

Annual Report – 2011-2012



हिन्दुस्तान कॉपर लिमिटेड
Hindustan Copper Limited



HINDUSTAN COPPER LIMITED

(A Government of India Enterprise)

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M/s. C B Management Services (P) Ltd P-22, Bondel Road, Kolkata - 700 019 Tel No.: (033) 2280 6692, 4011 6700/18/23/28 Fax No.: (033) 4011-6739 E-mail: rta@cbmsl.com	10. Schedule forming part of the Balance Sheet	44
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“Tamra Bhavan” 1 Ashutosh Chowdhury Avenue Kolkata - 700 019, India Tel No.: (033) 22832226, 22832529 Fax No.: (033) 22832478, 22832640 E-mail: investors_cs@hindustancopper.com Website: www.hindustancopper.com	12. Significant Accounting Policies	68
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**Forty-fifth Annual General Meeting on Thursday, September 27, 2012 at 11.00 a.m. at ‘Tamra Bhavan’,
1 Ashutosh Chowdhury Avenue, Kolkata - 700 019**

The Annual Report can be accessed at www.hindustancopper.com



BOARD OF DIRECTORS



Shakeel Ahmed



Gudey Srinivas



Anjali Anand Srivastava



K.D. Diwan



Anupam Anand



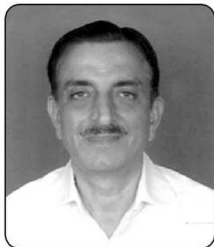
Avijit Ghosh



K K Saberwal



Apurba Kumar Sarmah



Raajnish Gossain



Arvind Sahay



Gyan P Joshi



Puneesh Kr. Kapoor



NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that 45th Annual General Meeting of the members of Hindustan Copper Limited will be held on Thursday, the 27th September, 2012 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, 2012, 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 Avijit Ghosh, who retires by rotation and is eligible for reappointment.
- 4) To appoint a director in place of Shri Apurba Kumar Sarmah, who retires by rotation and is eligible for reappointment.
- 5) To appoint a director in place of Major General (Retd.) Raajnish Gossain, who retires by rotation and is eligible for reappointment.
- 6) To fix the remuneration of the Auditors.

Special Business

- 7) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT appointment of Shri Arvind Sahay as Director on the Board of the Company with effect from 7.2.2012 in terms of Ministry of Mines' order No.10/2/2010-Met.III dated 7.2.2012 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 Gyan P Joshi as Director on the Board of the Company with effect from 7.2.2012 in terms of Ministry of Mines' order No.10/2/2010-Met.III dated 7.2.2012 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 Shri Puneesh Kumar Kapoor as Director on the Board of the Company with effect from 7.2.2012 in terms of Ministry of Mines' order No.10/2/2010-Met.III dated 7.2.2012 be and is hereby approved."

By order of the Board

Place: Kolkata
Date: 31st August, 2012

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 21st September, 2012 to 27th September, 2012 (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 appear in the Company's Register of Members and as per beneficial owners position received from NSDL & CDSL as at the close of working hours on 20th September, 2012.
- 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 or intending to raise any query at the Annual General Meeting (AGM) are requested to forward the same at least 10 days prior to the date of the meeting to the Company Secretary at the registered office of the Company 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 authorizing their representative to attend and vote on their behalf at the meeting.
- vii) In order to prevent the fraudulent encashment of dividend warrants, the members of the Company holding shares in physical form are requested to provide their complete bank account details along with Xerox copy of the cheque to the Company or Registrar & Transfer Agent, M/s. C B Management Services (P) Limited to incorporate the same in the dividend warrant. Further, members holding shares in dematerialized form and not submitted National Electronic Clearing System (NECS) 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 extends the NECS facility to members so as to enable them to receive dividend direct to their bank account at locations approved by the Reserve Bank of India from time to time, to avoid loss of dividend warrants in transit and delay in receipt of dividend warrants. Those members who wish to avail the facility may fill up the enclosed NECS form and send the same to the Company or Registrar & Transfer Agent, M/s. C B Management Services (P) Limited in case of shares held in physical form and to their Depository Participants in case of shares held in electronic / demat form.
- ix) Pursuant to the Circulars No 17/2011 dated 21st April, 2011 and Circular No 18/2011 dated 29th April, 2011 on green initiative issued by the Ministry of Corporate Affairs, shareholders holding shares in physical form are requested to register their e-mail address with the Company and those holding shares in electronic mode with their concerned depository participant. Any changes therein may also be informed from time to time, to enable the Company to serve notice / documents through e-mail.

Shareholders holding shares in physical mode are requested to visit the following web page of Company's Registrars & Share Transfer Agent (RTA), M/s. C B Management Services (P) Limited to register their e-mail ID and exercise option accordingly:

www.cbmsl.com/green.php



Shareholders holding shares in demat mode and intend to receive the Annual Report in physical form may likewise visit the abovementioned web page to exercise their option.

- x) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form may please submit their PAN details to the Company/Registrar and Transfer Agent.
- xi) Members are requested to:-
- a. produce the enclosed Attendance Slip duly filled & 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 copy of 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 / coupons shall be given to the members attending the meeting.**
- xii) Relevant 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 AGM.
- xiii) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item no 7, 8 & 9 as set out above is annexed hereto.



ANNEXURE TO NOTICE

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

Item No.7

Shri Arvind Sahay, Professor, Indian Institute of Management (IIM), Ahmedabad has been appointed as part-time non-official Director of the Company with effect from 7.2.2012 in terms of Ministry of Mines' order No. 10/2/2010-Met.III dated 7.2.2012. It is now proposed to regularise his appointment at the ensuing 45th AGM of the Company in order to comply with the relevant provisions of the Companies Act, 1956

Shri Arvind Sahay is PhD (University of Texas, Austin), PGDM (IIM, Ahmedabad), BTech (IIT, Kanpur). He joined IIM, Ahmedabad in June 2004 from London Business School where he had been teaching since his Ph.D. in 1996 from the University of Texas at Austin. Professor Sahay is the recipient of the University Wide Outstanding Dissertation Award from the University of Texas at Austin (for his Ph.D thesis), the Innovation in Teaching Award at London Business School and of the Dewang Mehta Best Teacher Award in Marketing Management in India. He has been a regular columnist for Outlook Business magazine on marketing strategy and also writes for the leading Indian business newspaper, Financial Express, on economics and business. He has been a visiting faculty at the College of William and Mary (USA), University of Texas at Austin (USA), IIM Lucknow, Asian Institute of Technology, Gordon Institute of Business Science, University of Pretoria (South Africa), S P Jain Institute of Management Research (Singapore, Dubai), Retail Alliance (Dubai) and Indian School of Business, Hyderabad. An author of a case book on marketing strategy "Cases in Pricing, Marketing Communications and Distribution", Professor Sahay has penned down more than 40 cases published in leading international journals and is currently writing a book on brand management.

Shri Arvind Sahay is a director on the board of Brandscapes Consultancy Pvt. Ltd. He does not hold any shares in HCL.

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

Item No.8

Shri Gyan P Joshi , former IAS Officer & Ex-MD, GSFC has been appointed as part-time non-official Director of the Company with effect from 7.2.2012 in terms of Ministry of Mines' order No. 10/2/2010-Met.III dated 7.2.2012. It is now proposed to regularize his appointment at the ensuing 45th AGM of the Company in order to comply with the relevant provisions of the Companies Act, 1956.

Shri Gyan P Joshi is B.Sc. (Hons) BITS, Pilani, M.Sc. (Physics), Allahabad University, M.Sc.(MIDP) UMIST, Manchester. He was in the Indian Administrative Service during the period from July 1978 to December 2008. Apart from being in Manipur during the formative period of his service, Shri Joshi has also been with the Department of Economic Affairs, Government of India, during which he spearheaded crucial projects in power and irrigation sectors as well as international negotiations. Later he joined Gujarat State Financial Corporation as the Managing Director. Shri Joshi has also held faculty positions in the training institutes for senior administrative and defence service officers.

Shri Gyan P Joshi is a director on the Board of National Aluminum Co Ltd, Saraf Foods Ltd and Peaches and Pulps Resorts Pvt Ltd. He does not hold any shares in HCL.

None of the Directors of the Company except Shri Gyan P Joshi is in any way concerned or interested in the resolution.

Item No.9

Shri Puneesh Kumar Kapoor, Practicing Chartered Accountant, has been appointed as part-time non-official Director of the Company with effect from 7.2.2012 in terms of Ministry of Mines' order No. 10/2/2010-Met.III dated 7.2.2012. It is now proposed to regularize his appointment at the ensuing 45th AGM of the Company in order to comply with the relevant provisions of the Companies Act, 1956.

Shri Puneesh Kumar Kapoor did his Bachelor of Commerce from University of Delhi in the year 1985 and passed Final Examination of Chartered Accountancy and Company Secretary in the year 1988. A Fellow Member of the Institute of Chartered Accountants of India as well as a member of Income Tax Appellate Bar Association, New



Delhi, Shri Kapoor has been a practising Chartered Accountant for over 23 years providing consultancy in Finance, Accounts, Auditing, Taxation, Project Appraisal & Financing and advising to various clients in private and public sector including Societies and Trusts.

Shri Puneesh Kumar Kapoor 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 Puneesh Kumar Kapoor 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 Avijit Ghosh

Shri Avijit Ghosh, was appointed as Director (Mining) of the Company in terms of Ministry of Mines' order No.10(1)/2009-Met.III dated 1.4.2010 and he joined with effect from 1.6.2010.

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 32 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 is a director on the Board of National Institute of Foundry and Forge Technology. He does not hold any shares in HCL.

Shri Apurba Kumar Sarmah

Shri Apurba Kumar Sarmah, former Managing Director, Bongaigaon Refinery & Petrochemicals Limited was 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.

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.

Major General (Retd.) Raajnish Gossain

Major General (Retired) Raajnish Gossain, former Chairman-cum-Managing Director, Bharat Dynamics Limited was 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.

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 Usmania 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 is also a director on the Board of Ocean Security Guards Pvt Ltd. He 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 fourth annual report of the Company together with the audited statement of accounts and auditors' report thereon for the year ended 31 March, 2012.

1. Financial Review

i. Financial Performance

The comparative working results for the FY 2011-12 vis-à-vis FY 2010-11 are as under:

(₹ in crore)

		2011-12	2010-11
(a)	Turnover	1638	1281
(b)	Profit before depreciation, interest & tax	492	360
(c)	Less : Depreciation	18	21
(d)	Less : Interest & Finance Charges	1	4
(e)	Profit before tax	473	335
(f)	Less : Provision for Taxes (including deferred tax)	150	111
(g)	Profit after tax	323	224
(h)	Add/(less): Statutory appropriation	0	0
(i)	Distributable Profit	323	224
(j)	Add: Balance brought forward from the previous year	491	391
(k)	Balance available for appropriation	814	615
	i) Dividend (including interim dividend)	93	93
	ii) Corporate Dividend Tax (including on interim dividend)	15	15
iii)	Amount transferred to General Reserve	24	17
(l)	Balance in P&L account to be carried forward	682	490
(m)	Earnings per Share (Rs)	3.50	2.42

During the year, the Company created a new landmark in its financial performance by posting highest ever profit before tax (PBT) of Rs 473 crores. The result surpasses previous best by a whopping 41.2%, which was achieved last year and was the best ever figure in the history of the Company. Financial performance during the year posted a jump by sustaining production at or near high figure in more than a decade, higher physical sales of copper and favorable LME price of copper as compared to previous year.

ii. Dividend

Your Company proposes to follow the dividend policy guidelines issued by the Department of Expenditure, Ministry of Finance which requires all profit making PSEs to declare a minimum dividend on equity of 20% or a minimum dividend pay out of 20% of post tax profits, whichever is higher. In conformity with this policy, the Board of Directors of your Company have recommended payment of dividend @ 20% on equity i.e. Re 1/- per share of Rs. 5/- face value for the year 2011-12, for approval of shareholders in the annual general meeting. The outgo on this account will be Rs. 92.52 crore for dividend and Rs15.01 crore towards tax on dividend, aggregating to a total outgo of Rs. 107.53 crore. Your Directors have proposed to transfer Rs.24.46 crore to General Reserve account from the profits available for appropriation.



2. Physical Performance

The comparative physical performance of production and sales for the year 2011-12 vis-à-vis 2010-11 is as under:

Particulars	2011-12	2010-11
Ore ('000 tonnes)	3,479	3,603
Metal-in-concentrate (tonnes)	31,377	31,683
Cathode (tonnes)	28,358	24,001
CC Wire Rod (tonnes)	26,310	22,993
Sales (tonnes) :		
Refined Copper	27,391	24,283
MIC	4,122	2,571

Ore production of 34.79 lakh tonnes during the year was 97% of the MoU target but 2nd highest in last 13 years (next only to FY 2010-11).

Metal in concentrates (MIC) production of 31,377 tonnes during the year was 90% of the MoU target and marginally less as compared to previous year production.

Cathode production of 28,358 tonnes (including tolled cathode) was 96% of the MoU target and 118% of the production in the previous year.

Wirerod production of 26,310 tonnes during the year was 95% of the MoU target which is commensurate with cathode availability.

Factors Affecting Performance

Breakdown of departmental shovels and unsatisfactory performance of hired loading and hauling equipment at Malanjkhanda Copper Project (MCP) and equipment breakdown at Khetri Copper Complex (KCC) restricted achievement of higher ore production.

MIC production during the year suffered due to low grade of mined ore and low process recovery of Concentrator Plant at KCC.

Remedial Action

The Company has a comprehensive Renewal & Replacement (R&R) plan for improving the reliability and availability of equipment for the underground mines at KCC and open cast mine at MCP. The Company has allocated Rs.38 crore under R&R budget during the FY 2012-13 for the purpose.

The Company has a plan to install additional 20 no. new 300 cft scavenger cells in the rougher circuit of concentrator plant at KCC to improve metal recovery during the year 2012-13.

3. Product wise sales Performance

Sale of copper products during FY 2011-12 increased by 17% over the previous year. The increased sale was achieved with higher realization per tonne of sale. Bulk discounts for higher tonnage customers was largely done away with and the customer base was expanded. The Company introduced innovative LME price linked multiple pricing options open to all customers for booking of material on HCL website. Item wise break up of sales is as follows:

(in MT)

Products	2011-12	2010-11
CC Rod	24672	20925
Cathode	2719	3338
Rectangular Conductor	-	20
Metal In Concentrate (MIC)	4122	2571
Total	31513	26854