1%). The copper ore production in India for fiscal 2011 was 3.6 million tonnes.

Refined copper production in India is currently dominated by four major players. M/s Hindalco and Sterlite have shore-based smelters and are dependent entirely on imported metal-in-concentrates. JCL produces copper through the secondary route (using copper scrap, reverts, blister copper, etc. as raw material). The operation of JCL has been stopped since November, 2009. Refined copper production in FY 2010-11 as per is around 6, 60,000 tonnes, as compared to 6,58,000 in FY 2009-10.

Hindalco and Sterlite rely on overseas markets for almost their entire requirement of copper concentrate; their profitability is strongly dependent on the international variation in Tc/Rc. The private companies have the benefits of high scale of operation along with locational advantage; HCL has a competitive advantage by virtue of ownership of mines.

HCL has shutdown its one of the smelter & refining plant (Khetri Plant) of annual capacity 31,000 due to economic reasons.

Pricing and Tariff

Domestic Indian copper prices track global prices as the metal is generally priced on the basis of the landed cost of imported metal. Copper concentrate imports in India are subject to a customs duty of 2% and refined copper imports are subject to a customs duty of 5% and an additional surcharge of 3% of the customs duty. Indian producers are also able to charge a regional premium, which is market driven.

Consumption Pattern

Till the late-1990s, the telecom sector was the major customer segment (accounting for 30-35% of demand) for India's copper consumption. With the increasing shift toward wireless communication, copper usage in the telecom sector has declined during the last several years. At present, the electric and electronic products industry has become the largest sector for consuming copper in India, accounting for 36% of total Indian copper consumption. Telecom is still India's second largest copper consuming sector, accounting for 20% of total Indian copper consumption.

Indian domestic refined copper consumption has grown at a CAGR of 9.7% between 2000 and 2009. This has been supported by strong growth in end user segments such as winding wires, power cables and other user applications. India's aggregate refined copper consumption in 2010-11 was around 550,000 tonnes, an increase of 10% over last year. The consumption of refined copper in India is expected to grow by 8-9% in coming years driven by Government of India increased expenditure in power & infrastructure sector and growth in auto sector.

India's per capita copper consumption was less than 0.5 kg in 2010 compared to 4.6 kg in China and a world average of 2.4 kg. If India's per capita copper consumption moves towards the per capita copper consumption levels in the rest of the world, India's copper market has the potential for significant growth.

3. Opportunities and Threats

The domestic environment is conducive for growth of refined copper consumption and is expected to increase in line with GDP growth of the Country, which is projected at around 8.6-9% in coming years. The key growth drivers are the continuing demand from power and construction sectors. Electrical & power sectors account for nearly one-third (~35%) of the refined copper consumption, followed by 11% by the transport auto and railways) industry, 8% each by construction & consumer durables industry. The growing environment consciousness and an emphasis on using more energy-efficient appliances would also help to protect demand for copper in India.

Annexure - I TO THE DIRECTORS' REPORT (Contd.)

There is a ready market for copper concentrate in India due to huge deficit in mining capacity and large smelting/refining capacity. While the private companies have the benefits of high scale of operation along with locational advantage, HCL has a competitive advantage by virtue of ownership of mines and there is ample scope for expansion of mine capacity.

There has been insignificant investment in green field exploration of base metals like copper in last few decades. Preliminary exploratory studies by GSI and MECL have indicated that there is further scope of increasing reserves of the country.

The threat perception for the Company includes great volatility of world copper prices and increasing cost of inputs. Further, HCL may also witness threat of product substitution driven by high world copper price. Continuous attrition of skilled manpower and difficulty in redeployment of idle workmen is also threat to the Company.

4. Future Outlook

Indian economy has grown at an impressive pace of over 8.5% in last two quarters. CMIE has predicted that pace of growth will be sustained in coming quarters and expect to clock 9.2% growth in real GDP in 2010-11. Mining and manufacturing growth will be robust and grow at 8.2% and 9.4% respectively.

Growth in Indian economy has accelerated the demand for base metals driven by huge investment in power and infrastructure sectors. Domestic demand of copper is expected to surge, considering the huge power generation capacity enhancement in coming years.

Globally price of copper is expected to remain high in the next 3 to 4 years. Profit margins of customer smelters like Birla Copper & Sterlite will come under pressure due to high cost of copper concentrate and low Tc/Rc charges. After hitting a high of US \$ 10124 / MT, the LME copper price has stabilized in the range of USD 8700 to 9200/ T. Reuters, in a survey of 30 metal analysts in March 2011 forecasted an average LME copper price of USD 9988 (mean) and USD 9844 (median for 2011 at) for 2011.

Present scenario is highly favorable for copper mining industry and provides an opportunity to expand the mine capacity and develop new mines.

5. Risk and Concerns

The Company has laid down risk management framework keeping the Company's objectives, growth strategy and process complexities arising out of its business operations. Risk management in HCL is a continuous process of identifying, assessing and managing all the opportunities, threats and risks faced by the company to achieve its goals. The policy addresses Company's concerns in the following six broad categories of risk:

- i. Operational Risk resulting from production stoppages, outdated technology and business process failure
- ii. Market Related Risk arising out of competition, fluctuation in copper metal prices, quality assurances, customer satisfaction
- iii. Financial Risk - pertaining to fluctuation in currencies, liquidity problems, capital availability
- iv. Legal & Regulatory Risk - relating to non-compliance of laws, legal liabilities and litigations
- v. Other Risks - relating to Human resources risks including succession planning, recruitment, compensation & retention issues, natural disasters, damage of property, acts of terrorism, information technology etc.

6. Environment and Pollution Control Measures

The ambient air quality is regularly monitored at mines, process plants and residential areas at all the units as per pollution control board guidelines/standards. To further improve the existing environmental management plan, the environment cells at the units have implemented/are in the process of implementing the recommendations arising out of the environmental audit earlier done through an external agency in phased manner.

The range of air quality around various mines of the company is well within the standards and limits prescribed by the Pollution Control Boards as given below:

S. No.	Parameters	Unit	Values (Range)	Permissible Limits
1	Suspended Particulate Matter (SPM)	µg/m ³	164 - 365	500
2	Sulphur dioxide (SO ₂)	µg/m ³	7.4 - 28.10	120
3	Oxide of Nitrogen (NOX)	µg/m ³	15.9 - 25.68	120
4	Carbon Mono oxide (CO)	µg/m ³	< 1 ppm	4 ppm

Annexure - I TO THE DIRECTORS' REPORT (Contd.)

Effluent treatment facilities installed at the units of the company have been working satisfactorily and meeting regulatory norms as prescribed by the Pollution Control Boards. Discharged process water is being recycled after treatment thus conserving the water. As water availability is scarce at KCC and operation of the plant is affected due to inadequate availability of water, total recycling of water is practiced. An HRT tailing thickener has been installed and commissioned at KCC concentrator plant for disposal of thickened slurry and also to have better recovery of water from tailings. Quality of water being recycled in various units of HCL is in the range as given below:

S. No.	Parameters	Unit	Characteristics Range	Permissible Limits
1	pH	–	5.62 - 8.72	5.5 - 9.0
2	Total Suspended Solids	mg/lit	22 - 96	100
3	B.O.D	mg/lit	7.2 - 28.8	30
4	C.O.D	mg/lit	44 - 142	250
5	Oil Grease	mg/lit	0.004 - 4.2	10
6	Colour		2	–
7	Odour		Odourless	–

Solid waste from plants and hospitals are also safely disposed off or stored as per guidelines prescribed by the Pollution Control Boards.

Company promotes several environment friendly activities by planting trees, improving house-keeping, cleanliness, hygiene and safety through several programmes round the year. The company has planted different types of flora around the mining and township areas at the units to maintain the green environment. A total of 775343 tree plantations have been carried out till 2010. MCP unit has planned to plant 10,000 saplings at all the ultimate benches of mines, slopes of waste dump & tailing dam area every year

Phytoremediation research work is being carried out at MCP for reclamation of tailing dam under the guidance of MPPCB for conversion of tailing sand into productive soil. A total of 1373 different species has been planted on tailing dam embankment for its stability and green belt development.

7. Energy Conservation

Energy audit cells at the units are constantly monitoring energy consumption at the mines, plants and townships to achieve overall reduction. For improving power factor, Automatic Power Factor correction has been commissioned at ICC. The power factor in all the four Units is currently being maintained above 0.95. Further, installation of high-tech CJD burner at ICC Smelter has significantly reduced energy consumption.

The achievements made in regard to reduction in specific energy consumption over previous year at the units are indicated below:

Sl. No.	Specific Consumption	Unit	2010-11	2009-10
1	Kolihan Mine (Power)	Kwh/T	23.25	26.23
2	Khetri Concentrator (Power)	Kwh/T	23.42	24.13
3	ICC Smelter (Power)	Kwh/T	946	1108
4	ICC Refinery (Power)	Kwh/T	318	333
5	ICC Smelter (Fuel)	Lit/T	505	531
6	Malanjkhanda Mine (Power)	Kwh/T	0.49	0.52
7	Malanjkhanda Concentrator (Power)	Kwh/T	19.70	20.68

8. Research & Development / Science & Technology / Technology Absorption

New High Rate Thickener (HRT) for concentrate at KCC

New HRT for ore concentrate has been commissioned on 30 June, 2010 at KCC. HRT operation has stabilized and is working smoothly. This has helped to improve dewatering and increase concentrate handling capacity.

Annexure - I TO THE DIRECTORS' REPORT (Contd.)

Commissioning of Ceramic Vacuum Filters at MCP & KCC concentrator plants

Ceramic Vacuum filters have been commissioned in both concentrator plants at MCP & KCC in July, 2010. This has resulted in reducing the moisture content in concentrate from 12% to around 9%. The filters are working satisfactorily.

Soil Restoration at MCP

Plantation of grass turf at tailing pond at MCP, covering an area of 60,500 Square meter, has been completed for soil restoration. Dub grass has been planted on the turfed area for prevention of dust erosion owing to rain and wind. Besides, 13 nos. relief wells have been constructed in the periphery of the tailing dam at MCP, for recycling of water and pollution control.

Product development at TCP

19mm diameter rod plant has been commissioned at TCP for manufacturing OHE contact wire for railways. Around 300 MT 19 mm CC rod has been manufactured successfully during 2010-11. Railways after testing of sample of contact wire at TCP have included HCL as their approved vendor for catenary wire.

Further, the Company continued to monitor the schemes absorbed during the earlier years, in order to improve quality of finished products, reduce specific consumption of major inputs & increase production and productivity during the year under review.

9. IT Initiatives

The following IT initiatives, spanning all operational areas taken up by the Company for bringing about dynamism, transparency and business efficiency, are being maintained and updated. Major initiatives are:

ERP implementation

Oracle ERP (eBiz Suite R12) implementation has enabled HCL adopt a centralized business management platform based on which the entire company has been thoroughly unified, increased real-time visibility of critical business parameters, thereby strengthening financial management & spares control, supply chain management, customer service and HR functions. Audited financial result have been finalized in a with in 45 days of the year ending.

E-Procurement/EPS

Procurement of Stores & Spares items above Rs 1.0 lakhs continues to be done through Enterprise Procurement System (EPS), conducted by third party namely M-Junction, Kolkata.

Real time LME booking

A web based system is in place to enable customers to place on-line orders for copper wire rod and cathode with the Company in a Real time LME rate scenario. During the year the Company has also started web based booking of orders for items like Sulphuric acid, copper sulphate & mill scale.

A system has been introduced to enable customers to monitor the order booking status and view HCL's price circulars.

10. Human Resource and Industrial Relations

Manpower as on 31 March, 2011

The manpower on Hindustan Copper Limited as on 31 March, 2011 was 5100 as detailed below:

Group	Total	Category-wise number of Employees				
		SC	ST	Land Displaced Person	Minorities	OBC
A	696	88	21	—	35	53
B	74	11	8	—	3	17
C	3478	534	492	175	232	538
D	852	207	118	221	40	25
Total	5100	840	639	396	310	633

Industrial Relations

Industrial Relation situation in all the Units of the Company continued to be harmonious and peaceful. A long term Wage Settlement for workmen operative for a period of 5 years from 1 November, 2007 to 31 October, 2012 was signed on 28 March, 2011 at Kolkata in the presence of Chief Labour Commissioner (Central).

Annexure - I TO THE DIRECTORS' REPORT (Contd.)

Reservation for Appointment of SC/ST/OBC Candidates

The Company adheres to the prescribed Government guidelines on reservation for SC/ST/OBC categories in all recruitment activities. The representation of SC, ST and OBC employees out of the total manpower of 5100 as on 31 March, 2011 was 16.47%, 12.53% and 12.41% respectively.

Employees' Participation in Management

Over the years, Employees' Participation in Management has been the backbone of harmonious Industrial Relations in the Company. The successful operation of various Bi-partite fora at the Apex, Unit and Shop-Floor levels have contributed immensely towards the smooth functioning of the Company.

Redeployment and Rationalization of Manpower

The Company has been making continuous efforts to redeploy manpower after suitable re-training wherever necessary to ensure proper distribution and utilization of manpower and minimize idle manpower. 49 personnel were redeployed.

Training

Based on identified needs, several in-house training programmes were organized. The Company selectively nominated employees for specialized training programmes /Workshops/Seminars/Conferences organized by reputed professional organizations and Institutes. In the FY 2010-11, against a training target of 9,000 mandays, total of 12,688 mandays of training were imparted.

Employment of Women

The numbers of female employees in Hindustan Copper Limited as on 31 March, 2011 is given below:

Group	Total Strength	Female Employees	
		Number	As percentage of total
A	696	35	5.02%
B	74	3	4.05%
C	3478	135	3.88%
D	852	119	13.97%
Total	5100	292	5.73%

In pursuance to the Judgment of the Hon'ble Supreme Court, HCL has constituted Committees for Prevention of Sexual Harassment of Women at Work Place in all the Units/Offices of the Company. A provision in this regard has also been incorporate in the HCL Conduct, Discipline and Appeal Rules 1979. During this year no incidence was reported to the said Committees.

Communal Harmony and National Integration

In the townships of the Company located at Khetri, Malanjkhanda and Ghatsila as well as in other places of work, the employees of different caste, creed, religion, live together in harmony and join in celebrating various religious festivals with pomp and gaiety in the spirit of togetherness.

The Status of Implementation of the Persons with Disability Act, 1985

During last few years, there has been limited recruitment in the Company with hardly any scope of fresh inductions of physically challenged persons. In addition, the mining operations of the Company being hazardous in nature, the scope of engagement of physically challenged persons is limited. The number of physically challenged persons employed in the Company as on 31 March, 2011 is as under:

Group	Number of Physically Challenged Persons
A	2
B	—
C	33
D	20
Total	55

Annexure - II TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

The philosophy of the Company in relation to corporate governance is to ensure transparency, disclosures and reporting that conforms fully with the laws and regulations of the country in order to promote ethical conduct and practices throughout the organization for enhancing stakeholders' value.

2. Board of Directors

(a) Composition:

As on 31 March, 2011 the Board of Directors comprised a Chairman-cum-Managing Director, four functional directors, viz., Director (Operations), Director (Personnel), Director (Mining) and Director (Finance), two Government directors (part-time official) representing the Ministry of Mines, Government of India and two Independent directors (part-time non-official). Five Independent directors on the Board of the Company have relinquished the position on completion of their three year tenure on 6 January, 2011. The Company has requested the Ministry of Mines, Government of India to fill up the vacancies so as to constitute the Board as per requirement of clause 49 of the Listing Agreement.

(b) Meetings, attendance & other directorship

During 2010-11, nine Board meetings were held on 14 May, 2010, 12 August, 2010, 14 September, 2010, 23 September, 2010, 27 October, 2010, 10 November, 2010, 21 December, 2010, 4 February, 2011 and 3 March, 2011, and the majority of members of the Board remained present. Leave of absence was, however, granted to the directors who could not attend the meeting.

The directors' attendance at the Board meetings and at the last annual general meeting (AGM), number of directorship in other companies and membership in other committees etc. during the year are as follows:

(i) Whole time Directors

Name of the director	No of Board meetings attended out of 9 held	Attendance at last AGM held on 30 June, 2010	No of other directorship	No of committee position held in other companies	
				Chairman	Member
Shri Shakeel Ahmed, CMD	9	Yes	Nil	Nil	Nil
Shri K D Diwan, Director (Operations)	9	Yes	Nil	Nil	Nil
Shri Anupan Anand, Director (Personnel)	9	Yes	Nil	Nil	Nil
Shri Avijit Ghosh,* Director (Mining)	8	Yes	Nil	Nil	Nil
Shri K K Saberwal,* Director (Finance)	2	NA	Nil	Nil	Nil

(*Shri Avijit Ghosh joined on 1 June, 2010 and Shri K K Saberwal joined on 1 February, 2011)

(ii) Part time official Directors

Shri G Srinivas*	5	NA	2	Nil	Nil
Smt. Ajita Bajpai Pande*	2	No	3	1	Nil
Smt. Anjali Anand Srivastava**	2	NA	3	Nil	3
Shri Sanjiv Kumar Mittal**	7	No	3	Nil	2

(*Shri G Srinivas appointed in place of Smt Ajita Bajpai Pande on 19 October, 2010) (**Smt Anjali Anand Srivastava appointed in place of Shri Sanjiv Kumar Mittal on 17 January, 2011)

Annexure - II TO THE DIRECTORS' REPORT (Contd.)

(iii) Part time non official Directors (Independent)

Name of the director	No of Board meetings attended out of 9 held	Attendance at last AGM held on 30 June, 2010	No of other directorship	No of committee position held in other companies	
				Chairman	Member
Major General (Retd.) Raajnish Gossain	5	NA	Nil	Nil	Nil
Shri Apurba Kumar Sarmah	4	NA	Nil	Nil	Nil
Shri Arun Kumar Mago	7	No	3	2	2
Shri S K Banerjee	6	No	4	Nil	Nil
Shri Michael Bastian	3	Yes	4	4	3
Dr. Mukesh Khare	6	No	Nil	Nil	Nil
Shri Shantikam Hazarika	6	No	5	1	Nil

(c) Remuneration paid to Directors

(i) Whole-time Directors

The details of remuneration paid to the whole-time Directors during 2010-11 was as follows:

Name of the Director	All elements of remuneration package i.e., salary, PF contribution, pension, gratuity etc (Rs.)	Performance Linked Incentives* (Rs.)	Other Benefits (Rs.)	Total (Rs.)
Shri Shakeel Ahmed, CMD	15,05,190	5,25,189	Medical 1,01,581 Accommodation 7,68,600 Electricity 17,111 Entertainment Allowance 24,000	29,41,671
Shri K D Diwan Director(Operations)	15,44,011	16,41,075	Medical 521 Accommodation 2,06,514 Electricity 13,354 LTC 20,880 Entertainment Allowance 18,000	34,44,355
Shri Anupam Anand Director(Personnel)	14,13,956	7,01,795	Medical 1,12,069 Accommodation 4,00,161 Elect. 24,108 Entertainment Allowance 18,000	26,70,089
Shri Avijit Ghosh Director(Mining)	11,66,340	nil	Medical 6,565 Accommodation 4,40,000 Elect 13,302 Entertainment Allowance 15,000	16,41,207
Shri K K Saberwal Director(Finance)	2,40,240	nil	Entertainment Allowance 3,000	2,43,240

* relating to FY 2007-08 to FY 2009-10

Annexure - II TO THE DIRECTORS' REPORT (Contd.)

(ii) Part time non-official (independent) Directors

Independent directors are not paid any remuneration except sitting fees at the rate of Rs 10,000/- per Board meeting and at the rate of Rs 5,000/- per committee meeting. During 2010-11, the amount of sitting fees paid to independent directors was as follows:

SI No	Name of the director	Sitting Fees (Rs)		
		Board meetings	Committee meetings	Total
1	Major General (Retd) Raajnish Gossain	50,000	15,000	65,000
2	Shri Apurba Kumar Sarmah	40,000	10,000	50,000
3	Shri Arun Kumar Mago	65,000	15,000	80,000
4	Shri S K Banerjee	55,000	35,000	90,000
5	Shri Michael Bastian	30,000	10,000	40,000
6	Dr. Mukesh Khare	55,000	NA	55,000
7	Shri Shantikam Hazarika	55,000	35,000	90,000
	Total	3,50,000	1,20,000	4,70,000

(iii) Part time official Directors

There are two part time official directors on the Board as on 31 March, 2011. No remuneration was paid to part time official directors.

Service contracts, notice period, severance fee:

The Chairman-cum-Managing Director and other whole time directors are appointed by the President of India for a period of five years from the date of taking over charge or till the date of superannuation (presently 60 years of age) or till further order from the Government of India, whichever event occurs the first.

Part time official (Government nominee) directors representing the Ministry of Mines are appointed by the President of India till further orders from the Ministry of Mines.

Part time non-official (independent) directors are appointed by the President of India for a period of three years.

There is no provision for payment of severance fees to directors.

3. Audit Committee

Consequent upon completion of term of existing members, the Audit Committee of the Board was reconstituted on 4 February, 2011 comprising two independent directors, one Government nominee director and Director (Operations). The chairman of the Committee is an independent director. The terms of reference of the Audit Committee are as specified under Clause 49 of the listing agreement.

During the year, the Committee met 5 times on 14 May, 2010, 12 August, 2010, 18 September, 2010, 27 October, 2010 and 4 February, 2011 and attendance of the members at the meetings is given below:

Composition	Number of meetings attended out of 5 held
Major General (Retd) Raajnish Gossain, Chairman*	1
Shri Apurba Kumar Sarmah, Member*	1
Smt. Anjali Anand Srivastava, Member*	1
Shri K D Diwan, Member	5
Shri Michael Bastian, Chairman**	2
Shri Sanjiv Kumar Mittal, Member**	4
Shri S K Banerjee, Member**	4
Shri Santikam Hazarika, Member**	4

(* Inducted in the Committee on 4 February, 2011) (** Ceased to be members of the Committee)

Annexure - II TO THE DIRECTORS' REPORT (Contd.)

4. Remuneration Committee

Being a Government Company, the remuneration, terms and conditions of appointment of Directors is fixed by the Government of India. However, in terms of office memorandum No.2 (70) / 08-DPE (WC)-GL-XVI / 08 dated 26 November, 2008, issued by the Department of Public Enterprises, a sub-committee of the Board known as 'Remuneration Committee' was constituted to recommend payment of Performance Related Pay (PRP) and policy for its distribution across the executives (including functional directors) within the prescribed limits, in terms of the office memorandum referred above. Consequent upon completion of term of existing members, the Remuneration Committee of the Board was reconstituted on 29 April, 2011 comprising two independent directors and one Government nominee director as members. The chairman of the Committee is an independent director.

During the year, the Committee met 3 times on 15 May, 2010, 21 December, 2010 and 29 December, 2010 and attendance of the members at the meetings is given below:

Composition	Number of meetings attended out of 3 held
Major General (Retd) Raajnish Gossain, Chairman*	Nil
Shri Apurba Kumar Sarmah, Member*	Nil
Smt. Anjali Anand Srivastava, Member*	—
Shri Arun Kumar Mago, Chairman**	3
Shri Sanjiv Kumar Mittal, Member**	3
Shri S K Banerjee, Member**	3
Shri Santikam Hazarika, Member**	3
Shri Anupam Anand**	3

(* Inducted in the Committee on 29 April, 2011) (** Ceased to be members of the Committee)

5. Investors' Grievance Committee

Shareholders / Investors' Grievance Committee of the Board to look into the redressal of complaints received from investors/shareholders was reconstituted on 3 March, 2011. The Committee comprises Major General (Retd.) Raajnish Gossain, Independent Director as Chairman, Shri Anupam Anand, Director (Personnel) and Shri K K Saberwal, Director (Finance) as Members. Shri C S Singhi, Company Secretary is the Compliance Officer. The Company received and resolved 11 Investors grievances during the year and there was no outstanding complaint as on 31 March, 2011.

6. Share Transfer Committee

A Sub-Committee of the Board comprising of Chairman and functional directors of the Company known as Share Transfer Committee is already in existence. During 2010-11, the Committee met 8(eight) times on 6 May, 2010, 11 June, 2010, 2 August, 2010, 29 September, 2010, 12 November, 2010, 21 December, 2010, 31 January, 2011 and 2 March, 2011 and approved transfer/transmission of shares. Company Secretary has been nominated as Compliance Officer as per listing agreement requirement.

7. General Body Meeting

Details of general body meetings held during last three years are as under:

Annual General Meeting:

Year	Date	Time	Location
2008-09	28.08.2008	3.30 PM	Registered office of HCL at 1 Ashutosh Chowdhury Avenue, Kolkata - 700 019
2009-10	30.9.2009	-do-	-do-
2010-11	30.6.2010	-do-	-do-

Annexure - II TO THE DIRECTORS' REPORT (Contd.)

Extraordinary General Meeting: Nil

No resolution was passed in the last three years through postal ballot. In the ensuing 44th AGM, any decision on matters requiring approval of shareholders through postal ballot system will be obtained as per the provisions of the Companies Act, 1956.

8. Disclosures

The Company has not entered into any transactions of material nature with the directors that may have potential conflict with the interest of the Company at large. No penalties, strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matters related to capital market during last 3 years except one letter issued by SEBI for non-compliance of clause 49 of the listing agreement which was replied by the Company.

The members of the Board apart from receiving director's remuneration do not have any material pecuniary relationship or transactions with the Company, its promoters which in the judgment of Board may affect independence of judgment of the directors.

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of clause 49(V) of the listing agreement.

Regarding 'whistle blower' mechanism, the guidelines issued by the Ministry of Personnel, Public Grievances and Pensions, Government of India has been implemented as applicable to the Government companies.

The Company has not adopted any non-mandatory provisions specified in Annexure 1D of clause 49 of the listing agreement.

9. Means of communication

The Company published its financial results in English newspapers such as Economic Times, Business Standard and Bengali newspaper such as Sambad Pratidin, Dainik Statesman for information of all concerned as per requirement. Annual Report / financial results are also hosted on the website of the Company at www.hindustancopper.com. During the year no presentation was made to any institutional investor or to any analyst.

10. General shareholders' information

i) 44th Annual General meeting

Date : 20 September, 2011

Time : 11 AM

Venue : Tamra Bhavan, 1 Ashutosh Chowdhury Avenue, Kolkata - 700 019

ii) Financial Year : 1 April, 2010 to 31 March, 2011

iii) Book-closure date : 6 September, 2011 to 20 September, 2011(both days inclusive)

iv) Dividend payment date : The Dividend, if declared at the AGM, would be paid to shareholders within 30 days from the date of AGM.

v) Listing on Stock Exchanges:

The equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) with effect from 2 August, 1994 and National Stock Exchange of India Limited (NSE) with effect from 15 September, 2010. Annual listing fee for the FY 2011-12 has been paid to BSE and NSE.

Annexure - II TO THE DIRECTORS' REPORT (Contd.)

vi) *Stock market price data*

Monthly high and low price of Company's shares traded on BSE and NSE during the FY 20010-11 was as follows:

Month	BSE		NSE	
	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
April 2010	554.80	489.00	555.00	488.00
May 2010	515.00	390.05	513.90	324.00
June 2010	537.70	426.00	537.00	421.15
July 2010	498.45	449.20	498.00	448.05
August 2010	473.80	391.50	473.70	390.50
September 2010	480.80	393.50	480.70	393.00
October 2010	485.40	408.10	486.00	427.35
November 2010	470.65	301.05	470.00	301.25
December 2010	364.80	290.00	364.70	285.00
January 2011	346.50	245.95	349.80	241.50
February 2011	343.00	230.00	342.90	230.35
March 2011	345.00	238.00	318.40	272.10

vii) *Registrar & Share Transfer Agent*

The Company has appointed M/s. MCS Ltd., 77/2A, Hazra Road, Kolkata 700 029 as its Registrar & Share Transfer Agent to take care of all share related matters.

viii) *Share transfer system*

Share transfer requests received by the Company are processed and certificates dispatched to the buyers within 30 days from the date of receipt as stipulated in listing norms of Stock Exchanges.

ix) *Shareholding pattern as on 31 March, 2011*

Category	No. of shares held	%
1 President of India	92,14,19,500	99.59
2 Mutual Funds	38,171	0.00
3 Financial Institutions/Banks	25,050	0.00
4 Insurance Companies	3,99,298	0.04
5 Bodies Corporate	6,18,240	0.06
6 Indian Public including employees	26,51,868	0.29
7 NRIs/Trusts & Foundations	65,873	0.01
TOTAL	92,52,18,000	100.00

Annexure - II TO THE DIRECTORS' REPORT (Contd.)

x) *Distribution of shareholding as on 31 March, 2011*

RANGE		SHARES	FOLIOS	% SHARES
1	500	2037830	28979	0.22
501	1000	395281	506	0.04
1001	2000	300986	203	0.03
2001	3000	141455	57	0.02
3001	4000	89892	26	0.01
4001	5000	55748	12	0.01
5001	10000	107651	17	0.01
10001	50000	270359	12	0.03
50001	100000	119662	1	0.01
100001 and above		921699136	3	99.62
TOTAL :		925218000	29816	100.00

xi) *Dematerialization of shares*

The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE531E01026 with effect from 29 August, 2008. Status of dematerialization as on 31 March, 2011 was as follows:

Particulars	No. of Shares	% of Holding	No. of folio
DEMAT :			
a) N S D L	10,02,23,453	10.84	17541
b) C D S L	11,48,769	0.12	11665
PHYSICAL	82,38,45,778	89.04	609
Total :	92,52,18,000	100.00	29815

xii) *Outstanding GDRs /ADRs /Warrants or any convertible instruments, conversion date and likely impact on equity:*

The Company has neither issued any GDR/ADR nor any convertible instrument as on date.

xiii) *Plant location*

Indian Copper Complex
P.O. Ghatsila
Dist. Singhbhum
Jharkhand

Khetri Copper Complex
P.O. Khetrinagar
Dist. Jhunjhunu
Rajasthan

Malanjkhand Copper Project
P.O. Malanjkhand
Dist. Balaghat
Madhya Pradesh

Taloja Copper Project
P.O. Taloja
Dist. Raigad
Maharashtra

xiv) *Address for correspondence*

Shareholders desiring any information may write to the Company Secretary, HCL Corporate Office at 1 Ashutosh Chowdhury Avenue, Kolkata 700019 or e-mail their query to investors_cs@hindustancopper.com

Annexure - II TO THE DIRECTORS' REPORT (Contd.)

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

**To the members of
Hindustan Copper Limited
Kolkata**

We have examined the compliance of conditions of corporate governance by Hindustan Copper Limited, for the year ended on 31.03.2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our 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.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement, except the following

The Independent Directors do not comprise at least 50% of Board of Directors from 1.6.2010 to 22.9.2010 and from 07.01.2011 to till date.

We further 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.

For and on behalf of

AGARWAL ANIL & CO.
FRN 003222N
Chartered Accountants

RAY & CO.
FRN 313124E
Chartered Accountants

ANIL AGRAWAL
M No. 082103
Partner

S P BASU
M No. 050209
Partner

Place: Kolkata
Date : 28.05.2011

ADDENDUM TO THE REPORT OF THE BOARD OF DIRECTORS
Clarification of the Management in respect of important observations of Statutory Auditors
(Ref. Statutory Auditors' Report 28th May 2011)

Audit Observation No.	Observations	Clarification of the Management
6(a)	Pending confirmations and reconciliation, in case of some of the balances under the heads Sundry Creditors, Claims Recoverable, Loans, Advances and Sundry Debtors remain as per book balance the impact of which cannot be quantified at this stage.	<p>The Company has obtained confirmation in respect of Sundry Creditors, Claims Recoverable, Loans, Advances and Sundry Debtors except in some cases where the parties did not respond to our request.</p> <p>Loans and Advances mainly comprises of deposits with Government bodies such as Income Tax, Customs, Service Tax, Excise Authorities etc. The balances are reconciled with the returns submitted to the respective authorities.</p>
1(b)	The fixed assets have been physically verified during the current year. In our opinion, it should be done in a phase wise manner so as to complete and cover the entire fixed assets verification at least in every three years.	<p>As pointed out by Audit, the accounting policy No. 3.5 has been modified w.e.f. F.Y. 2011-12 which read as under :</p> <p>“Physical verification of fixed assets is carried out once in every three years. Shortage/excess, if any, is provided for in the year of identification.”</p>
1(c)	Physical verification of the inventory has been carried out during the year by Management. In our opinion frequency of verification is reasonable. In our opinion, non-moving store should be ascertained every year.	<p>In line with the audit observation, the accounting policy No. 9.7 has been modified w.e.f. F.Y. 2011-12 which read as under :</p> <p>“Provision is made in the accounts every year, for non-moving stores and spares (other than insurance spares) which have not moved for more than five years.”</p>

Place : Kolkata
Date : 30th May, 2011

K K Saberwal
Director (Finance)

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Hindustan Copper Limited, Kolkata for the year ended 31 March 2011.

The preparation of financial statements of Hindustan Copper Limited, Kolkata for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28-05-2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Hindustan Copper Limited, Kolkata for the year ended 31 March 2011. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

(Nandana Munshi)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - I
Kolkata

Place : Kolkata
Date : 16th June, 2011

TEN YEARS AT A GLANCE

(Rs in crore)

YEAR	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
FOR THE YEAR										
Turnover	1257.58	1429.85	1349.10	1839.79	1799.64	1053.76	559.11	518.87	505.68	604.98
Gross Profit/(Loss)	337.63	219.33	12.30	330.51	366.68	138.75	95.05	3.46	(88.13)	(116.61)
Depreciation and Amortisation	97.27	81.04	73.72	81.89	89.45	58.37	55.75	59.05	57.71	58.12
Net Profit/(Loss)	224.10	154.68	(10.31)	246.46	313.94	105.88	55.98	(56.16)	(147.70)	(184.04)
Value Added	969.06	701.82	402.06	726.12	781.08	385.39	328.53	212.30	147.37	153.09
Value of production	1409.45	1506.04	1344.28	1991.24	1909.18	1053.34	631.24	534.43	501.53	586.66
AT THE YEAR END										
Share Capital	462.61	462.61	462.61	462.61	977.45	948.95	948.95	908.95	795.11	710.11
Internal Resources	1333.20	1200.69	1026.95	1015.88	195.60	(110.57)	(298.85)	(350.30)	(310.39)	(169.45)
Term Loans	–	–	–	112.50	212.50	287.50	232.96	299.12	316.32	326.84
Cash credit from banks	–	0.05	2.30	0.98	3.98	4.81	118.23	76.11	139.49	122.04
Capital expenditure gross	1229.21	1169.23	1110.85	1037.06	993.99	977.89	967.71	995.10	1007.10	1024.77
Working Capital	426.28	365.01	361.16	492.06	328.62	62.78	33.94	(1.02)	(25.95)	7.51
Capital employed	639.45	584.64	570.86	657.48	504.62	247.47	234.55	215.28	203.89	249.29
Manpower (No.)	5100	5300	5440	5405	5451	5583	5665	5995	7865	9502

AUDITORS' REPORT To the Members of Hindustan Copper Limited

- 1) We have audited the attached Balance Sheet of M/s. Hindustan Copper Limited as at 31st March 2011, the Profit & Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed hereto. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 (Auditors' Report) Order, 2003 (as amended), issued by the Central Government under Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
- 4) Without qualifying our opinion, we draw attention to :-
 - a) Note 5 of schedule 24 forming part of the financial statement relating to a dispute with MP State Electricity Board regarding demand of interest on electricity tariff amounting to Rs.1218680 thousand payable at MCP which is pending for a long time and the matter is presently referred back to Hon'ble High Court, Jabbalpur by Hon'ble Supreme Court of India for reconsideration. The said amount has not been provided as liability in the accounts and disclosed as a contingent liability.
 - b) Note 3 of schedule 24 forming part of the financial statement relating to a dispute with the Municipal Council, Malanjkhanda, has raised a demand on MCP/HCL amounting to Rs 704664 thousand on account of penalty on Terminal Tax for the period 2000-01 to 2005-06 on the ground of short payment of Terminal Tax. The matter has been contested by the company before Hon'ble District Court, Balaghat and the company paid Rs.35233 thousand towards Terminal Tax as per order of Hon'ble High Court, Jabalpur, M.P where the decision was given in favour Municipal Council. The company referred the matter to Hon'ble Supreme Court of India. The said amount has not been provided as liability in the accounts and disclosed as a contingent liability.
 - c) The financial statements have been drawn up on the basis of in-house estimates referred to in paragraph 2 of Accounting Policies, being a technical matter; we have relied upon the same.
- 5) Further to our comments in the Annexure referred to in Paragraph 3 here-inabove we report that:
 - a. 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 ;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of such books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, subject to what is stated herein below in paragraph 6 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. Section 274(1)(g) of the Companies Act, 1956, requiring disclosure of disqualification of directors is not applicable to Government Companies vide notification no GSR 829(E) Dated 21.10.03 issued by Department of Corporate Affairs, Ministry of Finance, Government of India.

AUDITORS' REPORT To the Members of Hindustan Copper Limited (*Contd.*)

6) *We further report that :-*

- A) Pending confirmations and reconciliation, in case of some of the balances under the heads Sundry Creditors, Claims Recoverable, Loans, Advances and Sundry Debtors remain as per book balance the impact of which can not be quantified at this stage. (Ref. Note No. 12 on Schedule No. 24 of Notes to Accounts).*
- b) The effect of qualifications given above on the profit as well as assets and liabilities of the company could not be ascertained for want of details.*

Subject to the matter referred to in paragraph 6(a) & (b) above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with notes thereon, give in the prescribed manner the information required by the Companies Act, 1956, and, give a true and fair view in conformity with the accounting principles generally accepted in India :-

- (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011 ;
- (ii) in the case of the Profit & Loss Account, of the Profit of the company for the year ended on that date and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For RAY & CO.
FRN: 313124E
Chartered Accountants

For AGARWAL ANIL & CO.
FRN : 003222N
Chartered Accountants

S P BASU
Partner
(M.No. 50209)

ANIL AGRAWAL
Partner
(M.No. 82103)

Place : Kolkata
Date : 28th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- 1 In respect of its Fixed Assets :
 - (a) The company has in general maintained proper records showing full particulars including quantitative details and location of fixed assets.
 - (b) *The fixed assets have been physically verified during the current year. In our opinion, it should be done in a phase wise manner so as to complete and cover the entire fixed assets verification at least in every three years.*
 - (c) During the year, the company has not disposed off any fixed assets of substantial nature which would affect the going concern status of the company.
- 2 In respect of its Inventories :
 - (a) Physical verification of the inventory has been carried out during the year by Management. In our opinion frequency of verification is reasonable. In our opinion, non-moving store should be ascertained every year.
 - (b) In our opinion and according to the information and explanations made available to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with in the books of account.
- 3 The company has neither granted nor taken any loans to/ from companies, firms or other parties listed in the register maintained under Sec. 301 of the Companies Act, 1956. In view of the same, the question of the terms and conditions including rates of interest being prima facie prejudicial to the interest of the company does not arise.
- 4 In our opinion and according to the explanations given to us, there is an adequate internal control system with regard to purchase of inventory, fixed assets including high value contracts, transportation contracts and sale of goods commensurate with the size of the company. Further, on the explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- 5
 - (a) According to the information and explanations given to us, there is no transaction which needs to be entered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) In our opinion and according to the information and explanations given to us, the company has not entered into any contracts or arrangements exceeding rupees five lakhs in value in respect of any party in pursuance of contracts or arrangements entered in the register to be maintained under Section 301 of the Companies Act, 1956.
- 6 In our opinion and according to the information and explanations made available to us by the management, the company has not accepted any deposit from public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- 7 Company has ***Internal Audit system commensurate with its size and nature of business. However, in our opinion, it needs to be reviewed, monitored strengthened further.***
- 8 We have broadly reviewed the cost records maintained by the company for the items prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records and accounts have been maintained. However, we have not made a detailed examination of such accounts and records.
- 9 In respect of statutory dues:
 - (a) *According to the information and explanations given to us, the company has been generally regular in depositing undisputed statutory dues payable in respect of provident fund, Investors education fund and Protection fund, Employees' state Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Entry tax, Excise Duty, Royalty, Land Tax, Electricity Duty and Cess and any other material statutory dues applicable to it with appropriate authority during the year.*

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

According to the information and explanations given to us, undisputed amounts payable in respect of Sales Tax, Royalty, Forest land, Electricity Duty, Excise Duty and Water Cess outstanding for a period of more than six months from the date they become payable were in aggregate of Rs.174466 thousand as at 31st March 2011 (As given in annexure attached)

- (b) *According to the information and explanations given to us, details of dues of Sales Tax, Excise Duty, Entry Tax, and Property Tax amounting to Rs.1271316 thousand net of deposits made have not been deposited on account of disputes pending at various forum. (As given in annexure attached)*
- 10 The Company does not have accumulated losses as at 31st March 2011 and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11 In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks and Financial Institution.
- 12 According to the information and explanations given 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.
- 13 In our opinion, the provision of any special statute applicable to chit fund / nidhi/ mutual benefit fund/societies is not applicable to the company.
- 14 In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments.
- 15 According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- 16 In our opinion and according to the information and explanations given to us, the company has not availed any term loan during the year.
- 17 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment of the Company.
- 18 According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19 According to the information and explanations given to us, the company has not issued any debentures during the year.
- 20 The company has not raised any funds by way of public issue during the year.
- 21 According to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year

For RAY & CO.
FRN: 313124E
Chartered Accountants

For AGARWAL ANIL & CO.
FRN : 003222N
Chartered Accountants

S P BASU
Partner
(M.No. 50209)

ANIL AGRAWAL
Partner
(M.No. 82103)

Place : Kolkata
Date : 28th May, 2011

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

STATEMENT OF DISPUTED STATUTORY LIABILITIES

(Rs. '000)

Sl. No.	PARTICULAR	YEAR	FORUM AT WHICH MATTER IS PENDING	AMOUNT
1	EXCISE DUTY	1985-86 1995-96 1996-97 FROM 1997-98 TO 1999-00 1998-99 1999-00 2000-01 FROM 2000-01 TO 2001-02 FROM 2000-01 TO 2003-04 2001-02 2002-03 2003-04 2005-06 FROM 2006-07 TO 2010-11 2007-08 2008-09 2008-09 2009-10 2009-10 2010-11 2010-11	CESTAT CESTAT CESTAT CESTAT ASST COMMISSIONER ASST COMMISSIONER / ADDL COMMISSIONER ASST COMMISSIONER COMMISSIONER (ADJUDICATION) / JAMSHEDPUR COMMISSIONER (ADJUDICATION) / JAMSHEDPUR DY COMMISSIONER ASST COMMISSIONER ASST /ADDL /JOINT COMMISSIONER ADDL /JOINT COMMISSIONER COMMISSIONER COMMISSIONER COMMISSIONER ADDL / DY COMMISSIONER COMMISSIONER DY COMMISSIONER COMMISSIONER ASST / ADDL COMMISSIONER	10493 1565 389 21424 13523 11651 2194 28340 150176 7080 7275 9180 4394 18162 922 8379 2805 19627 822 10341 2000
2	PROPERTY/LAND TAX	FROM 1994-95 TO 1997-98 FROM 2006-07 TO 2010-11	HIGH COURT, JABALPUR HIGH COURT, JAIPUR	10345 137781
3	SALES TAX	1991-92 1992-93 1993-94 1994-95 1994-95 1994-95 1995-96 1996-97 1997-98 1999-00 2000-01 2001-02 2002-03 2002-03 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	TRIBUNAL / MAHARASHTRA TRBUNAL / JHARKHAND TRBUNAL / JHARKHAND TRIBUNAL / MAHARASHTRA COMMISSIONER (APPEALS) / JABALPUR DY.COMMISSIONER (APPEALS) / BIKANER DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER / BIKANER DY.COMMISSIONER / BIKANER DY.COMMISSIONER / BIKANER CTO / BIKANER DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER / BIKANER DY.COMMISSIONER / BIKANER	734 5247 5980 1781 538 214 180 3406 3383 313 95 600 1395 8234 4056 2001 7308 9068 3000 6
4	TERMINAL TAX	FROM 2000-01 TO 2005-06	HIGH COURT, JABALPUR	704600
5	ENTRY TAX	2007-08	DY.COMMISSIONER / BIKANER	30309
	TOTAL			1271316

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

UNDISPUTED LIABILITIES FOR MORE THAN SIX MONTHS

(Rs. '000)

PARTICULARS	AMOUNT
SALES TAX	60
ROYALTY	93132
FOREST LAND	2124
ELECTRICITY DUTY	14712
EXCISE DUTY	606
WATER CESS	63832
TOTAL	174466

BALANCE SHEET As at March 31, 2011

	Schedule No.		As at 31.03.2011	Rs. ' 000 As at 31.03.2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	4,626,090		4,626,090
Reserves & Surplus	2	7,763,612		6,599,725
			12,389,702	11,225,815
Loan Funds				
Secured Loans	3	–		526
Unsecured Loans	4	–		–
			–	526
T O T A L			12,389,702	11,226,341
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	7,700,073		7,603,506
Less : Depreciation	5	5,568,417		5,407,211
Net Block	5	2,131,656		2,196,295
Discarded Fixed Assets (net of provision)	5	–		–
Capital Work-in-Progress including Advance for Capital Expenditure	6	2,600		48,801
Mine Development Expenditure	7	4,589,429		4,040,052
			6,723,685	6,285,148
Investments	8		864,815	719,159
Deferred Tax Assets (net)			538,353	571,976
Current Assets, Loans and Advances				
Inventories	9	3,226,618		2,600,314
Sundry Debtors	10	652,001		1,420,401
Cash and Bank Balances	11	3,422,648		1,733,594
Other Current Assets	12	91,765		58,485
Loans and Advances	13	3,203,486		2,252,517
			10,596,518	8,065,311
Less :				
Current Liabilities and Provisions	14	6,333,669		4,415,253
Net Current Assets			4,262,849	3,650,058
T O T A L			12,389,702	11,226,341
Significant Accounting Policies	23			
Notes on Accounts	24			

The schedules referred to above form an integral part of the Balance Sheet.

For and on behalf of the Board of Directors

C.S.Singhi
Company Secretary

K K Saberwal
Director (Finance)

Shakeel Ahmed
Chairman-cum-Managing Director

In terms of our report of even date attached.

For RAY & CO.
FRN 313124E
Chartered Accountants

S.P.BASU
(M No.50209)
Partner

Place : Kolkata
Date : 28th May, 2011

For AGARWAL ANIL & CO.
FRN 003222N
Chartered Accountants

ANIL AGRAWAL
(M No. 82103)
Partner

Place : Kolkata
Date : 28th May, 2011

PROFIT & LOSS ACCOUNT For the year ended March 31, 2011

	Schedule No.	Year ended 31.03.2011	Rs. ' 000 Year ended 31.03.2010
INCOME			
Gross Sales		12,575,813	14,298,479
Less : Discount & Rebate		47,060	143,499
Less : Excise Duty		<u>1,102,384</u>	<u>1,109,801</u>
Net Sales		11,426,369	13,045,179
Other Income	15	793,545	507,386
Increase/(Decrease) in Stock of Finished Goods, Semi-Finished and In Process	16	<u>725,228</u>	<u>254,462</u>
		<u>12,945,142</u>	<u>13,807,027</u>
EXPENDITURE			
Materials , Spares & Components	17	1,251,278	5,049,936
Employees' Remuneration & Benefits	18	2,980,204	2,874,460
Other Expenses of Manufacturing, Administration, Selling & Distribution	19	4,219,875	2,844,574
Interest	20	24,219	34,927
Provisions, Losses & Write off	21	133,583	55,001
Depreciation		208,403	178,897
Amortisation of Mine Development Expenditure		<u>764,305</u>	<u>631,492</u>
		<u>9,581,867</u>	<u>11,669,287</u>
PROFIT FOR THE YEAR		<u>3,363,275</u>	<u>2,137,740</u>
Prior years' Net Debits / (Credits)	22	11,167	(-20,708)
PROFIT BEFORE TAX		<u>3,352,108</u>	<u>2,158,448</u>
Provision for Tax – Current		1,077,500	647,700
– Deferred		<u>33,623</u>	<u>(-36,100)</u>
PROFIT AFTER TAX		<u>2,240,985</u>	<u>1,546,848</u>
Transfer from Special Reserve		270	286
Profit brought forward from last year's Accounts		<u>3,909,254</u>	<u>2,362,120</u>
Amount Available for Appropriations		<u>6,150,509</u>	<u>3,909,254</u>
Interim Dividend		462,609	–
Proposed Final Dividend		462,609	–
Tax on Dividend		151,880	–
Transfer to General Reserve		<u>169,000</u>	<u>–</u>
Balance of Profit carried to Balance Sheet		<u>4,904,411</u>	<u>3,909,254</u>
Earning Per Share of Rs 5 each (Note 18 in Schedule 24)			
– Basic (Rs)		2.42	1.67
– Diluted (Rs)		2.42	1.67

Significant Accounting Policies 23
Notes on Accounts 24

The schedules referred to above form an integral part of the Profit & Loss Account.

For and on behalf of the Board of Directors

C.S.Singhi
Company Secretary

K K Saberwal
Director (Finance)

Shakeel Ahmed
Chairman-cum-Managing Director

In terms of our report of even date attached.

For RAY & CO.
FRN 313124E
Chartered Accountants

S.P.BASU
(M No.50209)
Partner

Place : Kolkata
Date : 28th May, 2011

For AGARWAL ANIL & CO.
FRN 003222N
Chartered Accountants

ANIL AGRAWAL
(M No. 82103)
Partner

Place : Kolkata
Date : 28th May, 2011

CASH FLOW STATEMENT For the year ended March 31, 2011

	Year ended 31st March 2011	Rs. ' 000 Year ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT/ (LOSS) BEFORE TAX AS PER PROFIT AND LOSS ACCOUNT	3,352,108	2,158,448
Adjusted for :		
Depreciation	208,403	178,897
Provisions charged	133,583	55,001
Provisions written back	(38,755)	(8,322)
Interest expense	24,219	34,927
Amortisation	764,305	631,492
Interest income	(248,410)	(268,487)
Dividend income	(49,091)	(2,223)
Net prior year adjustments	11,167	(20,708)
Profit on disposal of fixed assets	(827)	(7,645)
OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES	4,156,702	2,751,380
Adjusted for :		
Decrease/ (Increase) in Trade & other Receivables	764,727	52,191
Decrease/ (Increase) in Inventories	(619,525)	69,715
Decrease/ (Increase) in Loans & Advances	(30,176)	882,910
Increase/ (Decrease) in Trade Payables & Provisions	188,632	(2,166,643)
CASH GENERATED FROM OPERATIONS	4,460,360	1,589,553
Net Prior period adjustments	-	20,708
Taxes paid	(1,200,816)	(668,800)
Tax refund	232,547	-
NET CASH FROM OPERATING ACTIVITIES (A)	3,492,091	941,461
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(175,160)	(269,069)
Sale of Fixed Assets	1,035	9,477
Interest received	215,130	125,672
Dividend received	49,091	2,223
Investment in Mutual Funds	(145,656)	(719,142)
Mine Development Expenditure	(1,260,123)	(956,360)
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,315,683)	(1,807,199)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loan from bank	-	(337,345)
Dividend paid	(462,609)	-
Interest paid	(24,219)	(35,622)
NET CASH USED IN FINANCING ACTIVITIES (C)	(486,828)	(372,967)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	1,689,580	(1,238,705)
CASH AND CASH EQUIVALENTS - opening balance	1,733,068	2,971,773
CASH AND CASH EQUIVALENTS - closing balance	3,422,648	1,733,068
(details in Annexure - A)		

For and on behalf of the Board of Directors

C.S.Singhi
Company Secretary

K K Saberwal
Director (Finance)

Shakeel Ahmed
Chairman-cum-Managing Director

Place : Kolkata
Date : 28th May, 2011

CASH FLOW STATEMENT (Contd.)

ANNEXURE - A

Rs.'000

1. CASH AND CASH EQUIVALENTS - opening balance	01/04/2010	01/04/2009
i) Cash & Bank balance	1,733,594	2,994,803
ii) Cash Credit balance	(526)	(23,030)
	<u>1,733,068</u>	<u>2,971,773</u>
 CASH AND CASH EQUIVALENTS - closing balance	 31/03/2011	 31/03/2010
i) Cash & Bank balance	3,422,648	1,733,594
ii) Cash Credit balance	—	(526)
	<u>3,422,648</u>	<u>1,733,068</u>

2. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date attached.

For RAY & CO.
FRN 313124E
Chartered Accountants

S.P.BASU
(M No.50209)
Partner
Place : Kolkata
Date : 28th May, 2011

For AGARWAL ANIL & CO.
FRN 003222N
Chartered Accountants

ANIL AGRAWAL
(M No. 82103)
Partner
Place : Kolkata
Date : 28th May, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011	Rs. ' 000 As at 31.03.2010
1. SHARE CAPITAL		
Authorised Capital		
180 00 00 000 Equity Shares of Rs 5/- each	9,000,000	9,000,000
20 00 000 7.5 % Non-Cum Redeemable Preference Shares of Rs 1000 /- each	<u>2,000,000</u>	<u>2,000,000</u>
Issued, Subscribed & Paid up		
90 74 73 700 Equity Shares of Rs 5 /- each fully paid up in cash	4,537,369	4,537,369
1 02 44 300 Equity Shares of Rs 5 /- each issued pursuant to a contract without payment being received in cash	51,221	51,221
75 00 000 Equity Shares of Rs 5 /- each pursuant to Indian Copper Corporation (Acquisition of Undertaking) Act,1972 without payment being received in cash	<u>37,500</u>	<u>37,500</u>
	<u>4,626,090</u>	<u>4,626,090</u>
2. RESERVES AND SURPLUS		
Capital Reserve :		
As per last Balance Sheet	2,116,624	2,116,624
Special Reserve :		
As per last Balance Sheet	1,506	1,792
Less : Transferred to Profit & Loss Account	<u>270</u>	<u>286</u>
	1,236	1,506
General Reserve :		
As per last Balance Sheet	-	-
Add : Transfer from Profit & Loss Account	<u>169,000</u>	<u>-</u>
	169,000	-
Profit & Loss Account	4,904,411	3,909,254
Deferred Tax Asset :		
As per last Balance Sheet	<u>572,341</u>	<u>572,341</u>
	<u>7,763,612</u>	<u>6,599,725</u>
3. SECURED LOANS		
Cash Credit from Banks	-	526
Secured by hypothecation of Stock-in-Trade, Stores and Spare parts and Book Debts, both present and future, of the Company.	<u>-</u>	<u>526</u>
4. UNSECURED LOANS	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

DESCRIPTION	GROSS BLOCK						DEPRECIATION						NET BLOCK			
	Cost as at 01.04.2010		Additions		During the Year Deduction/ Transfer from Sale Discarded Asset		Transfer to Discarded Asset		Cost as at 31.03.2011		Upto 01.04.2010 year Deduction/ Sale Discarded Asset		Upto 31.03.2011		As at 31.03.2011	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land :																
Free hold	15161					15161									15161	15161
Lease hold	13830					13830									9442	9583
Roads, Bridges and Culverts	59085					59085									36337	37299
Railway Sliding	33672	18201				51873									40484	23548
Buildings including Sanitary and Water Supply System	1122509					1122509									525077	544173
Plant, Machinery and Mining Equipment	5482534	185523		1938	183	5550785					1782	174	109645		1352140	1401932
Electrical Equipment and Installation	316134	4337		14	14	320471					13	13			61585	64929
Shafts and Inclines	365805					365805									42162	52128
Vehicles	79102	2628		1025	320	81025					974	304			16537	15861
Furniture, Fixtures, Office, Hospital, Survey and Drawing Equipment	115674	3855				119529									32731	31681
Total	7603506	214544	2977	49250	517	7700073	5407211	273129#	2769	491	109645	5568417	2131656	2196295	2196295	—
Previous Year	7315621	327116	49250	12019	—	7603506	5216602	227117	47418	10910	—	5407211	2196295	—	—	—
DETAILS OF DISCARDED ASSETS																
Discarded Assets	583197	—	—	—	115517	517	698197	—	—	109645	491	618363	79834	73988	73988	—
Less Provision																
Discarded Assets (net of provision)																

Refer main Profit & Loss Account and Schedule No 7 & 22.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011	Rs. ' 000 As at 31.03.2010
6. CAPITAL WORK-IN-PROGRESS		
Plant and Machinery	369,909	387,142
Others	<u>326,751</u>	<u>331,156</u>
	696,660	718,298
Less : Provision	<u>694,943</u>	<u>688,126</u>
	1,717	30,172
ADVANCE FOR CAPITAL EXPENDITURE		
Unsecured - Considered Good	883	18,629
Considered Doubtful	<u>2</u>	<u>2</u>
	885	18,631
Less : Provision	<u>2</u>	<u>2</u>
	883	18,629
	<u>2,600</u>	<u>48,801</u>
7. MINE DEVELOPMENT EXPENDITURE		
As per last Balance Sheet	4,506,538	4,133,450
Add : Expenditure during the year as per Schedule 7.01	<u>1,352,710</u>	<u>1,035,461</u>
	5,859,248	5,168,911
Less :		
Value of ore recovered during mine development	39,028	30,881
Amortisation	<u>764,305</u>	<u>631,492</u>
	803,333	662,373
	5,055,915	4,506,538
Less : Provision	<u>466,486</u>	<u>466,486</u>
	<u>4,589,429</u>	<u>4,040,052</u>
7.01 MINE DEVELOPMENT EXPENDITURE		
Salaries, Wages & Allowances	265,600	193,478
Contribution to Provident & Other Funds	27,845	26,723
Bonus/Ex-gratia/Performance Related Pay (Refer Note No.4 of Schedule 24)	10,351	-
Workmen & Staff Welfare	20,634	33,358
Gratuity	30,672	25,663
Stores, Spares & Tools Consumed	383,909	350,384
Power, Fuel & Water	29,097	27,257
Royalty	3,980	1,634
Repairs	147,403	78,900
Overburden Removal Expenditure	367,566	236,585
Depreciation	53,559	48,220
Miscellaneous	<u>12,094</u>	<u>13,259</u>
	<u>1,352,710</u>	<u>1,035,461</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

8. INVESTMENTS (at cost)	Face Value (Rs.)	Nos.	As at	
			31.03.2011	31.03.2010
A. Non-trade Investments in Debentures : (Long term)				
5 % Debentures in Woodland Hospital & Medical Research Centre Ltd.	1000.00	17.00	17	17.00
B. Current Investments: Mutual Funds				
UTI FIXED TERM INCOME FUND-GROWTH PLAN	10.00	19956311.29	199563	-
UTI DYNAMIC BOND FUND-DIVIDEND PAYOUT	10.00	4248647.48	42502	-
UTI ANNUAL INTERVAL PLAN FUND-GROWTH PLAN	10.66	2813150.54	30000	-
UTI LIQUID CASH PLAN FUND-DIVIDEND PLAN	1019.45	29436.18	30009	-
UTI TREASURY ADVANTAGE FUND-DIVIDEND PLAN	1000.21	-	-	173260.29
UTI FIXED INCOME MONTHLY FUND-DIVIDEND PLAN	10.00	-	-	10000890.08
UTI FIXED INCOME QUARTERLY FUND-DIVIDEND PLAN	10.00	4000000.00	40000	3000000.00
UTI QUARTERLY INTERVAL FUND-DIVIDEND PLAN	10.00	10019517.37	100206	-
LIC SAVINGS PLUS FUND-DIVIDEND PLAN	10.00	-	-	35283526.74
LIC INTERVAL FUND SERIES-DIVIDEND PLAN	10.00	2000000.00	20000	-
SBI DEBT FUND SERIES-DIVIDEND PLAN (90 DAYS)	10.00	2000000.00	20000	1300000.00
SBI DEBT FUND SERIES-DIVIDEND PLAN (15 MONTHS)	10.00	5000000.00	50000	-
SBI PREMIUM LIQUID FUND-DIVIDEND PLAN	10.03	1993924.43	20004	-
SBI DEBT FUND SERIES-DIVIDEND PLAN (180 DAYS)	10.00	5000000.00	50000	-
SBI DEBT FUND SERIES-GROWTH FUND (370 DAYS)	10.00	17250000.00	172500	5000000.00
CANARA ROBECO FMP-GROWTH PLAN (14 MONTHS)	10.00	2000327.00	20003	-
CANARA ROBECO SMT-GROWTH PLAN (13 MONTHS)	10.00	2000358.00	20004	-
CANARA ROBECO LIQUID FUND-DIVIDEND PLAN	10.06	2984240.96	30007	-
IDBI FMP-GROWTH FUND (367 DAYS)	10.00	2000000.00	20000	-
			864,798	719,142
Aggregate Book Value - Unquoted			864,815	719,159

INVESTMENTS PURCHASED AND SOLD DURING THE PERIOD

	Face Value (Rs.)	Nos.	Cost
LIC MONTHLY INTERVAL FUND-DIVIDEND PLAN	10.00	1500000.00	15000
LIC MF SAVINGS PLUS FUND-DIVIDEND PLAN	10.00	20000000.00	200000
LIC MF FLOATING RATE FUND-DIVIDEND PLAN	10.00	5528506.29	55285
LIC MF LIQUID FUND-DIVIDEND PLAN	10.98	51471223.98	565159
LICMF INCOME PLUS FUND-DIVIDEND PLAN	10.00	14820991.17	148210
SBI MAGNUM INSTA CASH FUND-DIVIDEND PLAN	16.75	154302440.86	2584612
SBI MAGNUM INSTA CASH FUND FLOATER-DIVIDEND PLAN	10.10	87389591.61	882556
SBI PREMIER LIQUID FUND-DIVIDEND PLAN	10.03	141565150.25	1420252
SBI DEBT FUND-DIVIDEND PLAN	10.00	8300323.00	83003
SBI SHF ULTRA SHORT TERM FUND-DIVIDEND PLAN	10.01	63674295.17	637125
UTI LIQUID CASH PLAN-DIVIDEND PLAN	1019.45	547122.77	557762
UTI FIXED INCOME INTERVAL FUND-DIVIDEND PLAN	10.00	78002900.89	780029
UTI TREASURY ADVANTAGE FUND-DIVIDEND PLAN	1000.21	380517.47	380599
UTI MONEY MARKET-DIVIDEND PLAN	1003.39	573216.97	575158
UTI FLOATING RATE-DIVIDEND PLAN	1000.77	780918.09	781520
CANARA ROBECO LIQUID FUND-DIVIDEND PLAN	10.06	36310191.34	365099
CANARA ROBECO TREASURY ADVANTAGE FUND-DIVIDEND PLAN	12.41	18017169.97	223541
CANARA ROBECO QUARTERLY INTERVAL FUND-DIVIDEND PLAN	10.00	5000000.00	50001
CANARA ROBECO FLOATING RATE FUND-DIVIDEND PLAN	10.26	5444629.06	55,862

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011	Rs. ' 000 As at 31.03.2010
9. INVENTORIES		
(As Taken, Valued and Certified by the Management)		
Raw Materials [at cost]	314	314
Semi-Finished and In-Process [at lower of cost or net realisable value]	2,805,127	2,043,061
Less : Provision	<u>67,836</u>	<u>67,836</u>
	2,737,291	1,975,225
Finished Goods [at lower of cost or net realisable value]	89,274	126,112
Stores & Spares [at cost] (in transit Rs 57447 thousand – Previous year Rs 67693 thousand)	890,125	995,828
Less : Provision for Obsolescence / Non-moving & Verification Discrepancies (net) / irregular use	<u>490,545</u>	<u>497,324</u>
	399,580	498,504
Loose Tools [at cost]	159	159
	<u>3,226,618</u>	<u>2,600,314</u>
10. SUNDRY DEBTORS		
Exceeding six months	96,676	41,480
Other Debts	<u>597,067</u>	<u>1,416,990</u>
	693,743	1,458,470
Less : Provision for doubtful debts	<u>41,742</u>	<u>38,069</u>
	<u>652,001</u>	<u>1,420,401</u>
Particulars of Debt :		
Unsecured - Considered Good	652,001	1,420,401
Considered Doubtful	41,742	38,069
11. CASH & BANK BALANCES		
Cash & Stamps in Hand	542	493
Cheques / Drafts in Hand	102,713	12,012
Balance with Scheduled Banks on :		
i) Fixed Deposit Accounts	3,245,947	1,501,195
ii) Dividend Accounts	92	–
iii) Current Accounts	70,854	217,394
iv) Margin Money	<u>2,500</u>	<u>2,500</u>
	3,319,393	1,721,089
	<u>3,422,648</u>	<u>1,733,594</u>
12. OTHER CURRENT ASSETS		
Interest Accrued on :		
– Loans/ Advances/ Deposits and Others	91,915	58,635
Less : Provision	<u>150</u>	<u>150</u>
	<u>91,765</u>	<u>58,485</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011	Rs. ' 000 As at 31.03.2010
13. LOANS AND ADVANCES		
Loans	947	1,292
Advances Recoverable in Cash or in kind or for Value to be Received	3,620,148	2,688,809
Claims Recoverable	69,827	109,480
Deposits	78,663	156,462
Balance with Customs, Port Trust etc.	293,542	185,472
	4,063,127	3,141,515
Less : Provision for Doubtful Advances and Claims	859,641	888,998
	3,203,486	2,252,517
Particulars of Loans & Advances :		
Considered Good – Secured	947	952
– Unsecured	3,202,539	2,251,565
Considered Doubtful	859,641	888,998
Note : Amount due from Director	–	–
Amount due from an Officer	–	–
Maximum amount due at any time during the year from :		
– Director	–	–
– Officer	–	–
 14. CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors -Goods	472,210	495,798
Sundry Creditors -Others	952,158	587,441
Sundry Creditors - Micro,Small & Medium Enterprise (Refer Note No.13 of Schedule 24)	25,509	29,268
Security & Earnest Money Deposits	250,484	220,299
Unpaid Dividend	92	–
Other Liabilities	626,324	774,921
	2,326,777	2,107,727
Provisions :		
Wealth Tax	100	100
Income Tax	2,483,987	1,346,688
Proposed Final Dividend	462,609	–
Tax on Proposed Final Dividend	75,047	–
Corporate Social Responsibility	28,292	6,731
Others	956,857	954,007
	4,006,892	2,307,526
	6,333,669	4,415,253

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31.03.2011	Rs. ' 000 As at 31.03.2010
15. OTHER INCOME		
Sale of Scrap	30,348	45,410
Profit on sale of Fixed Assets (net)	827	7,645
Profit on sale of Stores (net)	–	5,141
Interest :		
– On Loans, Advances, Deposits etc. (Including Tax Deducted at Source Rs 20983 thousand Previous year - Rs 35907 thousand)	208,291	201,172
– Received from Customers	40,119	67,315
Claims	3,779	4,599
Provisions written back	38,755	8,322
Conversion Charges	8,619	47,486
Dividend	49,091	2,223
Miscellaneous	413,716	118,073
	793,545	507,386
16. INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS, SEMI-FINISHED & IN- PROCESS		
Opening stock :		
Finished Goods	126,112	44,442
Semi-Finished and In-Process	2,043,061	1,870,269
Total Opening Stock	2,169,173	1,914,711
Closing stock :		
Finished Goods	89,274	126,112
Semi-Finished and In-Process	2,805,127	2,043,061
Total Closing Stock	2,894,401	2,169,173
Increase / (Decrease)	725,228	254,462
17. MATERIALS, SPARES & COMPONENTS		
Raw Materials Consumed	452,242	4,220,473
Stores, Spares & Tools Consumed	760,008	798,582
Value of Ore raised during mine development	39,028	30,881
	1,251,278	5,049,936
18. EMPLOYEES' REMUNERATION & BENEFITS		
Salaries, Wages & Allowances	2,137,787	2,272,169
Bonus/Ex-gratia/Performance Related Pay (Refer Note No.4 of Schedule 24)	188,212	45,610
Contribution to Provident & Other funds	207,971	216,746
Workmen & Staff Welfare	170,909	103,615
Gratuity	275,325	236,320
	2,980,204	2,874,460

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31.03.2011	Rs. ' 000 As at 31.03.2010
19. OTHER EXPENSES OF MANUFACTURING, ADMINISTRATION, SELLING & DISTRIBUTION		
Power,Fuel & Water	1,209,716	1,230,932
Repairs :		
Building	12,467	5,237
Plant & machinery	154,459	212,420
Others	32,149	37,070
	199,075	254,727
Royalty, Cess & Decretal amount	610,385	373,393
Insurance	7,016	5,890
Rent	7,243	10,477
Rates & Taxes	475,720	48,235
Directors' Fees	470	245
Remuneration to Auditors :-		
Audit Fees :		
– Statutory Audit Fees	669	370
– Tax Audit Fees	219	137
– Other Capacity	2,097	520
– For Expenses	951	829
	3,936	1,856
– Cost Audit Fees	30	60
– For Expenses	4	3
	34	63
– Internal Audit Fees	270	100
– For Expenses	289	339
	559	439
Contractual job for process	579,743	220,488
Handling & Transportation	256,478	354,419
Commission	–	729
Loss on sale of stores	21,905	–
Tolling Charges-(Copper bearing material)	489,764	10,770
MTM Credit / Debit & Hedging Expenses	16,465	23,539
Miscellaneous	341,366	308,372
	4,219,875	2,844,574

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31.03.2011	Rs. ' 000 As at 31.03.2010
20. INTEREST		
Cash Credit	35	2,157
Others	24,184	32,770
	24,219	34,927
 21. PROVISIONS, LOSSES & WRITE OFF		
Provisions for :		
– Stores Discrepancies	–	4,032
– Doubtful Debts, Advances & Claims etc.	15,379	1,665
– Loss/Shortage of Fixed Assets	255	–
– Capital Work-in-Progress	6,817	21,051
– Non-moving / Obsolete stock / Spares	–	22,845
– Discarded Assets	387	5,408
– Others	110,745	–
	133,583	55,001
 22. PRIOR YEARS' NET DEBITS / (CREDITS)		
Debits :		
Depreciation	11,167	–
	11,167	–
Credits :		
Miscellaneous Income	–	20,708
	–	20,708
Net Debit / (Credit)	11,167	(20,708)

SCHEDULES FORMING PART OF THE ACCOUNTS

23 SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING :

The financial statements are prepared under historical cost convention from the books of account maintained on an accrual basis and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

2. USE OF ESTIMATES :

Financial statements have been prepared based on in-house technical estimates in respect of the following :

- Allocation of service shaft expenses, underground mining expenditure between revenue and capital.
- Metal content in raw materials, WIP and finished goods.
- Credit of anode scrap generation in refinery plants.
- Mineable ore reserves in underground mines.
- Stripping ratio in open cast mines.

3. FIXED ASSETS :

- 3.1** Fixed assets are recorded at cost net of CENVAT and VAT credit wherever applicable less accumulated depreciation and impairment loss, if any.
- 3.2** Pending reconciliation/receipt of the final bills against capital items, capitalization is done on the basis of cost booked and depreciation is charged accordingly. Price differences, if any, are adjusted in the year of finalization of bills.
- 3.3** In respect of expenditure during construction of a new unit in a new location, all direct capital expenditure as well as all indirect expenditure incidental to construction are capitalized allocating to various items of fixed assets on an appropriate basis. Expansion programme involving construction concurrently run with normal production activities in an existing unit, all direct capital expenditure in relation to such expansion are capitalized but indirect expenditure are charged to revenue.
- 3.4** Expenses incurred for implementation of new projects are carried forward against respective projects till execution. Expenses rendered infructuous on projects abandoned subsequently are provided in the Profit & Loss Account.
- 3.5** Physical verification of fixed assets is carried out once in every five years. Shortage/excess, if any, is provided for in the year of identification.

4. DEPRECIATION :

Depreciation on fixed assets is provided on straight line method at the rates prescribed in schedule XIV to the Companies Act, 1956. Depreciation on assets acquired prior too 1.04.93 is charged on derived rates by allocating the unamortized value over the remaining life arrived at on the basis of rates prescribed under the Schedule XIV to the Companies Act, 1956. Depreciation in respect of plant & machinery and building of new project is charged from the date of commercial production.

5. GRANTS-IN-AID :

Fixed assets acquired out of funds provided by the Government by way of grants-in-aid are stated in the books at cost less depreciation and special reserve created for the same is apportioned over the life of the assets by transfer to profit and loss account.

SCHEDULES FORMING PART OF THE ACCOUNTS

6. IMPAIRMENT OF ASSETS :

The Company reviews the carrying amount of its fixed assets, whenever circumstances indicate that the carrying amount of the asset is less than the realizable value. The Company assesses recoverability of the carrying value of the assets by grouping assets of entire one plant as Cash Generating Unit (CGU). The Company then estimates the discounted future cash flows expected to result from CGU. If the estimated discounted future cash flow expected to result from the use of the asset are less than its carrying amount, the asset is deemed to be impaired. The amount of impairment is measured as the difference between the carrying value and fair market value.

7. MINE DEVELOPMENT EXPENDITURE :

7.1 In case of underground mines : The expenditure on development of a new mine in all cases and on subsequent development of a working mine in specified cases is capitalized and amortized on the basis of ore raised during the year and the mineable ore reserves estimated from time to time. The ore obtained during development activity is adjusted against such expenditure at its derived realizable value.

7.2 In case of working mines, where development activities are going on simultaneously : Expenses are apportioned between capital or revenue on the basis of inhouse technical estimates.

7.3 In respect of open cast mines : The expenditure on removal of waste and overburden, is capitalized and the same is amortized in relation to actual ore production during the year and the stripping ratio of the mine as determined by the company at the weighted average rate.

7.4 Expenditure incurred on exploration of new deposits is included in mine development expenditure. If the exploration activities are found to be not fruitful, the expenditure on such exploratory work included in mine development expenditure is written off in the year in which it is decided to abandon the project.

8. MAJOR OVERHAULING EXPENSES :

The expenditure attributable to major overhaul of smelter/refinery is charged to the Accounts in the year of incurrence.

9. INVENTORIES :

9.1 Stocks of raw materials, stores and spare parts, loose tools and materials-in-transit are valued at cost. Loose tools when issued are charged off to revenue.

9.2 Finished goods and work-in-process are valued at the lower of the net realizable value and weighted average cost to the unit. The cost is exclusive of financing cost, such as, interest, bank charges etc. The value of slag under work in process is taken at equivalent value to the extent credited to the process, where the said products have been generated. The reverts under work- in-process are valued at lower of cost (equivalent value of concentrates) and net realizable value.

9.3 The stock of anode slime arising from treatment and refining processes are stated at realizable value based on the year end London Metal Exchange price for gold and silver after making due adjustments of their physical recovery and the treatment and refining charges.

9.4 Liability for excise duty on finished goods in stock lying at works or warehouses is provided in the accounts and also considered in stock valuation.

9.5 The inventories out of inter-unit transfers at the close of the year are valued on the basis of cost or net realizable value whichever is lower to the transferor unit. No adjustment is made in respect of difference between the cost and transfer price for such transferred products in case of partly processed materials lying at various stages of production and finished stocks at the end of the year, since this is not practically ascertainable.

SCHEDULES FORMING PART OF THE ACCOUNTS

- 9.6** Imported materials are valued at weighted average cost. In the event where final price is not determined valuation is made on provisional cost. Variations are accounted for in the year of finalization.
- 9.7** Once in every three years provision is made in the accounts for non-moving stores and spares (other than insurance spares) which have not moved for more than five years.
- 9.8** Scraps are accounted for on realization.
- 10. SALES :**
Sales are net of discounts other than cash discounts.
- 11. OTHER INCOME :**
- 11.1 Claims :**
Claims on account of liquidated damages and insurance are accounted for as and when these are realised and/or considered recoverable by the company.
- 11.2 Conversion charges :**
Income from conversion of job work is accounted for on the basis of dispatches made .
- 11.3 Interest on L/C bills :**
Interest up to the date of Balance Sheet on all outstanding bills is accounted for on accrual basis.
- 12. RETIREMENT BENEFITS :**
- 12.1 Gratuity and Leave encashment:**
Liabilities towards gratuity and leave encashment to employees as at the end of the year are provided for on the basis of actuarial valuation.
- 12.2 Deficit in Provident Fund:**
Deficit, if any, on account of Provident Fund Trust is accounted for on the basis of accrued liability, as ascertainable on the basis of last accounts closed by the Provident Fund Trust.
- 13. BORROWING COST :**
Interest/finance cost on loans specifically borrowed for new and expansion projects up to the start of commercial production is charged to the capital cost of the projects concerned. All other borrowing cost are charged to revenue.
- 14. ACCOUNTING FOR TAXES ON INCOME:**
Income Tax Expense comprises current tax and deferred tax charge. Deferred Tax is recognized on timing differences, being the difference between Taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are recognized only if there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets will be realized. Such balances of Deferred Tax Assets are reviewed as at each Balance Sheet Date to reassess the realisability thereof.

SCHEDULES FORMING PART OF THE ACCOUNTS

15. GENERAL :

15.1. Foreign Currency Transactions :

Transactions in foreign currencies are recognized at rates on the date of the transactions are settled. Year-end balances of receivables/payables are translated at applicable forward contract/year-end rates and resultant translation differences relating to fixed assets are adjusted against fixed assets and the balance is recognized in the Profit and Loss Account.

15.2 Contingent Liability :

Contingent Liabilities are disclosed in the Notes forming part of the accounts.

15.3 Events occurring after the Balance Sheet date :

Assets and Liabilities are adjusted for significant events occurring after the Balance Sheet date that provide additional evidences to assist the estimation of accounts relating to conditions existing at the Balance Sheet date.

15.4 Prior Period & Extra Ordinary Items:

(i) The nature and amount of prior period items (ii) extra-ordinary items are separately disclosed in the statement of Profit & Loss in a manner that their impact on the current Profit & Loss can be perceived.

15.5 Research and Development Expenditure :

Expenditure on research and development is charged off to Profit & Loss account in the year it is incurred. Expenditure on fixed assets in this regard is capitalized.

15.6 Mine Closure Expenditure :

Financial implications towards final mine closure plans under relevant Acts and Rules are technically estimated and the involvement, not being material, are charged off on actual incurrence.

16. Voluntary Retirement Expenses :

16.1 Paid out of own fund :

Voluntary Retirement expenditure incurred by the company is charged to revenue in the year of incurrence in accordance with AS-15.

16.2 Paid out of Government Grant :

Voluntary Retirement Expenditure is adjusted against Government Grant received for this purpose.

SCHEDULES FORMING PART OF THE ACCOUNTS

24 NOTES ON ACCOUNTS

	Year ended 2010-11	Year ended 2009-10
		(Rs in '000)
1. Contingent Liabilities not provided for in respect of :-		
a. Estimated amount of capital commitments	114716	104839
b. Other money for which the company is contingently liable		
i. Arrear Salary & Allowances	—	60400
ii. Sales Tax	57539	58135
iii. Excise Duty	330741	784872
iv. Others	2521265	2569483
2. There was a trade dispute with M/s Bhagawati Gases Ltd (BGL) in connection with an agreement to supply of gaseous oxygen at Khetri Copper Complex. The dispute was referred to arbitration. The claim of M/s BGL is for an amount of Rs 107980 thousand including interest with a corresponding counter claim of Rs 53462 thousand on the part of the company. The arbitral award has gone against the company. The company has filed an appeal before the Jhun-Jhunu Court, Rajasthan, and the same was admitted for hearing. There was no further development during the year under review. Out of the total claim of Rs 107980 thousand of M/s BGL, the principal amount for Rs 68820 thousand has been duly provided in the books of accounts for the year under review. The balance amount of Rs 39160 thousand has been disclosed under 'Contingent Liabilities'		
3. The Municipal Council, Malanjkhand, has raised a demand on MCP/HCL amounting to Rs 704664 thousand on account of penalty on Terminal Tax for the period 2000-01 to 2005-06 on the ground of short payment of Terminal Tax by adopting higher assessable value as well as higher of Metal in Ore (MIO) produced and Metal in Concentrate (MIC) despatched. The matter has been contested by the company before the Hon'ble High Court, Jabalpur, M.P. and the company paid Rs 35233 thousand towards penalty Terminal Tax as per the order of Hon'ble High Court, Jabalpur, M.P. Subsequently the matter has been turned down by the Hon'ble High Court, Jabalpur, M.P. The Company has filed writ petition with Hon'ble Supreme Court of India. The said amount has been disclosed under 'Contingent Liability'		
4. During the year the company paid Performance Related Pay to the executives amounting to Rs 91416 thousand, Rs 1629 thousand and Rs 103890 thousand for F.Y. 2007-08, 2008-09 and 2009-10 respectively totaling to Rs 196935 thousand as approved by the Board of Directors. The net amount of Rs 155108 thousand has been charged to revenue account and Rs 10351 thousand is transferred to Mine Development Expenditure during the year after adjustment of ex-gratia and production incentive paid in earlier years for Rs 31476 thousand.		
5. There is a dispute with Madhya Pradesh State Electricity Board regarding interest on electricity tariff amounting to Rs 1218680 thousand payable at MCP which is pending for long time and the matter is presently referred back to Hon'ble High Court, Jabalpur by Hon'ble Supreme Court of India for reconsideration. The said amount has been disclosed as a 'Contingent Liability'.		
6. The Municipal Council, Malanjkhand, issued demands on HCL/MCP for Rs 128736 thousand, on account of Property Tax for several years against which the company filed writ petitions with the Madhya Pradesh High Court, Jabalpur, challenging the demand notice. Rs 45050 thousand has been paid by the Company based on self assessment and interim measure as directed by The Madhya Pradesh High Court, Jabalpur, from time to time. However, the net amount of Rs 83686 thousand has been included under 'Contingent Liability'		
7. In absence of lease agreement with the State Government in respect of certain leasehold lands, the amortization has been done for the adhoc payment made so far. In case of certain freehold lands acquired through nationalization in accordance with Indian Copper Corporation (Acquisition of Undertaking) Act, 1972, title deeds, conveyance deed etc. is not under possession of the company.		

SCHEDULES FORMING PART OF THE ACCOUNTS

8. In accordance with the guidelines of AS-28 on “Impairment of Assets” issued by the Institute of Chartered Accountants of India, the Company has assessed the recoverable value of its Cash Generating Units during F.Y. 2010-11. Due to economic consideration, the Company suspended KCC Smelter, Refinery and Sulphuric Acid Plant from December 2008. During the year the Company has ascertained the recoverable value of all its fixed assets including Smelter, Refinery and Sulphuric Acid Plant at KCC by a registered valuer. The written down value of such plants are lower than the recoverable value assessed by the said valuer. Hence, in the opinion of the management, there is no impairment of assets that require provision to be made in the accounts for the year under review.
9. The title deeds are yet to be executed in respect of office flat at SCOPE Complex, Delhi and Jaipur office having book value of Rs 8905 thousand (Previous year Rs 9078 thousand).
10. The Company entered into derivative contract in the nature of forward contract for sale with an intention to hedge sale of copper in the Commodity Exchange Market to minimize LME price fluctuation. The company incurs a net loss of Rs 16465 thousand during the year under review which is shown under Miscellaneous Expenses.
11. At ICC, Pollution Control Plant under Package I & III amounting to Rs 210050 thousand have not been capitalized for want of completion of trial / guarantee run as per terms of the contract. As a matter of prudence, a provision amounting to Rs 203750 thousand upto 2009-10 has been made in the accounts to take care of efflux of time. Since the Plant has not been capitalized till now, a further provision against Capital WIP of Rs 6300 thousand has been made in the year under review resulting in full provision in the accounts.
12. The balances under the heads Sundry Creditors, Claims Recoverable, Loans, Advances and some Sundry Debtors are subject to confirmations.
13. Information related to Micro, Small and Medium Enterprises Development Act, 2006 (the Act) is disclosed hereunder.
- | | | | |
|----|-----|---|---------------------|
| a) | i) | Principal amount remaining unpaid to any supplier at the end of the accounting year | Rs 25509 thousand |
| | ii) | Interest due on above | Rs 2881 thousand |
| b) | | Amount of interest paid by the buyer in terms of Section 16 of the Act, along with amount of payment made beyond the appointed date during the year | Rs NIL |
| c) | | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act | - Rs 520 thousand |
| d) | | Amount of interest accrued and remaining unpaid at the end of the financial year | - Rs NIL |
| e) | | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act | - Rs 17562 thousand |

The information has been given of such vendors to the extent they could be identified as “Micro and Small” enterprises on the basis of information available to the Company.

SCHEDULES FORMING PART OF THE ACCOUNTS

14. The Company has closed / suspended many of its mining operations located at various places, Fertilizer Plant at Khetri in different years due to their uneconomic operations. As per requirement of AS-24 on “Discontinuing Operations” the following information for the year are furnished:

Rs in '000
(Previous year figures in brackets)

	MSB GROUP OF MINES	RCP	CCP	DCP	Fertilizer Plant	
i) Initial disclosure event (Year of closure)	1997 to 2003	2001	2002	1994	2001	
ii) Carrying amount of Assets	No separate records maintained	5293 (5398)	— (—)	— (—)	No separate records maintained	
iii) Liabilities to be settled		13717 (13717)	7304 (7304)	338 (338)		
iv) Amount of income		— (—)	770 (1546)	— (—)		— (—)
v) Amount of expenses		— (—)	25 (36)	— (—)		— (—)
vi) Gain on sale of assets (Included in iv above)	842 (6419)	— (807)	— (—)	— (—)		

15. Since the company is primarily engaged in the business of manufacture and sale of copper products, the same is considered to be the only primary reportable business segment and accordingly reported. As the Company operates predominantly within the geographical limits of India no secondary segment reporting have been considered as per Accounting Standard “Segment Reporting (AS-17)”.

16. Sales for the period include FOB value of Export Sale :-

	Year ended 2010-11		Year ended 2009-10	
	Qty (MT)	Rs ' 000	Qty (MT)	Rs ' 000
Anode Slime	35.000	647106	25.000	351807

17. Related party disclosure :

Particulars	Key Management Personnel	Total Remuneration (Rs in '000)	
		Year ended 2010-11	Year ended 2009-10
Receiving of Services	1. Sri Shakeel Ahmed CMD	2132	596
	2. Sri K D Diwan D(OP)	3206	2012
	3. Sri Anupam Anand D(P)	2228	866
	4. Sri Satish C Gupta Ex CMD	—	461
	5. Sri M Samajpati Ex D(F)	—	626
	6. Sri D Satapathy EX D(P)	—	721
	7. Sri R C Singla EX D(Min)	—	1872
	8. Sri Avijit Ghosh D(Min) (from 01.06.2010)	1173	—
	9. Sri K K Saberwal (from 01.02.2011)	240	—

SCHEDULES FORMING PART OF THE ACCOUNTS

18. The numerators and denominators used to calculate basic and diluted EPS:

(Rs in '000)

	BASIC	DILUTED
Numerator used: Profit After Tax	2240985 (1546848)	2240985 (1546848)
Denominator used: Weighted average number of Equity Shares of Rs.5/- (Previous year Rs 5/- each) outstanding during the period.	925218000 (925218000)	925218000 (925218000)

19. The Company has accounted for Deferred Tax in accordance with the guidelines of AS-22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. The Deferred tax balances are set out below:-

DEFERRED TAX ASSET (NET): -

(Rs in '000)

Particulars	Deferred Tax Asset/(Liability) as at 01.04.2010	Credit/ (Charge) during 2010-11	Deferred Tax Asset/(Liability) as at 31.03.2011
Deferred Tax Asset :-			
Difference between provision made in accounts and claims made as per I. T Act	1021571	(49781)	971790
	1021571	(49781)	971790
Deferred Tax Liability :-			
Difference between net book value of depreciable capital assets vis-à-vis WDV as per IT Act	(449595)	16158	(433437)
	(449595)	16158	(433437)
Deferred Tax Asset (Net)	571976	(33623)	538353

20. **PROVISIONS FOR CONTINGENCIES:-**

(Rs in '000)

PARTICULARS	Discarded Fixed Assets	Capital WIP & Advance	Mines Development Expenditure	Others	TOTAL
Carrying amount as at 01.04.2010	73988	688126	466486	3799905	5028505
Amount provided during the year	5846	6817	—	1705658	1718321
Amounts utilized against provision	—	—	—	—	—
Unused amounts released during the year.	—	—	—	38755	38755
Carrying amount as at 31.03.2011	79834	694943	466486	5466808	6708071

21. **GRATUITY AND OTHER POST-EMPLOYMENT 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 through Life Insurance Corporation of India, SBI Life Insurance Ltd and Birla Sun Life Asset Management Co.Ltd. A provision of Rs 447881 thousand in respect of Gratuity, Leave Encashment and Leave Travel Concession has been made as stated below.

SCHEDULES FORMING PART OF THE ACCOUNTS

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

(Rs.in '000)

	Gratuity (Funded plan)	Leave Encashment (Non-funded Plan)	Leave Travel Concession (Non-funded Plan)
(i) Change in Defined Benefit Obligation			
Opening defined benefit obligation	1206565	501518	16496
Current service cost	64476	58716	
Interest cost	96827	38803	1183
Benefits Paid	134840	90022	3425
Actuarial gain / (loss)	132594	56346	(1065)
Closing defined benefit obligation	1365622	565361	13189
(ii) Change in Fair Value of Assets			
Opening fair value of plan assets	983356		
Expected return on plan assets	78668		
Actuarial gain / (loss)	(78668)		
Contributions by employer	513228		
Benefits paid	134840		
Closing fair value of plan assets	1361744		
(iii) Amount recognized in the Balance Sheet			
Opening Net Liability	223209		
Expenses Recognized	293898		118
Contributions	513228		
Closing Net Liability	3879	153865	118
Closing Fund / Provision at end of year	1365622	565361	13189
(iv) Expenses recognized in the Profit and Loss Account			
Current service cost	64476	58736	
Interest cost	96827	38803	1183
Expected Return on Plan Asset	78668		
Net actuarial gain / loss recognized in the current year	211263	56346	(1065)
Expenses Recognized as on 31.03.2011	293898	153865	118

22. In pursuance of the pay revision of executives, the Company has made a provision towards perquisites payable to executives for the period 22nd October,2009 to 31st March,2011 amounting to Rs 119500 thousand which is shown under "Salaries, Wages & Allowances".
23. The physical verification of stores and spares is carried out during the year under review. Discrepancies identified on physical verification has been duly adjusted in the books of accounts.
24. As per Accounting Policy No. 3.5, the physical verification of fixed assets have been carried out during the year. Discrepancies identified on physical verification, are not of material nature, and duly adjusted in the accounts.
25. During the year the company proposed to go for Further Public Offer of 185,043,600 Equity Shares of Rs 5/- each for cash which has subsequently been deferred in absence of the final approval from the Government of India. The related expenditure in this connection incurred during the year amounting to Rs 6533 thousand has been charged to the respective revenue head of accounts.
25. Previous year's figures have been regrouped / rearranged wherever considered necessary.

SCHEDULES FORMING PART OF THE ACCOUNTS

24. NOTES ON ACCOUNTS

Additional information forming part of accounts for year ended March 31, 2011

24.1 Capacities, production, stocks and sales

Class of goods	Unit	Licenced capacity	Installed capacity (As certified by management)	Actual production
Manufacturing Activities				
a : Main products				
1 Wire bar	MT	39400	39400	–
	„	(39400)	(39400)	(–)
2 Wire rod	MT	60000	60000	20846
	„	(60000)	(60000)	(29711)
3 Cathode including Toll Smelted Cathode	MT	49500	49500	24001
	„	(47500)	(47500)	(17516)
b : By products				
1 Gold	KG	264	698	–
	„	(264)	(698)	(–)
2 Silver	KG	4763	9868	–
	„	(4763)	(9868)	(–)
3 Nickel sulphate	MT	250	390	–
	„	(250)	(390)	(–)
4 Selenium	KG	10000	14600	–
	„	(10000)	(14600)	(–)
5 Sulphuric acid	MT	236000	236000	7031
	„	(236000)	(236000)	(9934)

SCHEDULES FORMING PART OF THE ACCOUNTS

Year 2010-2011

(Figures in brackets pertain to those of previous year)

Opening Stock Quantity	Value	Closing Stock Quantity	Value	Sales Quantity	Value	Issued for internal consumption/ intermediate products and others Quantity
	Rs '000		Rs '000		Rs '000	
–	36	–	25	–	–	–
(–)	(89)	(–)	(36)	(–)	(–)	(–)
427	126113	328	89274	20945	9447966	0
(191)	(44363)	(427)	(126113)	(29475)	(9978792)	(–)
618	92782	329	54664	3338	1434827	20952
(417)	(66624)	(618)	(92782)	(1241)	(378909)	(16070)
–	49	–	–	–	154	–
(–)	(49)	(–)	(49)	(–)	(–)	(–)
–	1	–	–	–	1	–
(–)	(1)	(–)	(1)	(–)	(–)	(–)
6	478	6	478	–	–	–
(6)	(478)	(6)	(478)	(–)	(–)	(–)
–	–	–	–	–	–	–
(–)	(–)	(–)	(–)	(–)	(–)	(–)
2549	3972	2640	9472	5103	21960	1837
(3485)	(3621)	(2549)	(3972)	(9233)	(10517)	(1637)

SCHEDULES FORMING PART OF THE ACCOUNTS

24. NOTES ON ACCOUNTS *(Contd.)*

Additional information forming part of accounts for year ended March 31, 2011 *(Contd.)*

24.1 Capacities, production, stocks and sales

Class of goods	Unit	Licenced capacity	Installed capacity (As certified by management)	Actual production
c : Allied and semi- Finished products				
1	Anode slime	MT	NA	–
		”	(NA)	–
2	Copper mould	MT	NA	–
		”	(NA)	–
3	Kyanite	MT	NA	–
		”	(NA)	–
4	Others	MT	NA	–
		”	(NA)	–
<hr/>				
GRAND TOTAL				
<hr/>				

Note :

- * **Opening stock** includes value of Wire Bar Rs 36 thousand, Cathode Rs 92782 thousand, Gold Rs 49 thousand, Silver Rs 1 thousand, Nickel Sulphate Rs 478 thousand, Sulphuric Acid Rs 3972 thousand, Anode Slime Rs 117129 thousand, Copper Mould Rs 5505 thousand and Kyanite Rs 8 thousand which are shown in Work-in-Progress.
- ** **Closing stock** includes value of Wire Bar Rs 25 thousand, Cathode Rs 54664 thousand, Nickel Sulphate Rs 478 thousand, Sulphuric Acid Rs 9472 thousand, Anode Slime Rs 54775 thousand, Copper Mould Rs 9004 thousand and Kyanite Rs 8 thousand which are shown in Work-in-Progress.
- *** **Other Sales** mainly include Sale of Copper Concentrate of MCP origin Qty 1329.755 CMT valuing Rs 448340 thousand and KCC origin Qty 1241.387 CMT Valuing Rs. 444655 thousand and Sale of Copper Sulphate of Rs. 32418 thousand, Liberator Cathode of Rs. 24128 thousand & Reverts of Rs 15888 thousand.

SCHEDULES FORMING PART OF THE ACCOUNTS

Year 2010-2011

(Figures in brackets pertain to those of previous year)

Opening Stock		Closing Stock		Sales		Issued for internal consumption/ intermediate products and others Quantity
Quantity	Value	Quantity	Value	Quantity	Value	
	Rs '000		Rs '000		Rs '000	
14	117129	5	54775	35	647106	0
(14)	(85630)	(14)	(117129)	(25)	(351807)	(-)
52	5505	52	9004	-	-	-
(53)	(9286)	(52)	(5505)	(-)	(-)	(2)
13	8	13	8	-	-	-
(13)	(8)	(13)	(8)	(-)	(-)	(-)
	-		-		1023799	
	(-)		(-)		(3578453)	
	346073 *		217700 **		12575813 ***	
	(210150)		(346073)		(14298478)	

SCHEDULES FORMING PART OF THE ACCOUNTS

24. NOTES ON ACCOUNTS *(Contd.)*

Additional information forming part of accounts for year ended March 31, 2011 *(Contd.)*

24.2 Raw materials consumed

	Quantity		Value	
	Year ended 2010-2011 MT	Year ended 2009-2010 MT	Year ended 2010-2011 Rs' 000	Year ended 2009-2010 Rs' 000
Concentrate own production	108191	84734	3823959	2289967
Concentrate excluding own production	–	7668	–	521961
Cathode	–	13455	–	3698512

24.3 Imported and indigenous raw materials, stores spare parts and components consumed (as certified by the management)

	%	%		
RAW MATERIALS:				
Imported	–	12.37	–	521961
Indigenous	–	87.63	–	3698512
	–	100.00	–	4220473
STORES & SPARES: (Direct and Stores & Spares booked in Mine Development, Shut-down and Fuel)				
Imported	0.82	3.97	12840	64620
Indigenous	99.18	96.03	1552195	1563288
	100.00	100.00	1565035	1627909

24.4 C.I.F. value of imports

Raw Material	–	521961
Components, spare parts and stores	7106	70491
Capital goods	25205	–
	32311	592452

24.5 Expenditure in foreign currency

Travelling	2780	1241
Advertisement	116	245
Professional consultation fees	–	175
Others	2723	1249
	5619	2910

SCHEDULES FORMING PART OF THE ACCOUNTS

24. NOTES ON ACCOUNTS (Contd.)

Additional information forming part of accounts for year ended March 31, 2011 (Contd.)

	Year ended 2010-2011 Rs' 000	Year ended 2009-2010 Rs' 000
24.6 Earning in foreign exchange		
Exports of goods(FOB)	647106	351807
	647106	351807
24.7. Payment to Whole-time Directors		
Salaries and allowances	8119	5332
Company's contribution to provident and other funds	619	533
Re-imbusement of medical expenses	221	165
Leave encashment	–	992
Gratuity	–	350
Leave Travel Concession	21	132

NOTE :

In addition the Whole-time Directors are allowed the use of company car for private purpose and have been provided with residential accomodation as per terms of their appointment/Government guidelines and the charges are recovered at the rates prescribed by the Government.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Amount in Rs. '000.

I. Registration Details

Registration No.	28825	State Code	21
Balance Sheet Date	31 03 11		

II. Capital Raised during the Year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	12389702	Total Assets	12389702
-------------------	----------	--------------	----------

Sources of Funds

Paid-Up Capital	4626090	Reserves & Surplus	7763612
Secured Loans	-	Unsecured Loans	-

Application of Funds

Net Fixed Assets	2131656	Investments	864815
Net Current Assets	4262849	Deferred Tax Assets	538353
Capital Work in Progress	2600	Mine Development Expenses	4,589,429

IV. Performance of Company

Turnover	13369358 *	Total Expenditure	10017250
Profit/ (Loss) Before Tax	3352108	Profit/ (Loss) After Tax	2240985
Earning Per Share (in Rs.)		Dividend rate %	20
- Basic	2.42		
- Diluted	2.42		

* includes Other income

V. Generic Names of Three Principal Products / Services of Company

i) Item Code No. (ITC Code)	7403.12	
Product Description		Copper Wire Bar
ii) Item Code No. (ITC Code)	7407.10	
Product Description		Copper Wire Rod
iii) Item Code No. (ITC Code)	7403.11	
Product Description		Refined Copper Cathode

Green Initiative in Corporate Governance

Dear Shareholder,

The Ministry of Corporate Affairs (MCA), Government of India has issued Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 on "Green Initiative in the Corporate Governance" allowing service of documents to shareholders through electronic mode.

Keeping in view the above Circulars, it is proposed to send from now onwards all the documents like notices, annual reports or any other communication to you in electronic mode at the e-mail address provided by you / made available to us by the depositories. The above document(s) sent through electronic mode would be also placed on the Company's website www.hindustancopper.com and made available for inspection during office hours, at the registered office of the Company. The Company will provide a hard copy of the said document(s) and/or communication(s) free of cost upon receipt of requisition from you for the same.

Accordingly we request you to register your e-mail address by 31st October, 2011 as under:

If you are holding equity shares in the Company in physical form:

Register your e-mail address with the Company at its registered office or its Registrar and Transfer Agent, M/s. MCS Ltd. (the RTA), 77/2A Hazra Road, Kolkata 700 029, by either of the following means:

- Returning the attached registration form duly filled in and signed to the RTA by hand delivery/by post/through courier.
OR
- Returning a scanned copy of the said form duly filled and signed through e-mail to the Company at investors_cs@hindustancopper.com or to the RTA at mcskol@rediffmail.com OR alok_1mukherjee@yahoo.co.in

If you are holding equity shares in the Company in electronic form :

Register your e-mail address with your Depository Participant concerned with a request to intimate the same to the Company and/or RTA.

We would also request you to intimate change(s), if any, in your e-mail address in future, to enable us to communicate to your new e-mail address.

We sincerely hope that you would support the "Green Initiative" taken by MCA and contribute towards greener environment.

Thanking you,

Yours faithfully

For Hindustan Copper Limited
C S Singhi
DGM & Co Secretary

Please fill in, tear the following intimation and forward to the RTA of the Company



Form for registration of e-mail address for service of documents in electronic mode

MCS Limited
Unit : Hindustan Copper Limited
77 / 2A Hazra Road ,
Kolkata 700 029, West Bengal, India

In view of the "Green Initiative in Corporate Governance" taken by the Ministry of Corporate Affairs (MCA) vide Circular No.17/2011 dated April 21,2011 and Circular No. 18/2011 dated April 29,2011.

I/We.....son/daughter/wife of
Shri.....holding.....equity shares of Hindustan Copper Ltd., under
Folio No..... do hereby agree to receive the document(s)/communication(s) required to be sent to me/us, in electronic mode at my/our
following e-mail address :

My/our e-mail address is:.....

Thanking you,

Yours faithfully

Signature (1st/sole holder)

Signature (2nd holder)

Signature (3rd holder)

Name (in block letters)

Name (in block letters)

Name (in block letters)



Place:
Date:

Notes



HINDUSTAN COPPER LIMITED

Regd. Office: Tamra Bhavan, 1 Ashutosh Choudhury Avenue, Kolkata-700019

DPID No.		Client ID No.	
No. of share held		*Regd. Folio No.	

FORM OF PROXY

I/We _____ of _____ being a member/ members of Hindustan Copper Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 44th Annual General Meeting of the Company to be held on Tuesday, the 20th September, 2011 at 11 AM and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Affix one rupee Revenue Stamp
--

* Applicable for investors holding shared in Physical Form.

- NOTE: a) The form should be signed across the stamp as per specimen signature registered with the Company.
b) The form should be deposited in the registered office of the Company forty-eight hours before the commencement of the meeting.



HINDUSTAN COPPER LIMITED

Regd. Office: Tamra Bhavan, 1 Ashutosh Choudhury Avenue, Kolkata-700019

ATTENDANCE SLIP

Member or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signature registered with the Company.

NAME OF THE ATTENDING MEMBER : _____
(IN BLOCK LETTERS)

*Regd. Folio No. : _____

No. of shares held : _____

DPID No. : _____

Client ID No. : _____

I hereby record my presence at the 44th Annual General Meeting of the Company being held on Tuesday, the 20th, September, 2011 at 11 AM at Tamra Bhavan, 1 Ashutosh Coudhury Avenue, Kolkata - 700019.

Please (✓) in the box

Member Proxy

Member's / Proxy's Signature

* Applicable for investors holding in Physical Form.



**THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL
OVER AT THE ENTRANCE OF THE MEETING HALL**

BOOK POST

If undelivered please return to:

HINDUSTAN COPPER LIMITED

'Tamra Bhavan', 1, Ashutosh Chowdhury Avenue, Kolkata 700 019

Website: www.hindustancopper.com

Contact Number: (033) 2283 2226