

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHH	✓
YE	✓	✓		✓

HINDUSTAN COPPER LIMITED

(A Government of India Enterprise)



ANNUAL REPORT

1997-98



HINDUSTAN COPPER LIMITED
(A GOVERNMENT OF INDIA ENTERPRISE)
REGISTERED OFFICE
'TAMRA BHAVAN'
, ASHUTOSH CHOWDHURY AVENUE
CALCUTTA-700 019

Notice is hereby given that the adjourned 31st Annual General Meeting of the members of Hindustan Copper Limited will be held on Friday, the 26th March, 1999 at 4.00 PM at the Registered Office of the Company at "Tamra Bhavan", 1, Ashutosh Chowdhury Avenue, Calcutta-700 019 to receive, consider and adopt the Audited Balance Sheet as on 30th September, 1998 and the Profit and Loss Account for the 18 months period ended 30th September, 1998 together with the Directors' Report, Auditors' Report and C&AG's comments.

Report Junction.com

By order of the Board

Place : Calcutta

Date : 1st March, 1999

(A. D. Mehta)
ED (CP) & Company Secretary

NOTES :

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote 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 with the Registered Office of the Company not less than 48 hours before the meeting.
2. Members are requested to kindly notify immediately change in their addresses, if any, to the Registered Office of the Company quoting their Folio Numbers.
3. C&AG's comments on the accounts and review of accounts, if any, will be circulated amongst the members immediately on its receipt.



HINDUSTAN COPPER LIMITED
 (A GOVERNMENT OF INDIA ENTERPRISE)

PROXY FORM

I/we _____ of _____
 _____ being a
 member/members of HCL hereby appoint _____
 _____ of _____
 _____ or failing him _____
 _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the
 adjourned 31st Annual General Meeting of the Company to be held on
 Friday, the 26th March, 1999 at 4.00 PM and at any adjournment thereof
 at the Registered Office of the Company at "Tamra Bhavan", 1, Ashutosh
 Chowdhury Avenue, Calcutta-700 019.

Signed this _____ day of _____ 1999

Signature _____

Affix Revenue Stamps of 30 paise

Reg. Folio No. _____

No. of shares _____

NOTE : A proxy in order to be effective must be received at the
 Registered Office not less than forty-eight hours before the
 scheduled time of the meeting



HINDUSTAN COPPER LIMITED
(A Govt. of India Enterprise)

BOARD OF DIRECTORS

Shri P Parvathisem
Chairman-cum-Managing Director

Shri U Sen
Director (Personnel)

Shri Lokeshwar Prasad
Director (Operations)

Shri K N Ghosh
Director (Finance) (upto 28.2.98)

Shri S K Kar
Director (Finance) (w.e.f. 21.10.98)

Shri A H Jung (from 19.8.97) **Shri M C Mahapatra** (upto 27.9.97)

Shri S P Gupta (w.e.f.12.12.97) **Dr. L K Singhal** (w.e.f.29.5.98)

Shri Pran Nath (w.e.f.29.5.98) **Dr. B B Dhar** (w.e.f.29.5.98)

COMPANY SECRETARY

Shri A D Mehta

AUDITORS

M/s. Bansal Sinha & Company, New Delhi

M/s. Gupta, Chowdhury & Ghosh, Calcutta

BANKERS

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

REGISTERED OFFICE

Tamra Shavan
1 Ashutosh Chowdhury Avenue
Calcutta-700 019



REPORT OF THE BOARD OF DIRECTORS

The Shareholders
Hindustan Copper Limited
Calcutta

1. Your Directors have pleasure in presenting the Thirtyfirst Annual Report of the Company together with the audited statement of accounts and Auditors' Report thereon for the 18 months period from 1.4.1997 to 30.9.1998.

The Board extended the financial year 97-98 by 6(six) months to incorporate the benefits of Company's capital restructuring proposal in the accounts for 97-98 upon receipt of Government clearance for the same.

2. GENERAL

2.1 The production performance of the Company in respect of the major items of production during the eighteen months period ended 30th September 1998 is given below :

Ore Production('000 T)	6623(106% of the target)
Ore Milling('000 T)	6570(101% of the target)
Metal in Concentrates(T)	60485(103% of the target)
Refined Copper(Cathode)(T)	62026(92% of the target)
Wirerod(T)	50793(85% of the target)

2.2 During the year ended 31st March, 1998 (1.4.97 to 31.3.98) the Company achieved the following all time high record production performance :

- Ore production of 20.82 lakh tonnes at MCP (3% higher than previous best of 20.27 lakh tonnes achieved in 1995-96).
- Departmental excavation at MCP of 32.00 LM³ achieved during financial year 1997-98 is the highest excavation achieved since 1994-95.
- Production of 684 kg of Gold (12% higher than previous best of 610 kg achieved in 1996-97).
- Production of 6454 kg of Silver (6% higher than previous best of 6095 kg achieved in 1996-97).
- 94012 tonnes of Sulphuric Acid produced at KCC & ICC was the highest since inception (2% higher than previous best of 92455 tonnes achieved in 1994-95).
- Production of 13350 kg of Selenium (9% higher than previous best of 12221 kg achieved in 1996-97).



2.3 During the extended period of six months ending 30th September 1998 (1.4.98 to 30.9.98), the following record performance was achieved :

- i) During July'98 Malanjkhand Copper Project had produced 2.34 lakh tonnes of ore which is 4% higher than the previous record of 2.26 lakh tonnes achieved in January'98.
- ii) Excavation carried-out during July'98 at Malanjkhand Copper Project was 3.02 LM³ (121% of the target) which is highest since April'95.

2.4 During the 18 months period ending 30th September'98, copper sales was 88244 tonnes.

2.5 During the period the Company's turnover was 1202.60 crore. The Company ended the extended financial year 97-98 with a net loss of Rs.105.73 crore.

2.6 During the period 1997-98, Company mobilised funds to the tune of Rs.105.15 crore by issuing unsecured/secured Bonds through private placement basis after receipt of permission from Government. These Bonds were issued for making payment of terminal benefits to the employees of ICC Mines and for meeting other emergent operational/working capital needs. These bonds have already been listed on the wholesale debt segment of the National Stock Exchange.

2.7 The Company continued its Voluntary Retirement Scheme for its employees in order to reduce its manpower and the cost of production. 1891 employees opted for Voluntary retirement during the 18 months period.

3. PRODUCTION PERFORMANCE

Products	1997-98			1996-97
	1.4.97-31.3.98	1.4.98-30.9.98	1.4.97-30.9.98	
Ore raised('000T)	4496	2127	6623	3893
Ore Milled('000T)	4419	2151	6570	3930
Metal in Concentrate(T)	41440	19045	60485	37271
Blister Copper(T)	43655	20527	64182	41416
Cathode(T)	42375	19632	62026	38481
CC Wirerod(T)(TCP)	31484	19431	50793	41332
Mine Development(M)	13726	4773	18499	13781
Excavation(Lakh M ³)	32.00	16.31	48.31	30.37

* Includes cathode consumed for producing wirebar/wirerod as well as cathode for sale/stock and does not include 68 tonnes tail smelted cathode received during the year 1996-97.



During the period 97-98, ore production at 66.23 lakh tonnes was 106% of the target. Ore milling during the period was 65.70 lakh tonnes (101% of the target).

Production of metal in concentrates at 60485 tonnes represented achievement of 103% of the target.

In terms of capacity utilisation, the output of the Mines represented 90% achievement during 97-98.

The production of blister copper and cathode was 64182 tonnes (93% of the target) and 62026 tonnes (92% of the target). Shortfall in production of blister copper during 1997-98 was mainly due to shortage of concentrates and cathode production was generally commensurate with anode availability during the year.

During the period wirerod production of 50793 tonnes (85%) was restricted due to high stock of CC Rods on account of low off-take.

4.. POWER SUPPLY POSITION

Khetri Copper Complex, Rajasthan had faced no major power problem during 97-98.

Power supply position at Malanjkhand Copper Project, Madhya Pradesh was satisfactory during 97-98.

The power supply position at Indian Copper Complex, Ghatsila during 97-98 was also more or less satisfactory.

5.. ENERGY CONSERVATION

HCL continues to give priority for energy conservation measures at various stages of process from ore to copper metal. Special attention is given in making the operation energy efficient. Due to energy conservation awareness, the Company has achieved improvement in the norms of consumption of major inputs. The important areas of reduction in norms of consumption are given below :-

Sl No	Item	Unit	Consumption in 96-97	Consumption in 97-98	% Saving
1..	Smelter Oxygen-KCC	CuM/T	844	690	18
2.	Smelter fuel oil KCC	Ltr/T	865	752	13
3.	Refinery Power Consumption-KCC	KWH/T	428	415	3
4.	Refinery Power Consumption-ICC	KWH/T	370	339	8



6. FINANCIAL

6.1 The financial results of the company during the year 1997-98 (18 months) compared with 1996-97 (12 months) are summarised below :

(Rs. in crore)

Head	1997-98 (18 Months)	1996-97 (12 Months)
----	-----	-----
a. Sales	1203.48	980.24
b. Value of Production	1170.45	1005.29
c. Cost of production excluding depreciation, amortisation and interest	1279.69	1041.40
d. Profit/(Loss) before depreciation, amortisation and interest	(109.24)	(36.11)
e. Depreciation & Amortisation	88.48	53.84
f. Interest-Govt. Loan	0.04	7.26
-Others	63.73	33.41
	(261.49)	(130.62)
g. Waiver of Interest on Govt. Loan	155.76	-
h. Profit/(Loss) before tax	(105.73)	(130.62)
h. Provision for tax	-	-
i. Profit/(Loss) after tax	(105.73)	(130.62)

6.2 CAPITAL RESTRUCTURING

The company submitted a proposal for restructuring of the capital base by converting the Government Loan into Non-cumulative Redeemable Preference Shares and waiver of the accumulated interest.

Government of India accorded approval for conversion of outstanding Govt. Loan of Rs. 180.73 crore as on 31 03 98 into 7.5% Non-cumulative Redeemable Preference Shares to be redeemed at the end of 10th year and waiver of the outstanding interest as on 31 03 98 amounting to Rs. 167.43 crore.

Out of the interest waived amount of Rs. 167.43 crore, an amount of Rs. 155.76 crore, being the outstanding interest including accrued as on 31 03 97 has been credited to profit and loss account and an amount of Rs. 11.67 crore, being accrued and fallen due during the current accounting period between 01 04 97 to 31 03 98, has been withdrawn.



Consequent to capital restructuring, the position of capital of the company as on 30 09 98 stood as under :

Share Capital	(Rs. in crore)
a. Authorised Capital	600.00
	=====
b. Issued, Subscribed & Paid up Capital	

(i) Equity Shares	305.20
c. Share Money Awaiting Allotment	

(i) Equity Shares	39.18
(ii) 7.5% Non-cumulative Redeemable Preference Shares	180.73

6.3 BORROWING FROM GOVT.

The total Government Loan outstanding as on 30 09 98 stood at NIL due to conversion of outstanding loan into 7.5% Non-cumulative Redeemable Preference Shares.

6.4 BONDS (SECURED & UNSECURED)

During the 18 months period ending 30 09 98 the company raised funds to the tune of Rs. 105.15 crore (Secured Rs. 41.52 crore and Unsecured Rs. 63.33 crore) through private placement.

6.5 CONTRIBUTION TO EXCHEQUER

During the period of 18 months the company contributed a total sum of Rs. 290.97 crore to the exchequer as shown below :

Particulars	(Rs. in crore)

Excise Duty	158.46
Customs Duty	90.49
Sales Tax	22.07
Royalty and Cess	15.60
Other's	4.33

6.6 EXPENDITURE IN FOREIGN CURRENCY

During 18 month period the company spent foreign currency towards import of raw materials, components, stores and spares, capital goods, technical know-how, travelling etc. to the tune of Rs. 269.17 crore. This includes mainly import of cathodes and concentrates to the extent of Rs. 268.23 crore, treatment charges of reverts Rs. 3.94 crore and components, spare parts and stores Rs. 15.52 crore.



7. MARKETING

During the extended financial year 1997-98 (April '97-Sept. '98), the total copper sale was 88244 MT, which on monthly average basis is a sale of 4902 MT approximately. As against the above, in the last financial year 1996-97, the total copper sale was 68212 MT, which on monthly average basis means a sale of 5684 MT approximately per month.

In the financial year 1997-98 (extended), the total Wirebar sale was 13761 MT, i.e. a sale of 765 MT (approx.) of Wirebars per month. The total Wirebar sales in 1996-97 was 17767 MT, i.e. on an average 1481 MT per month. The average monthly sale of Wirebar had come down mainly because the Ordnance Factory and the Defence Sectors continued to source their requirements from imports, enjoying customs duty exemption available to them for defence production.

The sale of Cathodes in 1997-98 (extended), recorded significant increase. The total sale in the period was 23526 MT, which means a sale of 1307 MT per month on average. In the last financial year, the sale of Cathode 9434 MT, which is on an average sale of 786 MT per month. Thus the average increase was 66% approximately.

The sale of CC Rods in the extended year 1997-98, was 50777 MT, i.e. an average sale 2821 MT per month. In the last financial year 1996-97, the sale of CC Rods was 41011 MT, i.e. an average sale of 3418 MT per month. Thus the average monthly sale came down by approximately 17%. The sale of CC Rds was affected due to increased competition from indigenous producers. However, some progress was done in the export field and in the year 1997-98, 100 MT of CC Rods were sold to customers in the International market.

Sufficient stocks were maintained at various godowns to make the material available to the customers at competitive rates. The thrust area was customer's satisfaction.