



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
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BOARD OF DIRECTORS



Shakeel Ahmed
CMD



Ajita Bajpai Pande
Government Director



S. K. Mittal
Government Director



K. D. Diwan
Director (Operation)



Anupam Anand
Director (Personnel)



Michael Bastian
Independent Director



Arun Kr. Mago
Independent Director



S. K. Banerjee
Independent Director



S. Hazarika
Independent Director



Mukesh Khare
Independent Director



NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that 43rd Annual General Meeting of the members of Hindustan Copper Limited will be held on Wednesday, the 30th June, 2010 at 3.30 pm 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, 2010, the Balance Sheet as on that date together with the Directors' Report, Auditors' Report and C&AG's comments.
- 2) To appoint a director in place of Shri Michael Bastian, who retires by rotation and is eligible for reappointment.
- 3) To appoint a director in place of Dr. Mukesh Khare, who retires by rotation and is eligible for reappointment.
- 4) To fix the remuneration of the Auditors.

Special Business

- 5) To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:

"RESOLVED THAT appointment of Shri Shakeel Ahmed as Chairman-cum-Managing Director of the Company with effect from 28.10.2009 in terms of Ministry of Mines' order No.10(4)/2008-Met.III dated 08.10.2009 be and is hereby approved."

- 6) To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

"RESOLVED that in accordance with the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof) and any other applicable laws, rules and regulations including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the provisions of the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Company's equity shares are listed, the provisions of the Memorandum and Articles of Association of the Company, and subject to receipt of approval of the Government of India (GoI), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other appropriate authorities, and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board, and subject to receipt of final decision of the Government of India with regard to, inter alia, the number and percentage of equity shares to be issued and allotted by the Company (the "Fresh Issue") and the number and percentage of equity shares to be offered and sold by the Government of India (the "Offer for Sale") and such other conditions as may be prescribed by the Government of India, approval be and is hereby accorded to offer, issue and allot new equity shares under the Fresh Issue and to include such number and percentage of equity shares as the Offer for Sale as may be requested to be undertaken by the President of India on behalf of the Government of India, and that the Fresh issue together with the Offer for Sale in the aggregate shall not exceed 20% of the pre-issue paid up capital of the Company (the "Issue"), to such person or persons, who may or may not be the shareholders of the Company, as the Board (or any duly constituted Committee thereof) may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including Non-resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, Bodies Corporate, Companies (private or public) or other entities, authorities and employees by way of an employee reservation in one or more combinations thereof through a public issue in one or more tranches and including the



exercise of a green-shoe option, if any, at such price as may be determined through a book-building process or any other approved mode under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, in consultation with advisors or such persons and on such terms and conditions as may be finalized by the Board.”

“RESOLVED FURTHER that the equity shares to be so allotted shall be subject to the Memorandum of Association and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company including rights in respect of dividend.”

“RESOLVED FURTHER that for the purpose of giving effect to any offer, issue, transfer or allotment of equity shares, the Board be and is hereby authorized to determine the terms of the Issue, including the class of investors to whom the equity shares are to be allotted, the number of equity shares to be allotted in each tranche, issue price, premium/ discount to the then prevailing market price, amount of issue, discount to issue price to a class of investors (such as retail public, employees and existing shareholders), flexibility of part payment at the time of application by a class of investors (such as retail public, employees and existing shareholders), including through Application Supported by Blocked Amount (ASBA), and payment of balance amount on allotment of shares, exercise of a green-shoe option, if any, listing on one or more stock exchanges in India or abroad as the Board in its absolute discretion deems fit and to do all such acts, deeds, matters and things and execute such deeds, documents and agreements, as it may, in its absolute discretion, deem necessary, proper or desirable, and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise in regard to a public issue, and the transfer, allotment and utilization of the issue proceeds, and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, as it may, in its absolute discretion, deem fit and proper in the best interests of the Company, without requiring any further approval of the members and that all or any of the powers conferred on the Company and the Board vide this resolution may be exercised by the Board or by any Committee of the Board thereof or by the CMD/Director (Finance) of the Company, as the Board may constitute/ authorise in this behalf”.

By order of the Board

Place: Kolkata
Date: 05.06.2010

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 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 commencement of the meeting.
- ii) The Register of Members and Share Transfer Books of the Company will remain closed from 25th June, 2010 to 30th June 2010 (both days inclusive).
- iii) Members are requested to kindly 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.
- iv) **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.**
- v) Pursuant to Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General of India and in terms of Section 224(8) (aa) of the Act their remuneration has to be fixed by the Company in the general meeting. The Annual General Meeting may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2010-2011.



- vi) Members are requested to:-
- deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry will be strictly on the basis of the Attendance Slip.
 - quote their Folio / Client ID & DP ID Nos in all correspondence.
 - note that due to security reasons, brief cases, eatables and other belongings are not allowed inside the meeting venue.
- vii) 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.
- viii) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item no 5 & 6 as set out above is annexed hereto.

ANNEXURE TO NOTICE

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

Item No.5

Shri Shakeel Ahmed has been appointed as Chairman-cum-Managing Director of the Company w.e.f 28.10.2009 in terms of Ministry of Mines' order No.10(4)/2008-Met.III dated 08.10.2009. It is now proposed to regularise his appointment at the ensuing 43rd Annual General Meeting of the Company in order to comply with the relevant provisions of the Companies Act, 1956.

Shri Shakeel Ahmed is a Graduate Mechanical Engineer of 1975 Indian Railway Service of Mechanical Engineers (IRSME) batch. Prior to joining HCL, Shri Ahmed was Advisor (Projects), Railway Board and has spearheaded transfer of technology and manufacture of New Generation High Horsepower Diesel Locomotives at Diesel Locomotive Works. He joined Indian Railway Service in 1975 and served the Railways for 34 years in various capacities. Shri Ahmed had been to Mozambique for five years as a Technical Advisor to National Railways of Mozambique. He was Divisional Railway Manager of Kharagpur Division on South Eastern Railways for more than two years. Shri Ahmed does not hold any share in HCL.

None of the Directors of the Company, except Shri Shakeel Ahmed, is in any way concerned or interested in the resolution.

Item No.6

In India, there is a huge demand for copper concentrate due to under capacity at mining stage vis-à-vis the installed smelting and refining capacity. Hindustan Copper Limited (HCL) being the only Company in the country holding all operating copper mining leases, this presents a vast opportunity for growth in the copper mining business, which has been identified as the key thrust area. As a growth strategy, the Company has prepared an ambitious plan to enhance its copper ore production from current level of 3.2 million tonne per annum to 12.0 million tonne per annum in the next 5-7 years. The plan envisages: (i) expansion of Khetri copper mines from 1.0 million tonne to 3.1 million tonne per annum; (ii) expansion of Malanjkhand mine from 2.0 million tonne to 5.0 million tonne per annum by developing underground mines after the end of useful life of existing open-cast mine; (iii) re-opening of closed mines (Kendadih and Rakha) and development of greenfield mines in Singhbhum copper belt, Jharkhand to a level of 3.5 million tonne per annum; and (iv) Greenfield exploration within the country. To this end, HCL has applied for prospecting lease across the country. The prospecting lease at Baniwali-Ki Dhani in Siker district of Rajasthan has been recommended by the Government of Rajasthan and approval of the Government of India is awaited. The estimated investment requirement for the above projects is about Rs. 4,200 crore, spread over a



period of 5-7 years excluding the investment required for green field exploration projects. For part funding of above projects, Company proposes to mobilize funds through issue of fresh equity shares in the market.

The Government of India is presently holding 99.59% of the Company's existing equity capital of Rs. 462.609 crore and the remaining 0.41% is held by public. In accordance with the existing guidelines on disinvestment of PSUs, Department of Disinvestment, Ministry of Finance has listed HCL as a candidate for disinvestment. The Board of Directors of the Company have approved the proposal for disinvestment of Govt. of India's existing equity holding in HCL by 10% and issue of fresh equity upto 10% through further public offer for meeting the Company's fund requirement for expansion projects. The proposal has been sent to the Ministry of Mines for necessary Government approval which is awaited.

As per the provisions of Section 81 (1A) of the Companies Act, 1956, for issue/allotment of equity shares to person or persons, who may or may not be the shareholders of the Company on the date of such offer, the Company is required to seek approval of the members in a general body meeting. Accordingly, the resolution set out under item no. 6 of the notice is put up for approval by the shareholders.

Consent of the members is, therefore, sought pursuant to Section 81(1A) of the Companies Act, 1956. None of the Directors of the Company 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 Michael Bastian

Shri Michael Bastian, former CMD, Syndicate Bank had been appointed as part-time non-official Director of the Company w.e.f. 7.1.2008 in terms of Ministry of Mines' order No.10(1)/2002-Met.III dated 7.1.2008.

Shri Michael Bastian is B.Com and fellow member of The Institute of Chartered Accountants of India (FCA). Shri Bastian had held senior managerial positions in the Union Bank of India at Mumbai, Cochin, Chennai, Bangalore & London and was promoted as General Manager. He was also Executive Director of Vijaya Bank and later officiated as CMD. Shri Bastian was, thereafter, appointed as CMD, Syndicate Bank. Shri Bastian is currently independent director on the Board of Indian Oil Corporation Ltd., Orient Paper and industries Ltd., Artson Engineering Ltd. and Elder Pharmaceuticals Ltd. Shri Bastian does not hold any share in HCL

Dr. Mukesh Khare

Dr. Mukesh Khare, Professor, IIT (Delhi) had been appointed as part-time non-official Director of the Company w.e.f. 7.1.2008 in terms of Ministry of Mines' order No.10(1)/2002-Met.III dated 7.1.2008.

Dr. Mukesh Khare is Ph.D in faculty of engineering (specialisation in Air Quality) from the University of New Castle, UK and Fellow, Wessex Institute of Great Britain. Dr. Khare has published over 50 research articles in professional journals and written three books on environment and pollution. He is currently serving as Professor in the Department of Civil Engineering at IIT, Delhi and also Consultant (Air Pollution), Govt. of India. Dr. Khare does not hold any share in HCL



REPORT OF THE BOARD OF DIRECTORS

The Shareholders
Hindustan Copper Limited
Kolkata

Your Directors have pleasure in presenting the forty second annual report of the Company together with the audited statement of accounts and auditors' report thereon for the year ended 31st March, 2010.

1. PHYSICAL PERFORMANCE

The comparative physical performance of production and sales for the year 2009-10 vis-à-vis 2008-09 is as under:

Particulars	2009-10	2008-09
Ore ('000 tonnes)	3,205	2,983
Metal-in-concentrate (tonnes)	28,202	27,589
Cathode (tonnes)	17,516	30,036
CC Wire Rod (tonnes)	41,999	51,777
Sales (tonnes)		
Refined Copper	30,752	35,714
MIC	10,134	3,540

The physical performance in the mining sector has shown improvement compared to previous year as Ore and Metal in Concentrates (MIC) production during the year was higher by 7% and 2% respectively. The improvement in performance has been achieved despite loss of production for about one and a half month at Malanjkhand Copper Project (MCP) due to water shortage.

Shortfall in Cathode production was on account of continued shut-down of the Smelter Plant at Khetri Copper Complex (KCC) during the entire financial year on economic considerations.

CC Wire Rod production was as per the availability of in-house raw material (cathode) as the Company stopped procurement of cathode from outside for conversion into Wirerod due to change in business model on economic considerations.

Initiatives for growth of the Company:

Development of Banwas Copper Deposit: North of Khetri mine is the Banwas Copper Deposit which has an ore reserve of 25 million tonnes @1.69% Cu. A contract for 5 years has been awarded to develop this deposit with a decline from surface connecting underground working. With the exploitation of Banwas deposit, about 6.0 lakh tonne of ore @ 1.10% Cu ore per annum will be mined from the 5th year onwards using existing infrastructure of Khetri mine.

Malanjkhand Copper Mine: MCP open pit has been re-designed by limiting the depth of the pit to 240 metre from surface against an earlier plan of 300 metre. The portion of the ore between 240 and 300 metre depth will be mined out by underground mining method. This will reduce the cost of mining. The open pit mine will be producing @ 2 million tonnes of ore per annum till 2017-18.

Khetri mines: To increase production to 1.0 Mta, action is taken for Khetri Phase - II operation, this would involve deepening of both service and production shaft from '0' mRL to (-) 300 mRL and constructing ore and waste handling system along with mine developments.



Kolihan mine: Two sets higher capacity low profile dump trucks (LPDT) & loading equipment (LHD) has been provided for improvement of mine production. To increase production of Kolihan mine to 1.5 Mta, additional hoisting system along with ore handling system is required since the present ore hoisting system of Kolihan Mine has a capacity of around 0.9 Mta. For this, planning is being done to make use the existing service shaft from 306 mRL to '0' mRL with certain modification and extending in depth upto (-) 220 mRL and connecting upto 424 mRL, the present opening of Kolihan mine.

Malanjkhanda underground mine: Action has been initiated to develop an underground mine below the existing open pit as per report of M/s Bishimetal Exploration Company to produce 5.0 million tonne of ore per year from 9th year of starting of construction of work. For this, Pre-Application Conference was conducted to receive the responses from the prospective bidders.

Re-opening of closed mines at ICC: Company has also initiated action to re-open closed mines at Singhbhum Copper Belt of ICC along with opening of Greenfield mine at Chapri-Sideshwar mine through outsourcing. Company is pursuing vigorously with Government of Jharkhand for renewal of mining leases for Kendadihi mine and execution of lease deed for Rakha mine.

2. FINANCIAL PERFORMANCE

The comparative working results for the year 2009-10 vis-à-vis 2008-09 are as under:

(Rs in crore)

Particulars	2009-10	2008-09
Turnover	1429.85	1349.10
Profit/(Loss) before tax	215.84	5.48
Net profit/(Loss) after tax	154.68	(10.31)

Financial performance during the year improved substantially due to i) increase in LME price of copper compared to last year ii) improvement in performance in mining and iii) sale of surplus metal in concentrate (MIC).

3. ENERGY CONSERVATION

HCL continued to give priority for energy conservation measures at various stages of process from mining of ore to extraction of copper metal. Special efforts were made in making the operations energy efficient. The achievements made in regard to reduction in specific energy consumption over previous year are indicated below:

Sl.No.	Specific Consumption	Unit	2009-10	2008-09
1	ICC Refinery Power	Kwh/T	333	375
2	ICC Smelter fuel	Lit/T	531	827
3	ICC Smelter Oxygen	m ³ /T	650	693
4	MCP Mine	Kwh/T	0.52	0.75

4. ENVIRONMENT & 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 are in the process of implementing the recommendations



arising out of the environmental audit earlier done through an external agency. Recommendations of the agency are in the process of implementation in phases taking into account the availability of funds.

The range of air quality around the various mines of the Company given in Annexure - I is well within the standards and limits as prescribed by the pollution control board.

Effluent treatment facilities installed at the units of the Company have been working satisfactorily during the year and meeting regulatory norms as prescribed by the Pollution Control Boards. Discharged process of water is being recycled after treatment thus conserving the water. Quality of water which is recycled is projected in Annexure - I.

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.

5. 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 2008 as Winner's and Runner's up for longest Accident Free Period for Khetri and Kolihan mine respectively, awarded by Hon'ble Vice President of India.
- ii. KCC Group awarded as "Best Team in Theory" in all India Rescue Completion, 2009-10.
- iii. Nagpur Zone-II, under jurisdiction of DGMS, Malanjkhand Mine won prizes in eight categories in Mine Safety Competition -2009.

Tripartite Safety Committee (TSC) meeting attended by Officials of HCL Units, DGMS and Trade Union Officials of MCP, KCC & ICC were held at MCP on 9th December 2009 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.

6. RESEARCH & DEVELOPMENT / SCIENCE & TECHNOLOGY / TECHNOLOGY ABSORPTION

Bio-leaching at MCP: HCL has collaborated with Institute of Minerals & Materials Technology (IMMT), Bhubneshwar to develop bio leaching technique at MCP. The experimental bio-heap of 1000 MT of crushed lean sulphide ore showed a recovery in the range of 1%, efforts are on for attaining a recovery of 3.3% by changing the operation parameters.

Soil Restoration at MCP: Work has commenced at MCP tailing pond for plantation of grass turf for soil restoration. The work will be completed by Sept '10 end. Besides this there is a proposal for the construction of relief wells on the periphery of the tailing dam and mines waste dump sites, for recycling of water and pollution control.



Hi-chrome grinding media at MCP: Trial use of Hi-chrome grinding media at MCP concentrator plant was initiated in January 2009. As a result of this, cost saving in the grinding media per ton of milling is around Rs. 20/-. This is also being implemented at KCC.

High Rate Thickener (HRT) for tails at KCC: HRT is in operation at KCC from mid Dec 2009. As a result of which the Unit is not facing process water shortage after its installation. The recovery is at the rate of 100 CuM per hour.

Installation of 300 cft cells at KCC concentrator plant: In 2009 new 300 cft cells were installed in place of old Cleaner-I & Scavenger cells for the improvement in concentrator grade. Concentrator grade of 17.16% Cu was achieved in 2009-10 and in April 2010 it was 18.39% Cu. Auto level controllers are being fitted in these rows for further improvement. Two new 300 cft cells for Re-cleaner cells will be installed and commissioned in mid May 2010. This will help control insoluble content and maintain the concentrator grade.

New HRT: New HRT for ore concentrate will be commissioned by mid May 2010 at KCC. This will help improve dewatering and increase concentrate handling capacity to withstand increase in production in the coming years.

7. IT Initiatives

For bringing about dynamism, transparency and business efficiency, Company has initiated various IT initiatives spanning all operational areas. Major initiatives are:

i. ERP implementation

Enterprise Resource Planning (ERP) – ERP solution (Oracle e-biz suite R12) covering all operational areas – manufacturing, maintenance, marketing, finance, materials – is working satisfactorily. Real time and uniform transaction processing and reliable information flow from ERP has enabled faster decision making along with standardization of all processes, procedures and management information system.

ii. e-Procurement

The procurement of stores & spares items above a threshold value of Rs 1.0 lakh is done through Enterprise Procurement System (EPS), conducted by an outside agency. In this system, the suppliers submit their bids online, and the evaluation of the bids are also done on-line.

iii. e-Payments through RTGS

e-Payment system implemented and working satisfactorily wherein payments are made directly to Supplier/Contractor bank accounts after obtaining proper mandate.

iv. Real time LME booking

A web based system is in place to enable customers to place orders with HCL on-line, based on Real time LME rate. The customers can monitor the order booking status and can view HCL's price circulars.

v. On-line Vendor registration

The Vendors continue to register themselves on-line with HCL by submitting the relevant data, which are captured on-line, validated and stored in the data base.

vi. On-line Vigilance Complaints registration and monitoring

Web based system has been implemented by HCL where complaints can be registered through website. The complaint status can also be captured on-line.



vii. Annual Property return submission

A System has been developed for Employees to submit their annual property returns through Employee Self Service login facility in ERP.

viii. Mine planning software

DATAMINE & SURPAC mine planning software implemented at Khetri & Malanjkand units respectively are working satisfactorily. The software helps in Digitized block modeling and grade estimation, Digitized mine planning and drill design, Accurate reserve & excavated quantity measuring, Geological data immersion

8. DEVELOPMENT OF SSI AND ANCILLARY UNITS

The Company continued to follow Government guidelines in encouraging procurement of materials from SSI and ancillary Units. During the year 2009-10, the Company, among other several items, purchased Cast Iron Grinding Media Balls from SSI consortia Unit of the National Small Industries Corporation (NSIC) Ltd. SSI Units, registered with NSIC are exempted from payment of Earnest Money Deposit (EMD) in full, and from submission of Security Deposit (SD) to the extent of their monetary limits fixed by NSIC.

9. MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Industry structure and developments

Till 1997, State owned Hindustan Copper Limited (HCL) was the only Company producing primary refined copper in the country meeting about 25-30% of the country's refined copper requirement, the balance being imported. Presently, four major players with total installed production capacity of around ten lakh tonnes of refined copper dominate the Indian copper industry. However, HCL with production capacity of 49,500 tonnes per annum continues to be the only vertically integrated primary copper producer having its own captive mines. The captive mines used to meet about 60% of Company's requirement for concentrate, the rest being imported. The two private sector companies, viz. M/s.Hindalco Industries Ltd. (Unit : Birla Copper) and M/s.Sterlite Industries (I) Ltd., with production capacities of 5,00,000 tonnes and 4,00,000 tonnes per annum respectively, have set up shore-based smelters relying on imported concentrate. The fourth player, M/s.Jhagadia Copper Ltd. with plant capacity of 50,000 tonnes per annum produces refined copper through the secondary route (using copper scrap). 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.

During the last few years, there has been a paradigm shift in the Indian copper industry where India has now become a net exporter of refined copper from the earlier position when bulk of its refined copper requirements were imported.

9.2 Business scenario

After the drastic fall in the LME copper price during October- December, 2008, there has been a continuous improvement in the price situation. Presently the copper price is hovering in the range of US\$ 7000. Copper price per tonne reckoned for the entire year (2009-10) averaged to US \$ 6101 as compared to previous year (2008-09) average of US \$ 5864.

As a strategic measure, HCL has stopped the import of copper concentrate (which was previously being done to supplement in-house production) on economic considerations and as a consequence the smelter at Khetri Copper Complex (Rajasthan) was shut down with effect from December'08. HCL is now operating only one smelter, i.e. at Ghatsila (Jharkhand) while giving full thrust on capacity utilization and on mining



at all the mines (located in Madhya Pradesh , Rajasthan & Jharkhand) . The in-house copper concentrate which is thus produced in excess of the smelter requirement is being successfully sold in the open market.

As per the estimate of Indian Copper Development Centre (ICDC), refined copper usage in India was 5, 35,000 MT during 2008-09. The refined copper usage in India is estimated to be 5, 70,000 MT during 2009-10 with a growth rate of 6 to 7%.

As per International Copper Study Group (ICSG), the refined copper market balance for 2010 could show a surplus of about 5, 80,000 MT as growth in copper supply is expected to exceed projected weak growth in industrial copper demand. For 2011, a surplus of around 2, 40,000 MT is anticipated as economic activity is expected to boost demand in copper end-use market. While actual industrial demand in 2010 is expected to increase in all of the major consuming regions, copper market off-take is expected to decline slightly from the 2009 level owing to lower apparent Chinese demand. In 2009, China's apparent consumption increased by 38% significantly exceeding the estimated growth in China's semi-manufacture production. As per ICSG estimate, refined copper usage during 2009 was 18.20 million MT. The current global economic crisis has significantly reduced world refined copper usage. ICSG expects world apparent refined usage in 2010 to decline by 1.5%, declining to 17.9 million MT. Australia based CRU Group, which is a reputed analyst for commodities, has predicted copper price of US \$ 10,000 in the next 3 years. This along with proposed expansion of HCL mines will considerably add to the profitability of the Company.

9.3 Opportunities and threats

In India, there is under-capacity at the mining stage vis-à-vis the demand. HCL is the only fully integrated copper producing Company in the country holding all operating mining leases. Out of 370 million tonnes of copper ore reserves in the country, HCL's lease rights cover more than 280 million tonnes. The Company has adequate opportunity to augment its mining capacity by increasing production from the existing mines and by developing new mines besides reopening some of the mines that were closed in the past. HCL has reoriented its business strategy to take advantage of the situation and has planned to take the mine production level from the existing 3.15 million tonnes to a level of 12 million tonnes within next 5-7 years.

The threat perception for the Company includes great volatility of world copper prices and increasing cost of inputs. Further, HCL may also witness threat to its market share on account of intense competition from imports and other domestic manufacturers.

9.4 Product wise performance

Sale of copper products during 2009-10 has been slightly higher as compared to 2008-09. Item wise break up is as follows:-

Products	(in MT)	
	2009-10	2008-09
CC Rod	29511	33336
Cathode	1241	2359
Wire Bar	0	19
Total Refined copper	30752	35714
MIC	10134	3540
Total	40886	39254



9.5 Future outlook

Leaving behind the recent economic meltdown, Indian economy is on a buoyant growth path and the GDP growth is expected to be in the range of 8% while India along with China is predicted to be the future economic superpower. Along the country's growth path, emphasis would be largely on infrastructure developments and copper consumption is likely to maintain the momentum ensuring demand for the company's products.

As per the business strategy adopted by the Company, mining has been identified as the key thrust area. The Company has proposed to re-open closed mines, explore / exploit and develop new mining deposits and optimise production from existing mines.

HCL has made blue prints for expansion of mine production from current level of 3.2 million tonnes per annum to 12.0 million tonnes per annum in next 5 to 7 years. The schemes are under finalization and work on pre-project activities has been started. The identified plans such as expansion of Khetri and Kolihan mines, development of underground mine at MCP, re-opening of closed mines (Rakha & Kendadih) & development of Chapri Sidheswar Copper belt at ICC.

9.6 Risks and concerns

Main business risks faced by HCL continue to be the volatility of LME price of copper and the hardening of rupee against US\$ as these two factors determine the selling price of copper. As the capacity of the private players is far in excess of country's demand, the excess of production is normally exported by them. With the economic downturn in the export market, there is a risk that these players would push their material in the local market bringing the price further down.

9.7 Internal control systems and their adequacy

The Company has provision for an effective internal control system commensurate with its size. The existing system is being further strengthened for smooth functioning and adequacy of internal control systems. As per Government guidelines, the Company has introduced e-tendering for procurement of materials and e-banking for payments for greater transparency.

9.8 Vigilance activities

Vigilance is an essential management tool to be used for quality output enabling an organization to be on a higher growth trajectory. As part of preventive vigilance effort corporate management is being advised to take initiatives towards system strengthening through adherence to set procedure and guidelines, due diligence, analysis of audit reports and its incorporation in corporate decision making.

A campaign for creating awareness was taken up by organizing the Vigilance Awareness Week Celebration commencing from 03.11.2009 to 07.11.2009 at all the Units including at Head Office. Stress was given on preventive vigilance and leveraging of information technology with a view to minimize scope for corruption and assisting the management in improving the systems and procedures.



9.9 Discussion on financial performance with respect to operational performance

The financial performance for 2009-10 vis-à-Vis 2008-09 is summarised below :

(Rs in crore)

Particulars	2009-10	2008-09
a. Sales	1429.85	1349.10
b. Net of Extraordinary Income/ (Expenses)	(46.11)	(30.80)
c. Value of Production	1506.04	1344.27
d. Cost of production excluding depreciation, provisions, write-off and interest	1217.21	1278.20
e. Profit before depreciation, provisions, write-off and interest	242.72	35.27
f. Depreciation, provisions and write-off	23.39	22.97
g. Interest	3.49	6.82
h. Profit/ (Loss) before tax	215.84	5.48
i. Provision for taxation - Current	64.77	5.98
- Fringe Benefit	-	0.55
- Deferred	(3.61)	9.26
j. Profit/ (Loss) after tax	154.68	(10.31)
k. Cash Profit	174.46	21.92

9.9.1 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 stands at Rs 80.78 crore, out of which the actual expenditure incurred during the year was Rs 80.45 crore.

9.9.2 Loans

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

9.9.3 Contribution to exchequer

During the year 2009-10, the Company contributed a sum of Rs 258.76 Crore to the exchequer by way of duties, taxes and royalties, as against Rs 307.00 Crore in 2008-09, as detailed below:

(Rs in crore)

Particulars	2009-10	2008-09
Excise Duty	106.69	139.48
Customs Duty	1.06	58.09
Sales Tax	38.40	34.58
Royalty and Cess	37.34	26.25
Income Tax	66.88	39.20
Others	8.39	9.40
Total :	258.76	307.00



9.9.4 Expenditure in foreign currency

During the year 2009-10, the Company spent foreign currency towards import of copper concentrate, components, stores & spares, travelling and consultation fees, etc. to the tune of Rs 59.54 crore as compared to Rs 310.61 crore in 2008-09.

9.9.5 Earnings in foreign exchange

During the year 2009-10, the Company earned foreign exchange of Rs 36.10 crore through exports of anode slime, as against Rs 75.22 crore earned in 2008-09.

9.10 Industrial relations and HR initiatives

9.10.1 Industrial Relations

Industrial Relations in the Company remained peaceful and harmonious. Various bi-partite fora with representatives of the Management and the Unions at the Apex, Unit and Shop floor levels functioned well. An MoU was reached with the recognized Trade Unions after protracted discussions on Workmen's Wage Revision effective from 01/11/2007 which has since been implemented. The Company also implemented Executive Pay Revision with effect from 01/01/2007 as per Government guidelines.

9.10.2 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 also to minimize idle manpower on account of plant shutdowns. 118 personnel were redeployed at KCC.

9.10.3 Training

Based on identified needs, several in-house training programmes were organized, with wider coverage of employees and issue-based discussions. The Company selectively nominated employees for specialized training programmes/Workshops/Seminars/Conferences organized by reputed professional agencies and Institutes. In the year 2009-10, against a training target of 5225 man days, total of 6028 man days of training were imparted. The ratio of trained to target man days of training is 1.15.

9.10.4 Recruitment

The recruitment process initiated in May/June, 2008 for inducting young professionals at entry level was decided by the Board to be replaced by limited recruitment in key areas of 136 Executives spread over the 5 years 2010-2014 to meet critical requirements arising out of skill depletion due to superannuation etc. The proposal is under implementation.

9.10.5 Employee turnover

Consequent upon raising of superannuation age from 58 years to 60 years w.e.f. 31/07/2007, 100 employees superannuated from the Company during 2009-10, while 40 separated on other accounts including death and resignation. Thus, total separation during 2009-10 stood at 140, viz., Executives 53 and Non-Executive 87. The Company did not operate any Voluntary Retirement Scheme during this period.

9.10.6 Communication

Company continued to improve communication with the employees through various measures. Communication programmes relating to safety, productivity and energy conservation were also organized at the Unit level. The Company's quarterly House Journal 'Tamralipi' published in Hindi and English was well circulated. For better dissemination of information, Personnel Policies/Rules/Amendments were placed on the Company's website and could be accessed by the employees. The Company is also using its internal e-mail facilities to improve communication in general.



Image building exercises gained momentum through extensive news and media coverage. The Company has also made its presence felt in the national and international fora through quality participation.

The Company has introduced a system of centralized farewell functions at all Units for its retiring employees on the last working day of the month which is held at Unit Head level. Retiring employees are also paid their payable dues as per rules on their last working day.

9.10.7 Employees' Participation in Management

Employee participation in management has been the backbone of harmonious Industrial Relations in the Company. Successful operation of various bi-partite fora at all the three level, namely, at the Apex level, Unit level and the Shop floor level have contributed in a major way to the smooth functioning of the Company.

9.10.8 Quality Circles

One of the Quality Circles of the Company, viz., Pragati of ICC was rated 'Excellent' based upon their Case Study presentation at the National Convention of Quality Circles-2009 at Bengaluru (18-21 December, 2009). There is sustained focus on furthering the Quality Circle movement in the Company to improve production and productivity through participation of employees.

9.10.9 Employment under all categories as on 31.03.2010

The manpower position as on 31.03.2010 was as under.

Group	Manpower	SC	ST	Land Displaced Person	Minorities	OBC	Female
A	699	84	21	0	35	51	32
B	119	16	9	0	4	21	7
C	3594	562	505	168	239	558	139
D	888	215	126	221	42	29	130
Total	5300	877	661	389	320	659	308

9.10.10 Representation of SC/ST/OBC community employees in the Company

Out of the total manpower of 5300, the representation of employees belonging to SC, ST and OBC communities was 16.55%, 12.47% and 12.43% respectively as on 31.03.2010.

9.10.11 Communal Harmony and National Integration

In the Company's townships at Khetri, Malanjkhanda and Ghatsila as well as at other places of work, employees and their family members live in a spirit of harmony and togetherness and joyously celebrate all religious and social festivals irrespective of caste, creed, religion and language.

9.10.12 Employment of Women

The number of women employees as on 31.03.2010 is given below:

Group	No. of Employees		As % of total
	Total	Women	
A	699	32	4.58
B	119	7	5.88
C	3594	139	3.87
D	888	130	14.64
Total	5300	308	5.81



In pursuance of Government directives based on the Judgment of the Hon'ble Supreme Court in Visakha case, the Company has set up Committees for Prevention of Sexual Harassment of Women at Work Place at all the Units/Offices of the Company. A provision in this regard has also been incorporated (Clause 19.2) in the HCL Conduct, Discipline and Appeal Rules, 1979.

9.10.13 Status of Implementation of 'The Persons With Disabilities (Equal Opportunity, Protection of Rights and Full Participation) Act, 1995'

In the last few years, as the Company had been rationalizing its manpower, there had been no scope of fresh recruitment. The number of physically challenged persons employed in the Company as on 31.03.2010 was 57.

9.10.14 CSR Initiatives

After the Baseline Survey conducted in 2007 for the purpose of social mapping to initiate CSR activities, initially, five villages in the vicinity of each of the three Units at KCC, MCP and ICC were identified for rolling-off CSR activities, focusing on health, general hygiene, sanitation, awareness generation and formation of Self Help Groups (SHGs) with the support of local NGOs and community participation since April, 2008.

The initial activities have also built up the necessary ground work for implementing micro-finance projects for the SHGs - towards creation of alternative employment activities and resource formation. At all the three Unit locations, Mobile Medical Units equipped with Medical Personnel conduct weekly Health Camps at the selected villages for community health check-up.

The Company is committed to providing 0.5 percent of its Net Profit towards social sector activities on a continuing basis.

9.10.15 Progressive Use of Hindi

The Company continued its thrust on implementation of Official Language policy of the Government of India. Employees are constantly motivated to use Hindi in their day-to-day official work for which Hindi workshops are conducted in the Units and Corporate Office at regular intervals. Regular review with regard to progressive use of Hindi and difficulties faced were carried out in quarterly meetings of Official Language Implementation Committee under the Chairmanship of Unit Heads in Units and CMD at Corporate Office. Hindi fortnight and Hindi Day were celebrated in the Offices and Units of Company from 14th to 28th September 2009, under which various competitions were organized to generate interest among employees towards use of Official Language Hindi and winners were awarded. The messages of Hon'ble Home Minister, Hon'ble Mines Minister, and CMD were circulated / read out in all Offices/Units on the occasion of 'Hindi Day'.

Inspection regarding implementation of Official Language was conducted in respect of Corporate Office on 20/11/2009 by Assistant Director (OL) and 22/02/2010 by Deputy Director (Implementation). The authorities were satisfied with the steps taken by the Company for progressively increasing usage of Official Language in official working. During the year 2009-10 the Company participated in both the half yearly meeting of Town Official Language Committee (PSUs), Kolkata held on 28/08/2009 and 29/01/2010.



In-house Journal of the Company “Tamralipi” continued to be published both in Hindi and in English which were regularly distributed among the employees. These were also sent to the members of Hindi Advisory Committee. The Annual Report as well as HR Policy Guide of the Company were also published in Hindi and English. ‘Every Day One Hindi Word’ scheme was operational for improving the Hindi vocabulary among the employees.

9.10.16 Presidential Directives

For Revision of Scales of Pay for the Board level and Below Board level Executives with effect from 01/01/2007, ‘Presidential Directive’ was received from Govt. of India, Ministry of Mines vide letter no. 10/4/2009-Met.III dated 22nd October, 2009 which has been implemented.

10 STATUS OF MINING LEASES

- (i) Mining leases in respect of Khetri, Kolihan and Chandmari at KCC are valid up to 22.02.2013, 23.11.2016 and 16.12.2012 respectively.
- (ii) Mining lease No. 1 & 2 of Malanjhand is valid upto 27.08.2013. The other two adjoining mining leases applied earlier are being pursued.
- (iii) Mining lease in respect of Surda Mine is valid upto 14.06.2014.
- (iv) Kendadih Mining Lease renewal and Rakha Mine execution of Lease Deeds are in advance 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 w.e.f 24/11/92.
- (v) Mining Lease application has been submitted for Dhobani Pathargora Intervening Block.
- (vi) Prospecting License (PL) has been applied for the two areas at Baniwali-Ki Dhani in Sikar Dist of Rajasthan for an area of 36.116 sq.km and another for 8.65 sq.km. Government of Rajasthan has recommended grant of PL for the area 36.0738 sq.km in favour of HCL to the Ministry of Mines in May 2010. Approval of the Ministry of Mines to the State Government for grant of PL is awaited.
- (vii) Dhani Bansri for an area 156.92 Hect has been applied for PL in May’08. Presently this area is under M/s. Geomysore who has been granted the Reconnaissance Permit (RP). All applications will be considered after M/s. Geomysore surrenders the RP.
- (viii) Prospecting licenses for Jatta, Shitalpani, Dhori, Gidori has been applied in the state of Madhya Pradesh and is awaiting no due certificate by the State Government for final submission.

RP in the district of Balaghat is in the process of finalization by the Government of MP and awaiting response.

- (ix) The other areas applied for Mining Lease are in the state of Jharkhand at Dhatkidli Trildih Block in the adjoining district of Saraikala.

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

11. 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.



12. 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 31st March, 2010.

13. DIRECTORS' RESPONSIBILITY STATEMENT

On the basis of compliance certificate received MD & CFO and other executives of the Company and subject to disclosures in annual accounts as on 31.3.2010 on the basis of discussions with Statutory Auditors of the Company from time to time-

- (i) Your Directors confirm that in the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanations relating to material departures/variations.
- (ii) 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 31st March, 2010 and of the Profit or Loss of the Company for the year.
- (iii) 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) The Directors have prepared the annual accounts on a going concern basis.

14. DIRECTORS

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

Sri Shakeel Ahmed has joined as Chairman-cum-Managing Director of the Company with effect from 28.10.2009.

Sri M Samajpati ceased to be Director (Finance) and Sri R C Singla ceased to be Director (Mining) of the Company on 21.10.2009 and 31.12.2009 respectively.

The Board places on record its appreciation for the valuable services rendered and contribution made by S/Sri M Samajpati and R C Singla during their tenure on the Board of HCL.

15. 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 2009-2010.

M/s. Bandyopadhyaya Bhaumik & Co, Kolkata and M/s. Ranajit Ghosh, Kolkata were appointed as Cost Auditors of the Company to audit cost accounts relating to manufacture of sulphuric acid at KCC and ICC, respectively for the year 2009-2010.

16. 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 31.3.2010 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.



17. 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.

18. 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 acknowledge 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

Shakeel Ahmed
Chairman-cum-Managing Director

Place: Kolkata
Date : 14.05.2010

ANNEXURE-I TO THE DIRECTORS' REPORT

Range of annual Mean Ambient Air Concentrations around mines of HCL

S. No.	Parameters	Unit	Values(Range)	Permissible Limits
1	Suspended Particulate Matter(SPM)	$\mu\text{g}/\text{m}^3$	167.5 to 417.2	500
2	Sulphur dioxide (SO_2)	$\mu\text{g}/\text{m}^3$	11.3 to 28.1	120
3	Oxide of Nitrogen (NOX)	$\mu\text{g}/\text{m}^3$	17.3 to 42.0	120
4	Carbon Mono oxide (CO)	$\mu\text{g}/\text{m}^3$	< 1 PMM (BDL)	4 PPM

(BDL: Below Detectable Limit)

Quality of Treated Water recycled in various units of HCL is in the following range:

S. No.	Parameters	Unit	Characteristics Range	Permissible Limits
1	pH	-	5.87 to 7.06	5.5 to 9.0
2	Total Suspended Solids	mg/lit	41 to 76	100
3	B.O.D	mg/lit	8.2 to 23	30
4	C.O.D	mg/lit	35.6 to 226	250
5	Oil Grease	mg/lit	1.77 to 3.2	10
6	Colour	-	Colourless	-
7	Odour	-	Odourless	-

All parametres are well within permissible limits as prescribed by the Pollution Control Board.

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 31st March, 2010 the Board of Directors comprised a Chairman-cum-Managing Director, two functional directors, viz., Director(Personnel), Director(Operations), two Government directors (part-time official) representing the Ministry of Mines, Government of India and five independent directors (part-time non-official). The posts of two full time functional directors viz. Director (Finance) and Director (Mining) are lying vacant since 21.10.2009 and 31.12.2009 respectively. Company has taken up the matter with the Ministry of Mines, Government of India to induct requisite number of directors (including additional independent directors) as per corporate governance requirement.

(b) Meetings, attendance & other directorship

During 2009-10, eight Board meetings were held on 28.4.2009, 2.6.2009, 31.7.2009, 22.8.2009, 27.10.2009, 9.12.2009, 27.1.2010 and 19.3.2010, 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 8 held	Attendance at last AGM held on 30.9.2009	No of other directorship	No of committee position held in other companies	
				Chairman	Member
Shri Shakeel Ahmed, CMD (w.e.f 28.10.2009)	3	-	-	-	-
Shri Satish C Gupta, CMD (upto 31.7.2009)	3	-	-	-	-
Shri M Samajpati Director (Finance) (upto 21.10.2009)	4	Yes	-	-	-
Shri Anupam Anand Director(Personnel) (w.e.f 5.8.2009)	5	Yes	-	-	-
Shri D Satapathy Director(Personnel) (upto 31.7.2009)	3	-	-	-	-
Shri K D Diwan Director (Operations)	8	Yes	-	-	-
Shri R C Singla Director(Mining) (upto 31.12.2009)	5	Yes	-	-	-

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

(ii) Part time official Directors

Name of the director	No of Board meetings attended out of 8 held	Attendance at last AGM held on 30.9.2009	No of other directorship	No of committee position held in other companies	
				Chairman	Member
Smt.Ajita Bajpai Pande	7	-	3	1	-
Shri Sanjiv Kumar Mittal	7	-	3	-	2

(iii) Part time non official Directors (Independent)

Shri Arun Kumar Mago	5	-	4	2	2
Shri S K Banerjee	7	-	3	-	-
Shri M K Murthy	2	-	-	-	-
Shri Michael Bastian	7	Yes	4	4	3
Dr. Mukesh Khare	4	-	-	-	-
Shri Shantikam Hazarika	8	-	3	1	-

(c) Remuneration to whole-time directors:

The details of remuneration paid to the whole-time Directors during 2009-10 was as follows:

Directors' Remuneration	(Rs in lakhs)
Salaries and Allowance	53.32
Contribution to Provident Fund	5.33
Medical reimbursement	1.65
Leave encashment	9.92
Gratuity	3.50
LTC	1.32
Total	75.04

(d) Sitting fees to independent directors:

Independent directors are not paid any remuneration except sitting fees at the rate of Rs 5,000/- for attending each meeting of the Board or its committee. During 2009-10, the amount of sitting fees paid to independent directors was as follows:

Sl No	Name of the director	Sitting Fees (Rs)		
		Board Meetings	Committee meetings	Total
1	Shri Arun Kumar Mago	25,000	-	25,000
2	Shri Sakti Kumar Banerjee	35,000	25,000	60,000
3	Shri Mani Krishna Murthy	10,000	5,000	15,000
4	Shri Michael Bastian	35,000	25,000	60,000
5	Dr. Mukesh Khare	20,000	-	20,000
6	Shri Shantikam Hazarika	40,000	25,000	65,000
	Total	1,65,000	80,000	2,45,000

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

3. Audit Committee:

The Audit Committee of the Board has been reconstituted on 10.9.2008 comprising one Government nominee director, Director (Operations) and four independent directors. 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 27.4.2009, 31.7.2009, 22.8.2009, 27.10.2009 and 27.1.2010 and attendance of the members at the meetings is given below:

Composition	Number of meetings attended out of 5 held
Shri Michael Bastian, Chairman	5
Shri Sanjiv Kumar Mittal, Member	4
Shri S K Banerjee, Member	5
Shri Mani Krishna Murthy, Member*	1
Shri Santikam Hazarika, Member	5
Shri K D Diwan, Member	5

(* Resigned from the Board on 5.8.2009)

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 26th November, 2008, issued by the Department of Public Enterprises, a sub-committee of the Board known as 'Remuneration Committee' was constituted comprising three Independent Directors viz, S/Sri Arun Kumar Mago, Sakti Kumar Banerjee and Santikam Hazarika ; Sri Sanjiv Kumar Mittal, Government Nominee Director and Sri Anupam Anand , Director (Personnel) as Members to decide the payment of annual bonus / variable pay pool and policy for its distribution across the executives (including functional directors) and non-unionized supervisors, within prescribed limits, in terms of the office memorandum referred above.

5. Investors' Grievance Committee:

A sub-Committee of the Board known as Shareholders / Investors' Grievance Committee has been constituted by the Board to look into the redressal of complaints received from investors / shareholders. Investors grievances received during the year were resolved and there was no outstanding complaint as on 31st March, 2010.

6. Share Transfer Committee:

A Sub-Committee of the Board comprising of Chairman and functional directors of the Company known as Share/Bonds Transfer Committee is already in existence. During 2009-10, the Committee met 6(six) times on 22.6.2009, 9.9.2009, 23.11.2009, 11.1.2010, 16.2.2010 and 15.3.2010 and approved transfer/transmission of shares. Company Secretary has been nominated as Compliance Officer as per listing agreement requirement.

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

7 General Body Meeting:

Location and time of general body meetings held during the last 3 financial years were as under:

Year	Annual General Meeting			Extraordinary General Meeting		
	Date	Location	Time	Date	Location	Time
2007-08	24.12 2007	Registered office at 1 Ashutosh Chowdhury Avenue, Kolkata- 700 019	3.30 pm	16 08 2007	Registered office at 1 Ashutosh Chowdhury Avenue, Kolkata- 700 019	3.30 pm
2008-09	28.08.2008	-do-	-do-	—	—	—
2009-10	30.09.2009	-do-	-do-	—	—	—

No resolution was passed last year through postal ballot. In the ensuing 43rd AGM also the Company has not proposed any resolution for approval of shareholders through postal ballot since none of the business items proposed requires approval through postal ballot as per provisions of the Companies Act, 1956 and rules framed there under.

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.

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 have been implemented as applicable to the Govt 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 quarterly/annual results in prominent English and vernacular newspapers. viz. Economic Times, Sambad Pratidin, Dainik Statesman for information of all concerned as per requirement. Annual Report/Quarterly 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) 43rd Annual General meeting

Date : 30th June, 2010

Time : 3:30 PM

Venue : Tamra Bhavan, 1 Ashutosh Chowdhury Avenue, Kolkata 700019

ii) Financial Year : 1st April, 2009 to 31st March, 2010

iii) Book-closure date : 25.06.2010 to 30.06.2010 (both days inclusive)

iv) Dividend payment date : No dividend has been recommended for payment by the Board.

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

v) Listing on Stock Exchanges:

Due to negligible trading, Company applied for voluntary delisting of its equity shares from stock exchanges at Kolkata, Delhi, Ahmedabad and Chennai under SEBI (Delisting of Securities) Guidelines, 2003. However, the listing of shares on the stock exchange at Mumbai (Stock Code: 513599), having nationwide trading terminals, will be maintained.

Annual listing fee for 2010-11 has been paid to the Bombay Stock Exchange Limited.

vi) Stock market price data:

Monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited (BSE) during the financial year 2009-10 was as follows:

MONTH	B S E	
	High (Rs)	Low (Rs)
April 2009	223.05	111.00
May 2009	235.80	167.80
June 2009	328.00	224.90
July 2009	292.00	210.00
August 2009	259.90	217.60
September 2009	245.00	220.50
October 2009	274.00	206.10
November 2009	326.00	204.00
December 2009	288.00	250.35
January 2010	656.95	277.15
February 2010	625.10	507.00
March 2010	567.70	442.65

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 31st March 2010:

	Category	No. of shares held	%
1	President of India	92,14,19,500	99.59
2	Mutual Funds	100	00.00
3	Financial Institutions	4,70,790	00.05
4	Private Corporate Bodies	10,22,715	00.11
5	Indian Public including employees	22,64,552	00.24
6	NRIs/OCBs	40,343	0.00
	TOTAL	92,52,18,000	100.00

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

x) Distribution of shareholding as on 31st March 2010 :

RANGE		SHARES	FOLIOS	% SHARES
1	500	1515917	18712	0.16
501	1000	361249	460	0.04
1001	2000	316440	211	0.03
2001	3000	178113	72	0.02
3001	4000	102473	29	0.01
4001	5000	116676	25	0.01
5001	10000	322296	44	0.03
10001	50000	367648	18	0.04
50001	100000	54148	1	0.01
100001 and above		921883040	3	99.64
TOTAL :		925218000	19575	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 w.e.f 29.08.2008. Status of dematerialization as on 31.3.2010 was as follows:

Particulars	No. of Shares	% of Holding	No. of folio
DEMAT :			
a) NSDL	25,35,640	0.27	11150
b) CDSL	11,26,622	0.12	7647
PHYSICAL:			
a) Govt. of India	92,14,19,500	99.59	8
b) Others	1,36,238	0.02	770
TOTAL :	92,52,18,000	100.000	19575

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 singhi_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 31.03.2010, 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 the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement, except the following :-

- i) The Independent Directors do not comprise at least 50% of Board of Directors for most part of the year. However the same is in accordance with the requirement w. e. f. 31.12.2009.

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.
Reg No. 003222N
Chartered Accountants

RAY & CO.
Reg No. 313124E
Chartered Accountants

ANIL AGRAWAL
M No. 082103
Partner

SUBRATA ROY
M No. 051205
Partner

Place: Kolkata
Date : 14.05.2010

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 14th May 2010)

Audit Observation No.	Observations	Clarification of the Management
6 (a)	Pending confirmations and reconciliation, the balances under the heads Sundry Creditors, Claims Recoverable, Loans, Advances and most of the 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 Debtors except a few cases where the parties did not respond to our request. The Sundry Debtors balance as on 31-03-2010 has been fully reconciled.</p> <p>The Company is also initiating action in respect of Sundry Creditors for obtaining confirmation to the extent possible.</p> <p>Loans and Advances are deposits with Government bodies such as Income Tax, Customs, Service Tax, CENVAT Receivables etc. This is a normal process and the balance as shown in the books of accounts get adjusted over a period of time against transactions carried out in the respective area.</p>
6 (b)	Grant-in-Aid received from Government of India from time to time for reimbursement to Council of Scientific & Industrial Research, Bhubaneswar, out of which Rs.1.77 crores remain undisbursed since 1994, has been credited to other income for which we have not received any documentary evidence based on which the above amount has been taken as income.	<p>Government of India had sanctioned Grant-in-Aid in favour of Council of Scientific & Industrial Research, Bhubaneswar (CSIR) for carrying out scientific research activity. The amount was released in favour of Hindustan Copper Limited for onward reimbursement to CSIR for their services. However a balance of Rs 1.77 crores remain in the books of accounts as liability since 1994-95. In absence of any claim, the same has been written back during the period under review due to efflux of time. In case of future claim, if any, the same will be duly addressed.</p>
1 (b)	The fixed assets have not been physically verified during the current year pursuant to Accounting Policy No.3.5.	The audit observation for carrying out physical verification of Fixed Assets in a phased manner once in every three years will be complied with.
7	We have not come across any Internal audit Report in course of our audit. As a result we are not in position to comment on whether the Internal Audit system is commensurate with size and nature of its business.	<p>Due to initial teething trouble in ERP, being the first year of implementation, the annual accounts for F.Y. 2008-09 was finalized during August / September 2009 with cascading effect on accounts of subsequent half year periods. As a result internal audit for the 2nd half of F.Y. 2008-09 was delayed. The final report of which was submitted during F.Y. 2009-10. Consequently, the internal audit for the 1st half of F.Y. 2009-10 was also delayed and started from October 2009. The final report has not been submitted by Internal Auditors till finalization of accounts for the F.Y. 2009-10. The Company will be taking effective steps during F.Y. 2010-11 by re-structuring the Internal Audit, splitting the job region wise and by appointing more Internal Auditors with an eye to complete the Audit within the prescribed time schedule and before statutory audit.</p>

Place : Kolkata
Dated : 18th May, 2010

Shakeel Ahmed
Chairman-cum-Managing Director

TEN YEARS AT A GLANCE

(Rs in crore)

YEAR	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	1999-01 (18 months)
FOR THE YEAR										
Turnover	1429.85	1349.10	1839.79	1799.64	1053.76	559.11	518.87	505.68	604.98	945.58
Gross Profit/(Loss)	219.33	12.30	330.51	366.68	138.75	95.05	3.46	(88.13)	(116.61)	(80.32)
Depreciation and										
Amortisation	81.04	73.72	81.89	89.45	58.37	55.75	59.05	57.71	58.12	90.19
Net Profit/(Loss)	154.68	(10.31)	246.46	313.94	105.88	55.98	(56.16)	(147.70)	(184.04)	(196.44)
Value Added	701.82	402.06	726.12	781.08	385.39	328.53	212.30	147.37	153.09	335.91
Value of production	1506.04	1344.28	1991.24	1909.18	1053.34	631.24	534.43	501.53	586.66	1001.66
AT THE YEAR END										
Share Capital	462.61	462.61	462.61	977.45	948.95	948.95	908.95	795.11	710.11	543.61
Internal Resources	1200.69	1026.95	1015.88	195.60	(110.57)	(298.85)	(350.30)	(310.39)	(169.45)	(0.49)
Term Loans	-	-	112.50	212.50	287.50	232.96	299.12	316.32	326.84	681.05
Cash credit from banks	0.05	2.30	0.98	3.98	4.81	118.23	76.11	139.49	122.04	122.70
Capital expenditure gross	1169.23	1110.85	1037.06	993.99	977.89	967.71	995.10	1007.10	1024.77	1060.76
Working Capital	365.01	361.16	492.06	328.62	62.78	33.94	(1.02)	(25.95)	7.51	25.95
Capital employed	584.64	570.86	657.48	504.62	247.47	234.55	215.28	203.89	249.29	291.03
Manpower (No.)	5300	5440	5405	5451	5583	5665	5995	7865	9502	12043

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 2010, 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 2 of schedule 24 forming part of the financial statement relating to trade dispute with M/s Bhagawati Gases Ltd (BGL) in connection with an agreement to supply of gaseous oxygen at Khetri Copper Complex. A claim for Rs.10.80 Crores has been awarded against the company by the arbitrator. The company has filed an appeal before the Jhunjhunu Court and the same was admitted for hearing. Based upon legal opinion obtained from a senior Supreme Court advocate and the Additional Solicitor General of India, the management considers the arbitration award is not binding on the company. Hence, claim has been disclosed under 'Contingent liabilities'.
 - (b) Note 4 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.121.87 crores payable at MCP which is pending for a 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 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-in-above 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;

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

6. We further report that :-

- (a) Pending confirmations and reconciliation, the balances under the heads Sundry Creditors, Claims Recoverable, Loans, Advances and some of the Sundry Debtors remain as per book balance the impact of which can not be quantified at this stage. (Ref. Note No. 11 on Schedule No. 24 of Notes to Accounts).
- (b) The Grant-in-Aid received from Government of India from time to time for reimbursement to Council of Scientific & Industrial Research, Bhubaneswar, out of which Rs.1.77 crores remain undisbursed since 1994, has been credited to other income for which we have not received any documentary evidence based on which the above amount has been taken as income. (Refer to note no. 8 of Schedule 24).
- (c) 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 in respect of (a) above and the profit has been over stated to the extent of Rs. 1.77 crores as regard (b) above.

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, 2010 ;
- (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

SUBRATA ROY
Partner
(M.No. 51205)

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

ANIL AGRAWAL
Partner
(M.No. 82103)

Place : Kolkata
Date : 14th May, 2010

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 not been physically verified during the current year pursuant to Accounting Policy No.3.5. 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.

ANNEXURE TO THE AUDITORS' REPORT

- 7 Company has appointed an out side agency as Internal Auditor of the Company during the year. *We have not come across any Internal audit Report in course of our audit. As a result we are not in position to comment on whether the Internal Audit system is commensurate with size and nature of its business.*
- 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.
- 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.849.05 lakhs as at 31st March 2010 (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.16118.68 lakhs 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 2010 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 that have not been used for long-term investment.

ANNEXURE TO THE AUDITORS' REPORT

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

SUBRATA ROY
Partner
(M.No. 51205)

ANIL AGRAWAL
Partner
(M.No. 82103)

Place : Kolkata
Date : 14th May, 2010

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

STATEMENT OF DISPUTED STATUTORY LIABILITIES

(Rs. '000)

Sl. No.	PARTICULARS	YEAR	FORUM AT WHICH MATTER IS PENDING	AMONT
1	EXCISE DUTY	1998-99 1999-00 2001-02 2002-03 2002-03 2003-04 2005-06 2007-08 2008-09 2009-10 FROM 1998-99 TO 2003-04	ASST COMMISSIONER ASST COMMISSIONER DY COMMISSIONER ASST COMMISSIONER CESTAT JOINT COMMISSIONER JOINT COMMISSIONER COMMISSIONER (APPEAL) CESTAT ADDL COMMISSIONER CESTAT	2254 11926 4637 162 6950 4590 1197 2976 972 1863 747346
2	PROPERTY/LAND TAX	FROM 1994-95 TO 1997-98	HIGH COURT, JABALPUR	10345
3	SALES TAX	1991-92 1991-92 1992-93 1993-94 1994-95 1994-95 1994-95 1995-96 1996-97 1997-98 1998-99 1999-00 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	TRIBUNAL / MAHARASHTRA TRBUNAL / JHARKHAND TRBUNAL / JHARKHAND TRBUNAL / JHARKHAND TRIBUNAL / MAHARASHTRA COMMISSIONER (APPEALS) / JABALPUR DY.COMMISSIONER (APPEALS) / BIKANER DY.COMMISSIONER (APPEALS) / BIKANER DY.COMMISSIONER (APPEALS) / BIKANER DY.COMMISSIONER (APPEALS) / BIKANER JT.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER / BIKANER DY.COMMISSIONER / BIKANER DY.COMMISSIONER / BIKANER DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER (APPEALS) / JHARKHAND DY.COMMISSIONER / BIKANER DY.COMMISSIONER / BIKANER	734 551 5247 5980 1781 538 214 180 3406 3383 3313 313 95 600 9630 2001 7308 9068 3000 6
4	MUNICIPALITY TAX	FROM 2000-01 TO 2005-06 2005-06 2005-06	HIGH COURT, JABALPUR HIGH COURT, JABALPUR SUPREME COURT	748705 3664 6933
TOTAL				1611868

BALANCE SHEET

As at March 31, 2010

	Schedule No.		As at 31.03.2010	Rs. ' 000 As at 31.03.2009
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	4,626,090		4,626,090
Reserves & Surplus	2	<u>6,599,725</u>		<u>5,052,877</u>
			11,225,815	9,678,967
Loan Funds				
Secured Loans	3	526		23,030
Unsecured Loans	4	<u>-</u>		<u>337,345</u>
			526	360,375
T O T A L			<u>11,226,341</u>	<u>10,039,342</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	7,603,506		7,313,621
Less : Depreciation	5	<u>5,407,211</u>		<u>5,216,602</u>
Net Block	5	2,196,295		2,097,019
Discarded Fixed Assets (net of provision)	5	-		-
Capital Work-in-Progress including Advance for Capital Expenditure	6	48,801		127,899
Mine Development Expenditure	7	<u>4,040,052</u>		<u>3,666,964</u>
			6,285,148	5,891,882
Investments	8		719,159	17
Deferred Tax Assets (net)			571,976	535,877
Current Assets, Loans and Advances				
Inventories	9	2,532,621		2,599,559
Sundry Debtors	10	1,547,519		1,599,480
Cash and Bank Balances	11	1,733,594		2,994,803
Other Current Assets	12	254,253		111,438
Loans and Advances	13	<u>1,997,324</u>		<u>2,205,413</u>
		8,065,311		9,510,693
Less :				
Current Liabilities and Provisions	14	<u>4,415,253</u>		<u>5,899,127</u>
Net Current Assets			3,650,058	3,611,566
T O T A L			<u>11,226,341</u>	<u>10,039,342</u>
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 D Diwan
Director (Operations)

Shakeel Ahmed
Chairman-cum-Managing Director

In terms of our report of even date attached.
For RAY & CO.
Reg No. 313124E
Chartered Accountants

For AGARWAL ANIL & CO.
Reg No. 003222N
Chartered Accountants

SUBRATA ROY
(M No.51205)
Partner

ANIL AGRAWAL
(M No. 82103)
Partner

Place : Kolkata
Dated : 14th May, 2010

PROFIT & LOSS ACCOUNT

For the year ended March 31, 2010

	Schedule No.	As at 2009-10	Rs. ' 000 As at 2008-09
INCOME			
Gross Sales		14,298,479	13,491,000
Less : Discount & Rebate		143,499	194,717
Less : Excise Duty		1,109,801	1,394,792
Net Sales		13,045,179	11,901,491
Other Income	15	507,386	1,085,553
Increase/(Decrease) in Stock of Finished Goods, Semi-Finished and In Process	16	254,462	(1,133,847)
		13,807,027	11,853,197
EXPENDITURE			
Materials , Spares & Components	17	5,049,936	4,995,975
Employees' Remuneration & Benefits	18	2,874,460	2,146,191
Other Expenses of Manufacturing, Administration, Selling & Distribution	19	2,844,574	3,923,534
Interest	20	34,927	68,149
Provisions, Losses & Write off	21	55,001	41,489
Depreciation		178,897	188,218
Amortisation of Mine Development Expenditure		631,492	549,004
		11,669,287	11,912,560
PROFIT/(LOSS) FOR THE YEAR		2,137,740	(59,363)
Prior years' Net Debits/(Credits)	22	(20,708)	(114,224)
PROFIT BEFORE TAX		2,158,448	54,861
Provision for Tax - Current		647,700	59,800
- Deferred		(36,100)	92,648
- Fringe Benefit		-	5,500
PROFIT/(LOSS) AFTER TAX		1,546,848	(103,087)
Transfer from Special Reserve		286	293
Profit brought forward from last year's Accounts		2,362,120	2,464,914
Capital Reduction Accounts		-	-
Balance of Profit carried to Balance Sheet		3,909,254	2,362,120
Earning Per Share of Rs 5 each (Note 17 in Schedule 24)			
- Basic (Rs)		1.67	(0.12)
- Diluted (Rs)		1.67	(0.11)
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 D Diwan
Director (Operations)

Shakeel Ahmed
Chairman-cum-Managing Director

In terms of our report of even date attached.
For RAY & CO.
Reg No. 313124E
Chartered Accountants

For AGARWAL ANIL & CO.
Reg No. 003222N
Chartered Accountants

SUBRATA ROY
(M No.51205)
Partner

ANIL AGRAWAL
(M No. 82103)
Partner

Place : Kolkata
Dated : 14th May, 2010

CASH FLOW STATEMENT

FOR YEAR ENDED 31st MARCH 2010

Rs. ' 000

Pursuant to Clause 32 of Listing Agreement with Stock Exchanges.

	Year ended 31st March '2010	Year ended 31st March '2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT/ (LOSS) BEFORE TAX AS PER PROFIT AND LOSS ACCOUNT	2,158,448	54,861
Adjusted for :		
Depreciation	178,897	188,220
Provisions charged	55,001	41,489
Provisions written back	(8,322)	(155,754)
Interest charged	34,927	68,149
Amortisation	631,492	549,004
Interest income	(268,487)	(393,719)
Net prior year adjustments	(20,708)	(114,224)
Gain on disposal of fixed assets	(7,645)	(16,840)
OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES	2,753,603	221,186
Adjusted for :		
Decrease/ (Increase) in Trade & other Receivables	52,191	(1,101,820)
Decrease/ (Increase) in Inventories	69,715	1,247,321
Decrease/ (Increase) in Loans & Advances	882,910	(586,584)
Increase/ (Decrease) in Trade Payables & Provisions	(2,166,643)	(42,438)
CASH GENERATED FROM OPERATIONS	1,591,776	(262,335)
Net Prior period adjustments	20,708	114,224
Taxes paid	(668,800)	(443,236)
NET CASH FROM OPERATING ACTIVITIES (A)	943,684	(591,347)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(269,069)	(512,552)
Sale of Fixed Assets	9,477	18,859
Interest received	125,672	350,631
Investment in Mutual Funds	(719,142)	-
Mine Development Expenditure	(956,360)	(712,052)
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,809,422)	(855,114)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loan from Bank	-	337,345
Repayment of Loan from bank	(337,345)	-
Repayment of 7.50% Corporate Term Loan	-	(1,125,000)
Interest paid	(35,622)	(72,678)
NET CASH USED IN FINANCING ACTIVITIES (C)	(372,967)	(860,333)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(1,238,705)	(2,306,794)
CASH AND CASH EQUIVALENTS - opening balance	2,971,773	5,278,567
CASH AND CASH EQUIVALENTS - closing balance	1,733,068	2,971,773
(details in Annexure - A)		

For and on behalf of the Board of Directors

C.S.Singhi

Company Secretary

K D Diwan

Director (Operations)

Shakeel Ahmed

Chairman-cum-Managing Director

Place : Kolkata

Dated : 14th May, 2010

CASH FLOW STATEMENT (Contd.)

ANNEXURE - A

	Rs. '000	
1. CASH AND CASH EQUIVALENTS - opening balance	01/04/2009	01/04/2008
(i) Cash & Bank balance	2,994,803	5,288,401
(ii) Cash Credit balance	(23,030)	(9,834)
	<u>2,971,773</u>	<u>5,278,567</u>
 CASH AND CASH EQUIVALENTS - closing balance	 31/03/2010	 31/03/2009
(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>

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.
Reg No. 313124E
Chartered Accountants

SUBRATA ROY
(M No.51205)
Partner
Place : Kolkata
Dated : 14th May,2010

For AGARWAL ANIL & CO.
Reg No. 003222N
Chartered Accountants

ANIL AGRAWAL
(M No. 82103)
Partner
Place : Kolkata
Dated : 14th May,2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010	Rs. ' 000 As at 31.03.2009
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	2,000,000	2,000,000
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	37,500	37,500
	4,626,090	4,626,090
 2. RESERVES AND SURPLUS		
Capital Reserve :		
As per last Balance Sheet	2,116,624	2,116,624
Special Reserve :		
As per last Balance Sheet	1,792	2,085
Less : Transferred to Profit & Loss Account	286	293
	1,506	1,792
 General Reserve :		
Transfer from Profit & Loss Account	3,909,254	2,362,120
Deferred Tax Asset :		
As per last Balance Sheet	572,341	572,341
	6,599,725	5,052,877
 3. SECURED LOANS		
Cash Credit from Banks	526	23,030
Secured by hypothecation of Stock-in-Trade, Stores and Spare parts and Book Debts, both present and future, of the Company.		
	526	23,030
 4. UNSECURED LOANS		
Loan from Bank (Short Term)	-	337,345
	-	337,345

SCHEDULES FORMING PART OF THE BALANCE SHEET

5. FIXED ASSETS

Rs.'000

DESCRIPTION	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	As at 01.04.2009	Additions	Deduction/ Sale	During the Year Transfer from Asset	Transfer to Discarded Asset	Inter Head Adjust- ment	As at 31.03.2010	Upto 31.03.2010	Upto 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land :										
Free hold	15174		13				15161			15174
Lease hold	13830						13830	4247		9725
Roads, Bridges and Culverts	53137	5948					59085	21786		32268
Railway Siding	13242	20430					33672	10124		3681
Buildings including Sanitary and Water Supply System	1057498	541			64470	1122509		578336		498919
Plant,Machinery and Mining Equipment	5276834	295623	43512	7849	-54260	5482534		4080602		1342679
Electrical Equipment and Installation	316345	88	942	813	-170	316134		251205		74655
Shafts and Inclines	368730				-2925	365805		313677		65018
Vehicles	86191	3010	4705	3357	-8751	79102		63241		23565
Furniture,Fixtures,Office, Hospital, Survey and Drawing Equipment	112640	1476	78		1636	115674		83993		31335
Total	7313621	327116	49250	12019	-	7603506		5407211	10910	2097019
Previous Year	6657041	656092	33717	34205	-	7313621		5216602	32169	2097019
DETAILS OF DISCARDED ASSETS										
Discarded Assets	595216				-	583197		509209	-	75097
Less Provision					12019				10910	73988
Discarded Assets net of provision										73988
										-

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

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010	Rs. ' 000 As at 31.03.2009
6. CAPITAL WORK-IN-PROGRESS		
Plant and Machinery	387,142	396,999
Others	331,156	346,879
	<u>718,298</u>	<u>743,878</u>
Less : Provision	688,126	667,075
	30,172	<u>76,803</u>
ADVANCE FOR CAPITAL EXPENDITURE		
Unsecured - Considered Good	18,629	51,096
Considered Doubtful	2	2
	<u>18,631</u>	<u>51,098</u>
Less : Provision	2	2
	18,629	<u>51,096</u>
	48,801	127,899
7. MINE DEVELOPMENT EXPENDITURE		
As per last Balance Sheet	4,133,450	3,945,379
Add : Expenditure during the year as per Schedule 7.01	<u>1,035,461</u>	<u>826,817</u>
	5,168,911	4,772,196
Less :		
Value of ore recovered during mine development	30,881	55,538
Amortisation	631,492	549,004
Value of lean ore recovered from overburden		<u>34,204</u>
	662,373	<u>638,746</u>
	4,506,538	4,133,450
Less : Provision	466,486	466,486
	4,040,052	3,666,964
7.01 MINE DEVELOPMENT EXPENDITURE		
Salaries, Wages & Allowances	193,478	134,526
Contribution to Provident & Other Funds	26,723	13,886
Workmen & Staff Welfare	33,358	19,236
Gratuity	25,663	1,032
Stores, Spares & Tools Consumed	350,384	308,683
Power, Fuel & Water	27,257	31,318
Royalty	1,634	2,042
Repairs	78,900	43,023
Insurance	-	288
Overburden Removal Expenditure	236,585	214,988
Depreciation	48,220	25,023
Miscellaneous	13,259	32,772
	<u>1,035,461</u>	<u>826,817</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

			As at 31.03.2010	Rs. ' 000 As at 31.03.2009
8. INVESTMENTS (at cost)				
	Face	Nos.		
	Value (Rs.)			
A. Non-trade Investments in Debentures : (Long term)				
5 % Debentures in Woodland Hospital & Medical Research Centre Ltd.	1000.00	17.00	17	17
B. Current Investments: Mutual Funds				
UTI TREASURY ADVANTAGE FUND	1000.21	173260.286	173297	-
UTI FIXED INCOME MONTHLY FUND	10.00	10000890.080	100008	-
UTI FIXED INCOME QUARTERLY FUND	10.00	3000000.000	30000	-
LIC SAVINGS PLUS FUND	10.00	35283526.740	352835	-
SBI DEBT FUND SERIES 90 DAYS	10.00	1300000.000	13000	-
SBI DEBT FUND SERIES -370 DAYS	10.00	5000000.000	50000	-
			<u>719142</u>	<u>-</u>
			<u>719159</u>	<u>17</u>
Aggregate Book Value - Unquoted			<u>719159</u>	<u>17</u>

INVESTMENTS PURCHASED AND SOLD DURING THE YEAR

	Face	Nos.	Cost
	Value (Rs.)		
UTI LIQUID CASH PLAN	10.00	9810.078	98
UTI FLOATING RATE FUND	10.00	163171.625	1632
UTI MONEY MARKET FUND	10.00	67279.194	673
LIC MF FLOATING RATE FUND	10.00	19282277.644	192823
LIC MF LIQUID FUND	10.00	14572953.886	145730
LICMF INCOME PLUS FUND	10.00	2000580.129	20006
SBI MAGNUM INSTA CASH FUND	10.00	1194540.992	11945
SBI SHF ULTRA SHORT TERM FUND	10.00	31522266.440	315223
SBI SHDF SHORT TERM	10.00	2678170.495	26782

9. INVENTORIES

(As Taken, Valued and Certified by the Management)

Raw Materials [at cost]			314	116,589
Semi-Finished and In-Process [at lower of cost or net realisable value]		2,043,061		1,870,269
Less : Provision		<u>67,836</u>		<u>67,836</u>
			1,975,225	1,802,433
Finished Goods [at lower of cost or net realisable value]			126,112	44,442
Stores & Spares [at cost] (in transit Rs 2215 thousand - Previous year Rs 124428 thousand)		920,942		1,128,766
Less : Provision for Obsolescence/Non-moving & Verification				
Discrepancies (net)/irregular use		<u>490,131</u>		<u>492,908</u>
			430,811	635,858
Loose Tools [at cost]			159	237
			<u>2,532,621</u>	<u>2,599,559</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010	Rs. ' 000 As at 31.03.2009
10. SUNDRY DEBTORS		
Exceeding six months	41,480	39,212
Other Debts	1,544,108	1,598,566
	<u>1,585,588</u>	<u>1,637,778</u>
Less : Provision for doubtful debts	38,069	38,298
	<u>1,547,519</u>	<u>1,599,480</u>
Particulars of Debt :		
Unsecured - Considered Good	1,547,519	1,599,480
Considered Doubtful	38,069	38,298
11. CASH & BANK BALANCES		
Cash & Stamps in Hand	493	1,525
Cheques / Drafts in Hand	12,012	-
Balance with Scheduled Banks on :		
i) Fixed Deposit Accounts	1,501,195	2,788,034
ii) Current Accounts	217,394	205,244
iii) Margin Money	2,500	-
	<u>1,721,089</u>	<u>2,993,278</u>
	<u>1,733,594</u>	<u>2,994,803</u>
12. OTHER CURRENT ASSETS		
Interest Accrued on :		
- Loans/ Advances/ Deposits and Others	254,403	111,588
Less : Provision	150	150
	<u>254,253</u>	<u>111,438</u>
13. LOANS AND ADVANCES		
Loans	1,292	1,705
Advances Recoverable in Cash or in kind or for Value to be Received	2,433,616	1,261,588
Claims Recoverable	109,480	72,218
Deposits	156,462	615,963
Balance with Customs, Port Trust etc.	185,472	1,148,958
	<u>2,886,322</u>	<u>3,100,432</u>
Less : Provision for Doubtful Advances and Claims	888,998	895,019
	<u>1,997,324</u>	<u>2,205,413</u>
Particulars of Loans & Advances :		
Considered Good - Secured	952	1,705
- Unsecured	1,996,372	2,230,708
Considered Doubtful	888,998	895,019
Note : Amount due from Director	-	180
Amount due from an Officer	-	-
Maximum amount due at any time during the year from :		
- Director	-	180
- Officer	-	-

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010	Rs. ' 000 As at 31.03.2009
14. CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors -Goods	495,798	1,376,889
Sundry Creditors -Others	587,441	561,731
Sundry Creditors - SSI Units	29,268	35,740
Security & Earnest Money Deposits	220,299	213,169
Grants-in-Aid (Refer Note No. 8 of Schedule 24)	-	17,710
Other Liabilities	774,921	1,821,481
Interest Accrued but not due on Loans	-	695
	2,107,727	4,027,415
Provisions :		
Wealth Tax	100	8,287
Income Tax	1,346,688	750,500
Others	960,738	1,112,925
	2,307,526	1,871,712
	4,415,253	5,899,127

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	As at 31.03.2010	Rs. ' 000 As at 31.03.2009
15. OTHER INCOME		
Sale of Scrap	45,410	47,283
Profit on sale of Fixed Assets (net)	7,645	16,840
Profit on sale of Stores (net)	5,141	1,665
Interest :		
- On Loans, Advances, Deposits etc. (Including Tax Deducted at Source Rs 35907 thousand Previous year - Rs 56951 thousand)	201,172	342,212
- Received from Customers	67,315	51,507
Claims	4,599	5,922
Provisions written back	8,322	155,754
Conversion Charges	47,486	59,193
Dividend	2,223	-
Miscellaneous	118,073	405,177
	507,386	1,085,553
16. INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS, SEMI-FINISHED & IN- PROCESS		
Opening stock :		
Finished Goods	44,442	486,018
Semi-Finished and In-Process	1,870,269	2,562,540
Total Opening Stock	1,914,711	3,048,558
Closing stock :		
Finished Goods	126,112	44,442
Semi-Finished and In-Process	2,043,061	1,870,269
Total Closing Stock	2,169,173	1,914,711
Increase / (Decrease)	254,462	(1,133,847)
17. MATERIALS, SPARES & COMPONENTS		
Raw Materials Consumed	4,220,473	4,011,617
Stores, Spares & Tools Consumed	798,582	928,820
Value of Ore raised during mine development	30,881	55,538
	5,049,936	4,995,975
18. EMPLOYEES' REMUNERATION & BENEFITS		
Salaries, Wages & Allowances (Refer Note No. 3 of Schedule 24)	1,811,108	1,490,812
Arrear Salaries, Wages & Allowances (from 01.01.2007 to 31.03.2009)	461,061	308,037
Previous year - from 01.12.1999 to 31.07.2002)		
Bonus/Ex-gratia	45,610	21,127
Contribution to Provident & Other funds (Refer Note No. 3 of Schedule 24)	216,746	119,734
Workmen & Staff Welfare	103,615	138,828
Gratuity	236,320	67,653
	2,874,460	2,146,191

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	As at 31.03.2010	Rs. ' 000 As at 31.03.2009
19. OTHER EXPENSES OF MANUFACTURING , ADMINISTRATION, SELLING & DISTRIBUTION		
Power, Fuel & Water	1,230,932	1,744,143
Repairs :		
Building	5,237	9,677
Plant & machinery	212,420	109,020
Others	37,070	120,614
	254,727	239,311
Major Overhaul Expenditure	-	131,314
Royalty, Cess & Decretal amount	373,393	262,482
Insurance	5,890	11,848
Rent	10,477	5,163
Rates & Taxes	48,235	54,802
Directors' Fees	245	210
Remuneration to Auditors :-		
Audit Fees :		
- Statutory Audit Fees	370	429
- Tax Audit Fees	137	137
- Other Capacity	520	449
- For Expenses	829	177
	1,856	1,192
- Cost Audit Fees	60	60
- For Expenses	3	5
	63	65
- Internal Audit Fees	100	90
- For Expenses	339	102
	439	192
Handling & Transportation	354,419	356,898
Guarantee Fees	-	11,250
Commission	729	7,020
Loss on Exchange Fluctuation	-	163,887
Tolling Charges-(Copper bearing material)	10,770	174,884
Miscellaneous	552,399	758,873
	2,844,574	3,923,534

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	As at 31.03.2010	Rs. ' 000 As at 31.03.2009
20. INTEREST		
Cash Credit	2,157	9,146
7.5% Corporate Term Loan	-	8,530
Others	32,770	50,473
	34,927	68,149
21. PROVISIONS, LOSSES & WRITE OFF		
Provisions for :		
- Stores Discrepancies	4,032	13,213
- Doubtful Debts, Advances & Claims etc.	1,665	15,541
- Loss of Fixed Assets	5,408	807
- Capital Work-in-Progress	21,051	-
- Non-moving / Obsolete stock / Spares	22,845	1,057
- Finished Stock & WIP	-	10,871
	55,001	41,489
22. PRIOR YEARS' NET DEBITS / (CREDITS)		
Debits:		
Depreciation		29
Interest		257
Rebate & Discount		1,242
Miscellaneous Expenses		1,169
	-	2,697
Credits :		
Miscellaneous Income	20,708	116,921
	20,708	116,921
Net Debit / (Credit)	(20,708)	(114,224)

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 project still 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 to 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 incurrance.

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.

SCHEDULES FORMING PART OF THE ACCOUNTS

- 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.
- 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 realisibility 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

		(Rs. 'in crore)	
		2009-10	2008-09
1.	Contingent liabilities not provided for in respect of :-		
	a. Estimated amount of capital commitments	10.48	32.40
	b. Other money for which the company is contingently liable		
	i. Arrear Salary & Allowances	6.04	113.26
	ii. Sales Tax	5.81	5.41
	iii. Excise Duty	78.49	76.41
	iv. Others	256.95	273.05
2.	<p>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 10.80 crore including interest with a corresponding counter claim of Rs 5.34 crore 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 and the same was admitted for hearing. There was no further development during the period under review. Based upon legal opinion obtained from a senior Supreme Court advocate and the Additional Solicitor General of West Bengal, the management considers the arbitral award is not binding on the company. Hence, in accordance with AS 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, M/s BGL's claim has been disclosed under 'Contingent liabilities'.</p>		
3.	<p>Pursuant to letter no. 10/4/2009-Met.III dated 22nd October 2009 regarding revision of pay scales for Executives of Board level and below Board level with effect from 1st January 2007 and a MOU signed between Management and Recognized Unions on 6th January 2010 regarding Revision of Pay with effect from 1st November 2007, the Company paid the dues to the employees during the year under 'Salary, Wages & Allowance' which includes an arrear payment for Rs 46.11 crore and Rs 5.80 crore for Contribution towards Provident Fund & Other funds.</p>		
4.	<p>There is a dispute with MP State Electricity Board regarding interest on electricity tariff amounting to Rs.121.87 crore payable at MCP which is pending for long time and the matter is presently referred back to Honorable High Court, Jabbalpur by Honorable Supreme Court of India for reconsideration. The said amount has not been provided as liability in the accounts but disclosed as a contingent liability.</p>		
5.	<p>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. are not under possession of the company.</p>		
6.	<p>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. Due to economic consideration, the Company suspended KCC Smelter, Refinery and Sulphuric Acid Plant from December 2008 and during the year the revaluation of Smelter, Refinery and Sulphuric Acid Plant has been conducted on recoverable value basis as on 31.03.2010 by a Registered valuer. The written down value of such plants are lower than the recoverable value assessed by the said valuer. In the opinion of the management, there is no impairment of assets that require a provision to be made in the accounts for the year under review.</p>		
7.	<p>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 0.91 crore. (Previous year Rs. 0.92 crore).</p>		

SCHEDULES FORMING PART OF THE ACCOUNTS

8. Government of India sanctioned Grant-in-aids from time to time for reimbursement to Council of Scientific & Industrial Research, Bhubaneswar, out of which Rs 1.77 crore remains unadjusted since 1994. In absence of specific claim, the same has been credited to Miscellaneous Income under Prior Period Account. However, future claim, if any, arising out of such will be paid by the company.
9. 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 2.34 crore during the year without having any open contract at the end of the year which is shown under Miscellaneous Expenses.
10. At ICC, Pollution Control Plant under Package I & III amounting to Rs 21.00 crore 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 18.27 crore upto 2008-09 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.2.10 crore has been made in 2009-10.
11. The balances under the heads Sundry Creditors, Claims Recoverable, Loans, Advances and some of the Sundry Debtors are subject to confirmations.
12. None of the creditors has been reported as registered under Micro, Small and Medium Enterprise Development Act 2006.
13. 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 crore
(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	0.54 (0.54)	— (—)	— (—)	No separate records maintained
(iii) Liabilities to be settled		1.37 (1.91)	0.73 (0.73)	0.03 (003)	
(iv) Amount of income		— —	0.15 (1.50)	— (—)	
(v) Amount of expenses	— (—)	0.0036 (0.05)	— (—)	— (—)	
(vi) Gain on sale of assets (Included in iv above)	0.64 (1.56)	0.08 (—)	— (—)	— (—)	

SCHEDULES FORMING PART OF THE ACCOUNTS

14. 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)".
15. Sales for the year include Export Sale of Rs.36.10 crore.
16. Related party disclosure :

Particulars	Key Management Personnel	Total Remuneration (Rs)	
		2009-10	2008-09
Receiving of Services	1. Sri Shakeel Ahmed CMD (from 28/10/2009)	596351.00	—
	2. Sri K D Diwan D(OP)	2012332.00	9,37,087.00
	3. Sri Anupam Anand D(P) (from 05/08/2009)	866389.00	—
	4. Sri Satish C Gupta Ex CMD (upto 31/07/2009)	460917.00	9,68,455.00
	5. Sri M Samajpati Ex D(F) (upto 21/10/2009)	625707.00	10,55,905.00
	6. Sri D Satapathy Ex D(P) (upto 31/07/2009)	720519.00	9.98.025.00
	7. Sri R C Singla Ex D(Min) (upto 31/12/2009)	1872477.00	89,232.00

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

(Rs. in crore)

	BASIC	DILUTED
Numerator used: Profit After Tax	154.68 (-10.31)	154.68 (-10.31)
Denominator used: Weighted average number of Equity Shares of Rs.5/- (Previous year Rs 5/- each) outstanding during the year.	925218000 (855535808)	925218000 (962113307)

SCHEDULES FORMING PART OF THE ACCOUNTS

18. 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 crore)

	Deferred Tax Asset/(Liability) as at 01.04.2009	Credit/ (Charge) during 2009-10	Deferred Tax Asset/(Liability) as at 31.03.2010
Deferred Tax Asset :-			
Difference between provision made in accounts and claims made as per I. T Act	98.71	(5.50)	93.21
	98.71	(5.50)	93.21
Deferred Tax Liability :-			
Difference between net book value of depreciable capital assets vis-à-vis WDV as per IT Act	(45.12)	(0.21)	(44.91)
	(45.12)	(0.21)	(44.91)
Deferred Tax Asset (Net)	53.59	(5.29)	48.30

19. **PROVISIONS FOR CONTINGENCIES: -**

(Rs.in crore)

	Discarded Fixed Assets	Capital WIP & Advance	Mines Development Expenditure	Others	Total
Carrying amount as at 01 st April '09	7.51	66.71	46.65	336.59	457.46
Amount provided during the year	-	2.10	-	44.30	46.40
Amounts utilized against provision	-	-	-	-	-
Unused amounts released during the year.	0.11	-	-	3.76	3.87
Carrying amount as at 31 st March '10	7.40	68.81	46.65	377.13	499.99

20. **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.40.10 crores in respect of Gratuity, Leave Encashment and Leave Travel Concession has been made as stated below.

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.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs.in crore)

	Gratuity (Funded plan)	Leave Encashment (Non-funded plan)	Leave Travel Concession (Non-funded plan)
(i) Change in Defined Benefit Obligation			
Opening defined benefit obligation	93.21	38.44	1.91
Current service cost	6.57	5.90	
Interest cost	7.28	2.92	0.14
Benefits Paid	4.37	3.99	0.24
Actuarial gain / (loss)	17.97	6.88	(0.16)
Closing defined benefit obligation	120.66	50.15	1.65
(ii) Change in Fair Value of Assets			
Opening fair value of plan assets	35.31		
Expected return on plan assets	2.82		
Actuarial gain / (loss)	4.58		
Contributions by employer	60.00		
Benefits paid	4.37		
Closing fair value of plan assets	98.34		
(iii) Amount recognized in the Balance Sheet			
Opening Net Liability	57.90		
Expenses Recognized	24.42	15.70	(0.02)
Contributions	60.00		
Closing Net Liability	22.32	15.70	(0.02)
Closing Fund / Provision at end of year	120.66	50.15	1.65
(iv) Expenses recognized in the Profit and Loss Account			
Current service cost	6.57	5.90	
Interest cost	7.28	2.91	0.14
Expected Return on Plan Asset	2.82		
Net actuarial gain / loss recognized in the current year	13.40	6.89	(0.16)
Expenses Recognized as on 31.03.2009	24.42	15.70	(0.02)

21. The physical verification of stores and spares have been carried out during the year as a perpetual process. Discrepancies identified on physical verification are duly adjusted in the books of accounts.
22. 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 the year ended March 31, 2010

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	0
		"	(39400)	(39400)	(-)
2	Wire rod	MT	60000	60000	29711
		"	(60000)	(60000)	(33410)
3	Cathode including	MT	47500	47500	17516
	Toll Smelted Cathode	"	(47500)	(47500)	(30036)
b : By products					
1	Gold	KG	264	698	0
		"	(264)	(698)	(-)
2	Silver	KG	4763	9868	0
		"	(4763)	(9868)	(-)
3	Nickel sulphate	MT	250	390	0
		"	(250)	(390)	(-)
4	Selenium	KG	10000	14600	0
		"	(10000)	(14600)	(-)
5	Sulphuric acid	MT	236000	236000	9934
		"	(236000)	(236000)	(27316)

SCHEDULES FORMING PART OF THE ACCOUNTS

Year 2009-2010

(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	
0	89	0	36	0	0	0
(-)	(97)	(-)	(90)	(19)	(4636)	(-19)
191	44363	427	126113	29475	9978792	0
(161)	(60428)	(191)	(44363)	(33336)	(10677468)	(44)
417	66624	618	92782	1241	378909	16070
(854)	(251941)	(417)	(66625)	(2359)	(912337)	(28115)
0	49	0	49	0	0	0
(-)	(48)	(-)	(49)	(-)	(-)	(-)
0	1	0	1	0	0	0
(-)	(2)	(-)	(1)	(-)	(-)	(-)
6	478	6	478	0	0	0
(6)	(478)	(6)	(478)	(-)	(-)	(-)
0	0	0	0	0	0	0
(-)	(-)	(-)	(-)	(-)	(-)	(-)
3485	3621	2549	3972	9233	10517	1637
(3179)	(27172)	(3485)	(3621)	(23819)	(116890)	(3191)

SCHEDULES FORMING PART OF THE ACCOUNTS

24. NOTES ON ACCOUNTS :

Additional information forming part of accounts for the year ended March 31, 2010 (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	-	25
	"	(NA)	-	(68)
2 Copper mould	MT	NA	-	0
	"	(NA)	-	(-)
3 Kyanite	MT	NA	-	0
	"	(NA)	-	(-)
4 Others	MT	NA	-	
	"	(NA)	-	
GRAND TOTAL				

Note :

* Opening stock includes value of Sulphuric Acid Rs 3621 thousand, Cathode Rs 66624 thousand, Copper Mould Rs 9286 thousand, Gold Rs 49 thousand, Silver Rs 1 thousand Nickel Sulphate Rs 478 thousand, Wire Bar Mould Rs 11 thousand, Kyanite Rs 8 thousand and Anode Slime Rs 85630 thousand which are shown in Work-in-Progress.

** Closing stock includes value of Sulphuric Acid Rs 3972 thousand , Cathode Rs 92782 thousand, Gold Rs 49 thousand, Silver Rs 1 thousand, Wire Bar Mould Rs 11 thousand, Anode Slime Rs 117129 thousand, Nickel Sulphate Rs 478 thousand, Wire Bar Rs 25 thousand, Copper Mould Rs 5505 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 5642.740 CMT valuing Rs 1579798 thousand and KCC origin Qty 4491.003 CMT valuing Rs 1493271 thousand and Sale of Reverts of ICC origin Qty 947.982 CMT valuing Rs 334225 thousand and KCC origin valuing Rs 17659 thousand.

SCHEDULES FORMING PART OF THE ACCOUNTS

Year 2009-2010

(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	85630	14	117129	25	351807	0
(26)	(172886)	(14)	(85630)	(80)	(529390)	(-)
53	9286	52	5505	0	0	2
(54)	(4824)	(53)	(9286)	(-)	(-)	(1)
13	8	13	8	0	0	0
(13)	(8)	(13)	(8)	(-)	(-)	(-)
	0		0		3578453	
	(63620)		(2156)		(1250280)	
	210150 *		346073 **		14298478 ***	
	(581502)		(212307)		(13491000)	

SCHEDULES FORMING PART OF THE ACCOUNTS

24. NOTES ON ACCOUNTS (Contd.)

Additional information forming part of accounts for the year ended March 31, 2010

24.2 Raw materials consumed

	Quantity		Value	
	2009-2010 MT	2008-2009 MT	2009-2010 Rs' 000	2008-2009 Rs' 000
Concentrate own production	84734	114793	2289967	4047416
Concentrate excluding own production	7668	35317	521961	2997589
Cathode	13455	5516	3698512	1011731
24.3 Imported and indigenous raw materials, stores spare parts and components consumed (as certified by the management)				
RAW MATERIALS:	%	%		
Imported	12.37	74.78	521961	2999886
Indigenous	87.63	25.22	3698512	1011731
	100.00	100.00	4220473	4011617
STORES & SPARES:				
(Direct and Stores & Spares booked in Mine Development, Shut-down and Power & Fuel)				
Imported	3.97	0.72	64620	15581
Indigenous	96.03	99.28	1563288	2134183
	100.00	100.00	1627909	2149764
24.4 C.I.F. value of imports				
Raw Material			521961	2999886
Components, spare parts and stores			70491	20408
Capital goods			0	8329
			592452	3028623
24.5 Expenditure in foreign currency				
Technical Know-how			0	43376
Travelling			1241	730
Advertisement			245	0
Professional consultation fees			175	33402
Others			1249	0
			2910	77508

SCHEDULES FORMING PART OF THE ACCOUNTS

24. **NOTES ON ACCOUNTS**

Additional information forming part of accounts for the year ended March 31, 2010 (Contd.)

	2009-2010	2008-2009
	Rs' 000	Rs' 000
24.6 Earning in foreign exchange		
Exports of goods(FOB)	361010	752153
	361010	752153
Salaries and allowances	5332	3559
Company's contribution to provident and other funds	533	380
Re-imburement of medical expenses	165	46
Leave encashment	992	64
Gratuity	350	-
Leave Travel Concession	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 10		

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	11226341	Total Assets	11226341
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Sources of Funds

Paid-Up Capital	4626090	Reserves & Surplus	6599725
Secured Loans	526	Unsecured Loans	-

Application of Funds

Net Fixed Assets	2196295	Investments	719159
Net Current Assets	3650058	Deferred Tax Assets	571976
Capital Work in Progress	48801	Mine Development Expenses	4040052

IV. Performance of Company

Turnover	14805865 *	Total Expenditure	12647417
Profit/ (Loss) Before Tax	2158448	Profit/ (Loss) After Tax	1546848

Earning Per Share (in Rs.)

Dividend rate %	NIL
- Basic	1.67
- Diluted	1.67

* 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



HINDUSTAN COPPER LIMITED

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

DP ID 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 43rd Annual General Meeting of the Company to be held on Wednesday, 30th June 2010 at 3.30 PM and at any adjournment thereof.

Signed this _____ Day of _____ 2010.

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 : _____

DP ID No. : _____

Client ID No. : _____

I HEREBY RECORD MY PRESENCE AT THE 43RD ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON WEDNESDAY, THE 30th JUNE, 2010 AT 3.30 PM AT TAMRA BHAVAN, 1, ASHUTOSH CHOUDHURY AVENUE, KOLKATA-700019.

Please (✓) in the box

Member Proxy

Member's / Proxy's Signature

* Applicable for investors holding shares in Physical Form.

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