

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 interin 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:

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