



# **HINDUSTAN COPPER LIMITED**

(A Government of India Enterprise)

## **PRESENT BOARD OF DIRECTORS**

**Shri M Samajpati**  
Acting Chairman-cum-Managing Director

**Shri P Swarup**  
Director (Operations)

**Shri R K Bhargava**  
**Shri V K Thakral**

## **COMPANY SECRETARY**

**Shri C S Singhi**

## **AUDITORS**

**M/s. M C Bhandari & Company, Kolkata**  
**M/s. Dinesh Mehta & Company, New Delhi**

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## **BANKERS**

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

## **REGISTERED OFFICE**

Tamra Bhavan  
1 Ashutosh Chowdhury Avenue  
Kolkata-700 019

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## REPORT OF THE BOARD OF DIRECTORS

### The Shareholders Hindustan Copper Limited Kolkata

- Your Directors have pleasure in presenting the thirty-seventh Annual Report of the Company together with the audited statement of accounts and Auditors' Report thereon for the year ended 31st March, 2005.
- FINANCIAL PERFORMANCE**

The comparative position of the working results for the year 2004-05 vis-à-vis 2003-04 is as under :

Particulars	(Rs. in crore)	
	2004-05	2003-04
i. Sales (tonnes)	26043	30144
ii. Turnover	559.11	518.87
iii. Profit before interest, depreciation, provision & write off and tax	127.79	33.73
iv. Interest	42.99	59.63
v. Depreciation, provision & write off	32.74	30.26
vi. Profit before tax	52.06	(56.16)
vii. Provision for taxation	0.00	0.00
viii. Net Profit/(Loss) after tax but before deferred tax	52.06	(56.16)

The financial performance of the company shown significant improvement as company posted a net

profit of Rs.52.06 crore in 2004-05 after a gap of about 8 years. The improvement in bottomline has been achieved due to improved production process, rationalisation of manpower through VRS, reduction in interest cost and other cost cutting measures being implemented by the company. The recent surge in LME price of copper has also helped in achieving better working results.

The cash profit during 2004-05 was Rs.84.80 crore as compared to cash loss of Rs.25.90 crore in 2003-04.

- At Malanjkhand Copper Project, ore milling at 23.43 lakh tonnes during the year 2004-2005 was highest since inception.
- At Indian Copper Complex, Ghatsila the highest ever production of Blister Copper of 2001 MT was achieved in the month of March, 2005. In the year 2004-05 recovery at 95.99% was the highest. Similarly specific consumption figures for fuel oil and oxygen were lowest. Further, increased availability of equipment and close monitoring of process variables have contributed in lowest generation of copper secondaries/process intermediate at 15.72% of the product during the period 2004-05.
- Due to major overhauling job of Smelter/Refinery Plant at KCC, cathode production during 2004-05 was affected. The Plant has since been commissioned on 20th April, 2005.

### 3. PRODUCTION PERFORMANCE

Products	2004-2005 (April 2004 to March 2005)				2003-2004 (April 2003 to March 2004)			
	KCC	ICC	MCP	Total	KCC	ICC	MCP	Total
Ore Raised ('000T)	872	-	2051	2923	574	-	2321	2895
Ore Milled('000T)	894	-	2342	3236	678	-	2265	2943
Metal in Conc.(T)	7742	-	21184	28926	6249	-	22057	28306
Blister Copper(T)	4843	14449	-	19292	28173	2697	-	30870
Cathodes(T)	11675*	12511	-	24186	27303	3295	-	30598
CC Wire Rod(T)	-	-	-	27423**	-	-	-	28003

\* includes tolled cathode of 4909 tonnes.

\*\* includes tolling of 4220 tonnes on behalf of other parties.

KCC-Khetri Copper Complex, ICC-Indian Copper Complex, MCP-Malanjkhand Copper Project



3.4 Since the Company's PMR Plant was not in operation, production of precious metals like Gold and Silver during the year was nil. However, 36.02 MT of Anode Slime, a process intermediate, containing about 180 Kgs. of Gold and 3850 Kgs. of Silver has been produced during the period. PMR Plant is scheduled to be back in production cycle from July'05.

#### 4. POWER SUPPLY POSITION

Power supply position in all the units of the company except ICC unit was more or less satisfactory. ICC experienced occasional load shedding imposed by DVC due to payment default by JSEB. HCL took up the matter with JSEB and DVC and the latest position has been comparatively stable.

#### 5. 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 and other by-products. Special efforts were made in making the operations energy efficient. In most of the areas of production the company was able to achieve reduction in specific consumption rates over the previous year. The achievements made in this regard in KCC mine, ICC, MCP & TCP (KCC smelter was under shutdown from July'04 to March'05) are indicated below :

Sl. No.	Specific consumption	Unit	2004-05	2003-04
1	KCC Mine Power	KWH/T	18.07	23.60
2	MCP Mine Power	KWH/T	0.881	1.011
3	ICC Smelter Power	KWH/T	1133.45	1561.40
4	ICC Refinery Power	KWH/T	276.48	307.17
5	ICC Sulphuric Acid Power	KWH/T	180.74	355.52
6	TCP Power	KWH/T	117.57	120.98
7	KCC Ore Milling Power	KWH/T	23.69	24.73
8	ICC Smelter Fuel Consumption	Ltr./T	467.25	739.33
9	ICC Smelter Oxygen Consumption	Nm <sup>3</sup> /T	389.30	555.92

#### 6. TRANSFER OF TOWNSHIPS

The Government of Jharkhand has decided to takeover the townships of Mosaboni and Rakha including land, building, hospital and other public utility buildings against one time settlement of the arrear electricity fuel surcharge and DPS upto 31.08.2003 (Mosaboni) and 30.09.2003 (Rakha Unit) and water cess upto 31.03.2000, amounting to Rs.64.15 crore claimed by JSEB and State Government. The Receiver for handing over of the townships has since been appointed after Gazette Notification. Pending settlement of the aforesaid claim of fuel surcharge and water cess, there exists a provision of Rs.36.54 crore in the books of account of the company. The balance amount of settlement and also the accounting effect of transfer of assets would be carried out after finally handing over of the assets.

#### 7. SAFETY

Safety continues to be priority area for HCL in its all activities. Kolihan Copper Mine at Rajasthan maintained zero-accident status during this year also like the previous year 2003-04.

Malanjkhand Copper Project at Madhya Pradesh has reported a reduction in accident to 5 during the year as against 6 in the previous year 2003-04.

Khatri Copper Mine was closed from January, 2003 to December, 2003 (nearly 1 year) and reopened from January, 2004. It has worked throughout the year 2004-05 and reported 6 accidents against NIL in 2003-04. The total accident for HCL during 2004-05 was 11. No Fatal Accident occurred during the year.

The recommendation of 9th Conference in Safety in Mines held in February, 2002 and decisions of Tripartite Meeting of HCL have been implemented. Safety matters are discussed regularly in monthly Safety Committee Meeting held at Mines of all projects at Madhya Pradesh and Rajasthan.

Regular safety campaigns like Fire Service day, All India Mine Rescue Competitions, Annual Safety Week celebration etc. have been actively participated by the employees of the company.



## 8. MARKETING

8.1 During the year 2004-05, as KCC smelter was under shutdown for major overhauling, the sale of copper was limited to 26043 MT with a monthly average of 2170 MT as against the monthly average of 2512 MT in previous year. The total sales tonnage included CC Rod of 23607 MT and Cathode and miscellaneous copper of 2436 MT. Sale of wirebar during the year was nil as against 461 MT in 2003-04. Wirebar production was stopped in July'03 in view of less availability of copper and lower realization from wirebar. However, with KCC smelter being put in full operation from 20th April'05, it has been decided to resume production of wirebar.

8.2 The average LME during 2004-05 was US \$ 3000.18 which is expected to be maintained at stable level.

## 9. PROGRESS OF NEW PROJECTS/EXPANSION SCHEMES

No new Projects/expansion Schemes were taken up during the year.

## 10. DEVELOPMENT OF SSI AND ANCILLARY UNITS

All units of Hindustan Copper Limited continued to follow the Government guidelines in encouraging procurement of materials from SSI & Ancillary units in or around their areas. Items like Grinding media, Earth moving equipment, spares etc. are regularly purchased from SSI/NSIC Units. SSI and Ancillary Units are also provided assistance to develop import substitution items.

## 11. RESEARCH & DEVELOPMENT

- i) Specific areas in which R&D activities carried out during the year : Nil
- ii) Benefits derived as a result of R&D : Nil
- iii) Future plan of action : Two schemes have been taken up by HCL for initiation of action in 2004-05. One relates to bio leaching of lean grade sulphide ore at MCP and the other is on selection of appropriate combination of reagents for beneficiation of oxidised ore.
- iv) Expenditure on R&D : Not applicable

## 12. SCIENCE & TECHNOLOGY/TECHNOLOGY ABSORPTION

During the year, Company concentrated on improving the operational practices with a view to reduce processing cost. No new technology has been absorbed during the year.

## 13. PROGRESSIVE USE OF HINDI

Hindi fortnight Hindi Week and Hindi Day was celebrated in the offices and units of company, under which various Hindi competitions were organised and prizes were distributed to winner participants. The messages of Hon'ble Home Minister, Minister of State for Coal & Mines and CMD were circulated in all offices/units and read out on the occasion of Hindi Day. Efforts were made to fulfil the targets prescribed by Government of India in regard to increase the use of Hindi in the company's official work during the year 2004-05. Employees were motivated to use their working knowledge of Hindi in their day to day official work by conducting Hindi workshops in our Units and Head Office. Check points were made more effective to ensure 100% compliance of Section 3(3) of Official Language Act. Replies of all letters received in Hindi were given in Hindi. Regular review with regard to progress of Hindi use and difficulties faced was carried out in quarterly meetings of Official Language Implementation Committee under the chairmanship of Unit Heads in Units and CMD at Head Office. Head Office of the company was awarded with Rajbhasha Vijayanti (Official Language Shield) for doing excellent works in Hindi under Official Language Award Scheme, 2003-04 of Town Official Language Implementation Committee (PSUs), Kolkata on 12th August, 2004.

During the year the inspection committee of Ministry of Mines visited the Head Office on 16th November, 2004 to inspect the progressive use of Hindi. The committee expressed its satisfaction regarding the quantum of work being done in Hindi. The use of Hindi in computer was further increased. The Annual Report of the company for the year 2003-04 has also been published in Hindi alongwith English. Company's web-site in Hindi is in operation. All the employees have been advised to put their signatures in Hindi and make more and more notings in Hindi in the files.



## 14. MANAGEMENT DISCUSSION AND ANALYSIS

### 14.1 Industry Structure and Developments

In the year 2004-05, Indian economy & global economy performed well as it came out successfully from the recessionary trend. During the year, the demand for copper in the global market has been growing steadily. In Asia except Japan, which has attained almost a saturation point, the growth rate is even higher. Consequently the copper price in the global market has been steadily hovering around US \$ 3000 to US \$ 3300 per tonne for the last one year and the trend is likely to continue in the near future. In India, the Copper demand both for primary and secondary refined Copper has increased at an average annual growth rate of 4-5 % approximately. Growth of copper usage in the country is projected to be roughly 5% this year, exceeding world average of 3-4 %, but still we are far behind from China where the average growth-rate during the last decade is 13%. The capacity for production of primary copper in India has risen from a mere 47,500 MT per year till 1997 to approximately 4,75,000 MT in 2004 and is expected to rise to 9,00,000 MT in coming years.

### 14.2 Opportunities and Threats

HCL is the only fully integrated primary copper producing company having its own mining in India. The company has ample scope for expansion of manufacturing capacity for value addition at a low capital cost and augment its mining activity by increasing production from the existing mines as well as further development in the mining area.

At present, the cost of mining in copper has been substantially less than the prevailing global price of copper. With higher production and productivity and improved technology both capital intensive and labour intensive, the advantages can be consolidated further. In India, per capita consumption of copper is 0.3 kg. as against the around 10 Kg. in developed countries, so there exists a distinct scope for increased demand growth rate of copper in the country. The increased

emphasis of the Government on infrastructure development and reform process in the telecom sector transformed the Indian copper industry from its stagnant past to present vibrant state. It is expected that by 2010 the current demand of about 4.50 lac ton per annum may reach a figure of 9.0 lac ton.

The threat perception for the company includes great volatility in international market, substantial increase in production capacity far in excess of the rate of increase in domestic demand of copper, increasing cost of inputs including power, fuel and non-availability of adequate funds for investment.

### 14.3 Future Outlook

Action initiated by the company has helped in registering a net profit of Rs.52.06 crore in 2004-05. HCL now looks forward to having a decisive turn around of the company in the year 2005-06. While higher LME price for copper has improved the overall viability of mining and other operations in the company, HCL's thrust for the year 2005-06 would be on improving mining production and development including Shaft sinking to exploit deposits from Banwas Block at Khetri, improving operational efficiency of Smelter Plants for achieving higher yield and recovery along with increased availability of all production Plants, reduction in cost of power, fuel and oxygen, reduction in the specific consumption of inputs as well as inventory, disposal of non-performing assets and scrap, rationalization of manpower and managing essential requirements through change in work culture and outsourcing, wherever felt necessary. Another area of thrust would be to reduce interest cost through repayment and restructuring of loans and reduction of interest rates through negotiation. Meanwhile, the company has also initiated a special drive in repairing and replacing old machines & equipment, the area where job could not be taken up in the company for quite some time in the past due to paucity of fund. Backlogs in mine development both in the open cast mine at Malanjkhand and the underground mines at Khetri



& Kolihan had been done in 2004-05 through upgradation of mining equipment and partial off-loading of mining development work. In brief, the Company's thrust for 2005-06 would be to augment its infrastructural strength and to sustain its profitability.

#### 14.4 Risks and Concerns

The depreciation of US\$ against rupee, TC/RC rates of copper causes concern for net realisation. Apart from this, probability of further reduction in custom duty and fall in LME prices of copper adds to the existing concern. However company enjoys a natural hedge against these concerns as it has technological edge coupled with professional approach.

#### 14.5 Internal control system and their adequacy

Company has well-established internal control system commensurate with the size of the company. 'Purchase Manual' and 'Contract Manual' have been updated to facilitate processing control as well as greater transparency. HCL has entrusted the job of internal audit to outside professional accounting firms. The internal audit reports are discussed thoroughly by the Board and corrective action taken by management as and when necessary.

#### 14.6 Vigilance Activities

For effective control, surprise checks/regular inspections were conducted. Returns and reports were submitted to the statutory agencies and the CVC guidelines, received from time to time, were followed and adhered to as precautionary and preventive measures. A campaign for creating awareness was taken up by organising the Vigilance Awareness Week Celebration commencing from 01.11.2004 to 06.11.2004 at all the Units including at Head Office. Stress was given on preventive vigilance with a view to minimise scope for corruption and assisting the management in improving the systems and procedures.

#### 14.7 Discussion on financial performance with respect to operational performance

##### 14.7.1 The summarised financial performance of 2004-05 compared with 2003-04 is given below :

(Rs. in crore)

	H e a d	2004-05	2003-04
a.	Sales	559.11	518.87
b.	Value of Production	631.24	534.43
c.	Cost of production excluding depreciation, provisions, write-offs/write-back and interest	503.45	500.70
d.	Profit/(Loss) before depreciation, provisions, write-off/write-back and interes	127.79	33.73
e.	Depreciation, provisions, write-off/write-back	32.74	30.26
f.	Interest	42.99	59.63
g.	Profit/(Loss) before tax	52.06	(56.16)
h.	Provision for tax	0.00	0.00
i.	Profit/(Loss) after tax but before deferred tax	52.06	(56.16)

##### 14.7.2 Capital Expenditure

During the year 2004-05, HCL has received Rs.40 crore as equity from the Govt. for replacement and renewals of existing plant and machinery.

##### 14.7.3 Grant-in-Aid from Government

HCL has received Rs.35.00 crore from the Govt. as Grant-in-Aid during the year 2004-05 towards separation of manpower through VRS.

##### 14.7.4 Bonds (Secured and Unsecured)

Out of the total 14.00% Unsecured privately placed bonds of Rs.63.33 crore, the company has already redeemed Rs.47.78 crore leaving a balance of Rs.15.55 crore even though the bonds are overdue for payment.



The details of total Bonds and Debenture liability as on 31.3.2005 stood as under :

(Rs. in Crore)

14.00% Unsecured Bonds	15.55
14.75% Secured Bonds	4.91
10.65% Secured Bonds	150.00
14% Debenture	62.50
Total	232.96

Bonds and Debentures have been further redeemed and outstanding liabilities position as on the date of this report was : 14% Unsecured Bonds – Rs.14.92 crore, 14.75% Secured Bonds – NIL, 10.65% Secured Bonds – Rs.150 crore and 14% Debentures – Rs.56.25 crore.

#### 14.7.5 Contribution to Exchequer

During the year 2004-2005, the company contributed a total sum of Rs.104.50 crore to the exchequer as shown below :

(Rs. in Crore)

Particulars	
Excise Duty	76.36
Customs Duty	0.31
Sales Tax	9.40
Royalty and Cess	15.62
Others	2.81
Total :	104.50

#### 14.7.6 Expenditure in foreign currency

During 2004-2005, the company spent foreign currency towards import of components, stores & spares and travelling to the tune of Rs.2.38 crore.

#### 14.7.7 Earnings in Foreign Exchange

During 2004-05, company has earned foreign exchange of Rs.10.75 crore by exporting anode slime as against Rs.20.09 crore earned in 2003-04 by exporting reverts.

#### 14.8 Material Developments in Human Resources/ Industrial Relations front including number of people employed :

The Industrial Relations situation in the Company during the financial year 2004-05 continued to be

peaceful and harmonious. There has been no loss of mandays on account of Industrial Relations problem during the year. Total reduction in manpower was 330 out of which 265 employees were separated through VR. The manpower strength of the company as on 31.3.2005 was 5665 as against 5995 as on 31.3.2004.

#### 14.8.1. Reservation for appointment of SC/ST/OBC candidates

The representation of SC, ST and OBC employees out of the total manpower of 5,665 is 15.82%, 12.09% and 12% respectively as on 31.3.2005. There had been no recruitment during last 7-8 years.

#### 14.8.2 Employees participation in management

Over the years, Employees Participation in Management through various Bi-partite forums at all three levels namely at the Apex level, Unit level and shop floor level has immensely contributed in the reduction of cost and in areas of Production, Safety, Welfare and harmonious industrial relation.

#### 14.8.3 Communal Harmony and National Integration

In the Townships of the Company located at Khetri, Malanjkhanda and Ghatsila as well as in other places of work, the employees of different caste, creed, religion cohabitate in a spirit of togetherness and celebrate all the religious festivals with pomp and gaiety.

#### 14.8.4 Employment Situation of Women

The Groupwise strength of female employees as on 31.3.2005 vis-à-vis the total manpower strength of HCL is given below :

Group	Total Strength	No.of Female employees	% of female employees to total strength
Group A	673	20	2.97
Group B	138	6	4.35
Group C	3983	137	3.44
Group D	871	146	16.76
Total	5665	309	5.45





In pursuance to the judgement of the Supreme Court, HCL has set up Committees in all the Units/Offices of the company for the Prevention of Sexual Harassment of Women in work place. A provision in this regard has also been incorporated in the Conduct, Discipline and Appeal Rules of HCL.

During the year under report, no incidence of sexual harassment of women or discrimination amongst employees on the basis of gender has been reported.

#### 14.8.5 The status of implementation of the persons of with Disability Act, 1985

During the last 7-8 years the manpower of the Company is being rationalised and therefore there has been no scope of fresh recruitment with the result physically challenged persons also could not be recruited. In addition, the mining operation of the company being hazardous in nature, the scope of engagement of physically challenged persons is limited. The number of physically challenged persons employed in the company as on 1 4 2005 was as under :

Group	Number of physically challenged persons
A	1
B	1
C	40
D	14
Total	56

#### 14.8.6 Human Resource Development

Training and development of all levels of employees is given due priority by the company to increase effectiveness. Special emphasis was given to organisation building and shaping right attitudes, team building and work culture besides preparing employees to understand the trends in fast changing technology/switching over to latest technology for achieving higher results in production, productivity and profitability.

##### Workers :

Apart from Statutory, Safety, Technical and Functional Programmes, workers were exposed to General Education and Development Programmes. Special programmes were conducted for weaker sections i.e.

Scheduled Castes and Scheduled Tribes employees. A total of 1821 workers attended various training programmes conducted in Training Establishments in different units.

##### Supervisors :

85 First line shop floor and Mine Supervisors attended Supervisory Development Programme on Productivity, Safety, Cost Control, Communications and Human Relations.

##### Executives :

Based on systematic identification of training needs of executives, In-company Management Development Programmes were planned with the best faculty available in the country. 341 executives were exposed to either In-company Programmes or were sponsored in prestigious programmes conducted by various establishments in the country.

## 15. STATUS OF MINING LEASE

The mining leases in respect of Khetri, Kolihan and Chandmari at KCC are valid upto 22.2.2013, 23.11.2016 and 26.12.2012 respectively. Mining Lease No. 1 and 2 of Malanjkhand (for operative mines) are valid upto 26.8.2013. HCL's application for grant of two more leases (Lease No.3 and 4) for development of underground mining at Malanjkhand is under process with State Government of Madhya Pradesh. Development/ Mining Plan for underground mine which is a pre-requisite for grant of approval by Indian Bureau of Mines has been prepared and is in advance stage of submission. Application for surrender of Rakha mining lease of ICC has been submitted to Jharkhand State Govt. on 17.05.2002. Final approval from State Govt. is awaited. As all the mines under Mosaboni mining lease at ICC have been closed, the mining lease has been allowed to lapse from 15th June, 2004 by not renewing the lease expect for Surda Mine which is proposed to be run through Workers' Co-operative in terms of decision taken in Tripartite Meeting with Ministry of Labour, Govt. of India. Part renewal of Mosaboni mining lease over an area of 388.68 hectares for running the Surda Mine has been submitted to the Department of Mines, Government of Jharkhand on 5.6.2004 for getting it renewed in



favour of Hindustan Copper Limited. After renewal of this lease, it will be transferred in the name of Workers' Co-operative to run the Surda Mine.

## **16. CORPORATE GOVERNANCE**

A report on Corporate Governance as per SEBI directives and Stock Exchange Listing requirement is given in Annexure-I forming part of this report together with Statutory Auditors' Certificate on Corporate Governance.

## **17. DIRECTORS' RESPONSIBILITY STATEMENT**

- i) Your Directors confirm that in the preparation of the Annual Accounts for the year ended 31st March, 2005, 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, 2005 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.

## **18. PRESIDENTIAL DIRECTIVES**

The Company did not get any Presidential Directive during 2004-05.

## **19. BOARD OF DIRECTORS**

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

Smt. Sudha Pillai ceased to be part time official director of HCL from 18.8.2004 and Shri R K Bhargava, Additional Secretary(Mines) took over as part time official director vice Smt. Sudha Pillai w.e.f. 18.8.2004.

Shri V K Thakral, Joint Secretary, Ministry of Mines was appointed as part-time official Director on the Board of HCL on 18.11.2004 vice Shri Hem Pande who ceased to be Director from 28.8.2004.

S/Shri M Samajpati and P Swarup were appointed as Director(Finance) and Director(Operations) of HCL on 27.9.2004 and 23.2.2005 respectively.

Shri Rana Som ceased to be Director(Personnel) and Acting CMD w.e.f. 31.3.2005 upon his joining as Director(Personnel) in STC Limited. Shri M Samajpati, Director(Finance) took over the charge of Acting CMD of HCL w.e.f. 31.3.2005.

The Board places on record its appreciation for the valuable services rendered and contribution made by Smt. Sudha Pillai, Shri Hem Pande and Shri Rana Som during their tenure on the Board of HCL.

## **20. AUDITORS**

M/s. Dinesh Mehta & Company, New Delhi and M/s. M C Bhandari & Company, Kolkata were appointed as Joint Statutory Auditors to audit the accounts of the Company for the year 2004-2005.

M/s. H Tara & Company, New Delhi and M/s. Sekhar Ranjan Guha, 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 2004-2005.

### **Auditors' Remuneration**

In accordance with Section 224 of the Companies Act, 1956, the remuneration of Auditors to be appointed under Section 619 by the Comptroller and Auditor General of India, is required to be fixed by the Company in a general meeting or, in such manner, as the Company in general meeting may determine. Accordingly, an Ordinary Resolution under the Ordinary Business has been recommended by the Board for fixing the remuneration of the Statutory Auditors for 2005-2006 to be appointed by the Central Government on the recommendations of the Comptroller and Auditor General of India for consideration by the shareholders.



**21 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 31.3.2005 alongwith the Review of Accounts of your Company by C&AG and Statutory Auditors' observations alongwith Management replies thereto are annexed to this report.

**22. 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.

**23. APPRECIATION**

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

For and on behalf of the Board of Directors

**M Samajpati**

*Acting Chairman-cum-Managing Director*

Place : Kolkata

Date : 20th July, 2005

# ANNEXURE-I TO THE DIRECTORS' REPORT

## REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, a report on compliance of the provisions of Corporate Governance is given below.

### Philosophy of Company on Corporate Governance

Good Corporate Governance means the adoption of best business practices which ensure that the Company operates not only within the regulatory framework, but is also guided by ethics. The adoption of such corporate practices ensures accountability of the persons in charge of the company on the one hand and brings benefits to investors, customers, creditors, employees and the society at large on the other.

### MANDATORY REQUIREMENTS

#### 1. Board of Directors

##### (a) Board Composition :

The Board of Directors of the company, as on the date of this report, comprises of two functional directors viz. Director(Finance) who is also Acting CMD, Director(Operations) and two Govt. directors representing the Ministry of Mines, Government of India. The Board has presently no Independent Director (part-time non-official director) and the posts of two full time functional directors viz. regular CMD and Director(Personnel) are also lying vacant since 30.11.2003 and 31.3.2005 respectively. HCL has, therefore, requested Ministry of Mines to induct requisite number of directors on the Board for its due constitution as well as constitution of various committees as per corporate governance requirement.

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 judgement of Board may affect independence of judgement of the Directors.

The details of the members of the Board are given below :

Name of the Director	Category of Director	No.of other Directorship	No.of Committee position held in other companies	
			Chair man	Member
Executive				
Shri M Samajpati,D(F)& Acting.CMD* (from 27.9.04)	Functional	-	-	-
Shri P Swarup, D(OP) (from 23.2.05)	Functional	1	-	-
Shri Rana Som, D(P) (upto 31.03.05)	Functional	-	-	-
Non-executive(Govt.Director)				
Shri R K Bhargava (from 18.8.2004)	Part-time Official	1	1	-
Shri V K Thakral (from 18.11.2004)	Part-time Official	1	-	1
Smt .Sudha Pillai (from 2.7.2004 to 18.8.2004)	Part-time Official	-	-	-
Shri Madhukar Gupta (upto 2.7.2004)	Part-time Official	-	-	-
Shri Hem Pande (upto 28.8.2004)	Part-time Official	2	-	2
Non-executive(Independent Director)				
Shri S B Kucheria (upto 28.5.2004)	Part-time Non-official	3	2	2
Shri V K Chanana (upto 28.5.2004)	Part-time Non-official	8	-	2

\*Additional charge of Actg.CMD w.e.f. 31.3.2005

## ANNEXURE-I TO THE DIRECTORS' REPORT (Contd.)

### (b) Directors' Attendance

The attendance of directors at Board meetings during 2004-2005 and last Annual General Meeting is given below :

Name of Directors	No of Board meeting(s) attended out of 7 held	Attendance at the last Annual General Meeting
Shri M Samajpati	5	Present
Shri P Swarup	2	-
Shri Rana Som	7	Present
Shri R K Bhargava	6	Present
Shri V K Thakral	4	-
Smt Sudha Pillai	-	-
Shri Madhukar Gupta	-	-
Shri Hem Pande	2	-
Shri V K Chanana	-	-
Shri S B Kucheria	1	-

During 2004-2005, 7(seven) Board meetings were held on 29.4.2004, 26.8.2004, 9.11.2004, 2.12.2004, 7.1.2005, 24.2.2005, 31.3.2005 and majority of members of the Board remained present. Leave of absence was, however, granted to the Directors who could not attend the meeting due to preoccupation.

### (c) Board Procedure :

The meetings of the Board are generally held in Delhi. The Board meets at least once in every quarter, focussing on strategy formulation, policy and control, delegation of powers and approving quarterly results, annual accounts, annual operating plan and budgets, reviewing performance of the Units and for considering statutorily required matters. The agenda for the meetings is prepared by the Company Secretary in consultation with CMD/Functional Directors and the Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior Executives of the company are invited to attend the Board meetings and provide clarifications as and when required. The part-time Directors play an important role in deliberations at the Board meeting and bring to the company their wide experience in the fields of finance, marketing, law, public policy and operations.

Company's 4(four) operating units at Khetri Copper Complex (KCC), Indian Copper Complex (ICC), Malanjkhand Copper Project (MCP) and Taloja Copper Project (TCP) are headed by Unit Heads who work under the overall supervision of Functional Directors and CMD.

### (d) Directors' Remuneration

#### (i) Sitting Fees to Part-time Directors

The independent directors on the Board of HCL has completed their tenure on 28.5.2004. The part-time official Directors representing the Ministry of Mines as well as the whole-time functional Directors are not entitled to sitting fees. The part-time non-official Directors are paid sitting fees @ Rs.800 for attending every Board Meeting and @ Rs.400 for

## ANNEXURE-I TO THE DIRECTORS' REPORT (Contd.)

attending every Committee Meeting. The sitting fees paid to the part-time non-official Directors during the period from 1.4.2004 to 31.3.2005 was as follows :

Non-official Part-time Directors	For Board Meeting (Rs.)	For Committee Meeting (Rs.)
Mr V K Chanana	-	-
Mr. S B Kucheria	800	-

### (ii) Remuneration paid to Whole-time Directors:

The details of remuneration paid to the Whole-time Functional Directors during 2004-2005 was as follows :

Directors' Remuneration	(Rs. in lakhs)
Salaries and Allowance	4.96
Contribution to Provident Fund	0.49
Medical reimbursement	1.47
Leave Encashment	1.13
Gratuity	-
Total	8.05

### 2. Audit Committee :

During the year 2004-05, no audit committee meetings could be held since Independent Directors on the Board of HCL have retired on completion of their tenure. Company has, therefore, taken up the matter with Ministry for appointment of requisite number of Independent Directors, upon whose induction on the Board, the audit committee will be reconstituted.

### 3. Remuneration Committee :

Being a Government company, the remuneration, terms and conditions for appointment of Directors is fixed by the Government of India. As such, no Remuneration Committee has been constituted by the company.

### 4. Investors' Grievance Committee :

The Investors' Grievance Committee will be constituted on appointment of independent Directors on the Board of HCL by Government. The outstanding complaints as on 31st March, 2005 was nil.

### 5. Share Transfer Committee :

A Sub-Committee of the Board comprising of all the functional directors of the company known as Share/Bonds Transfer Committee is already in existence. During 2004-2005, the Committee met 11 (eleven) times on 24.4.2004, 2.6.2004, 3.7.2004, 4.8.2004, 7.9.2004, 27.9.2004, 2.11.2004, 9.12.2004, 12.1.2005, 9.2.2005, 14.3.2005 and approved transfer/ transmission of shares, bonds and issue of duplicate certificates etc. Company Secretary has been nominated as Compliance Officer as per Listing Agreement clauses. As on 31.3.2005 there was no pending case of share/bond transfer.

### 6. General Body Meeting :

Location and time of General Body Meetings held during the last 3 financial years were as under :

Year	Annual General Meeting			Extra Ordinary General Meeting		
	Date	Location	Time	Date	Location	Time
2002	27.09.2002	Kolkata	3.30 pm	20.02.2002	Kolkata	4.30 pm
2003	30.09.2003	Kolkata	4.00 pm	-	-	-
2004	30.09.2004	Kolkata	4.00 pm	-	-	-

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## ANNEXURE-I TO THE DIRECTORS' REPORT (Contd.)

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In the last two annual general meetings, special resolutions were passed by the shareholders for increasing the authorised share capital of the company and for issuance of shares to the President of India on preferential basis.

No special resolution was put through ballot last year.

### 7. Disclosures :

During 2004-2005, 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 markets.

### 8. Means of Communciation :

The company communicates with its shareholders through its Annual Report, publication of financial results and by submission and filing of reports and returns with all statutory bodies. The Annual Report of the company is also hoisted in the website of the company at [www.hindustancopper.com](http://www.hindustancopper.com). The unaudited working results were published by the Company in Financial Express (English Newspaper) and Sambad Pratidin (Bengali Newspaper) during 2004-2005. During the year no presentation was made to any institutional investor or to any analyst.

### 9. General Shareholders' Information :

#### i) 38th Annual General Meeting

Date : 30.9.2005

Time : 4.00 p.m.

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

#### ii) Financial Year 2005-2006 (Tentative)

Results for quarter ending

30th June, 2005 : 4th week of July, 2005

30th September, 2005 : 4th week of October, 2005

31st December, 2005 : 4th week of January, 2006

31st March, 2006 : 4th week of April, 2006

iii) Book-closure date : 23.9.2005 to 30.9.2005 (both days inclusive)

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

v) Listing of Equity Shares on : Kolkata - 18067

Stock Exchanges along with : Mumbai - 513599

Stock Code : Delhi - 6917

: Chennai - HINDCOPPER

: Ahmedabad - 24709/HINDUSTACO.

Annual Listing Fee for 2005-06 has been paid to all the above stock exchanges.

## ANNEXURE-I TO THE DIRECTORS' REPORT (Contd.)

**vi) Stock Market Price Data** : Monthly High and Low quotations of shares traded on The Stock Exchange, Mumbai(BSE) during the financial year 2004-05 was as follows :

Month	B S E	
	High(Rs.)	Low(Rs.)
April, 2004	51.90	42.05
May , 2004	50.00	33.40
June, 2004	36.50	28.06
July , 2004	36.25	27.25
August, 2004	33.11	29.20
September, 2004	44.00	29.61
October, 2004	49.21	38.21
November,2004	46.00	37.00
December,2004	43.00	34.96
January, 2005	43.00	34.90
February, 2005	64.91	37.50
March, 2005	81.50	56.11

**vii) Registrar & Share Transfer Agents :**

HCL is having a full-fledged share cell at its Corporate and Registered Office at Tamra Bhavan, 1 Ashutosh Chowdhury Avenue, Kolkata. However, company has appointed M/s. MCS Ltd., 77/2A, Hazra Road, Kolkata - 700 029 to take care of all share related matters in demat form and for maintaining all the records in computer.

**viii) Share Transfer System :**

Share transfer requests received by the Company are processed and certificates despatched 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, 2005 :**

Category	No. of shares held	%
1 President of India	72,44,19,500	99.48
2 Mutual Funds	300	00.00
3 Financial Institutions	18,75,500	00.257
4 Private Corporate Bodies	5,20,806	0.072
5 Indian Public including employees	13,70,611	0.187
6 NRIs/OCBs	31,283	0.004
TOTAL	72,82,18,000	100.00



## ANNEXURE-I TO THE DIRECTORS' REPORT (Contd.)

### x) Distribution of shareholding as on 31st March 2005 :

RANGE		SHARES	FOLIOS	% SHARES
1	500	588111	2958	0.0808
501	1000	184466	219	0.0253
1001	2000	207000	131	0.0284
2001	3000	113309	44	0.0156
3001	4000	75400	21	0.0104
4001	5000	57731	12	0.0079
5001	10000	170383	25	0.0234
10001	50000	474200	26	0.0651
50001	100000	53100	1	0.0073
100001	and above	726294300	7	99.7358
TOTAL		728218000	3444	100.0000

### xi) Dematerialisation 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 Company's equity shares is INE531E01018 w.e.f 11.9.02. Status of dematerialisation as on 31.3.05 was as follows:

Particulars	No.of Shares	% of Holding	No. of folio
DEMAT :			
a) NSDL	34,19,200	0.469	1758
b) CDSL	-	-	-
PHYSICAL :			
a) Govt. of India	72,44,19,500	99.478	1
b) Others	3,79,300	0.053	1685
TOTAL :	72,82,18,000	100.000	3444

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

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

#### Malanjkhand Copper Project

P.O. Malanjkhand  
Dist. Balaghat  
Madhya Pradesh

#### Khatri Copper Complex

P.O. Khetrinagar  
Dist. Jhunjhunu  
Rajasthan

#### Taloja Copper Project

P.O. Taloja  
Dist. Raigad  
Maharashtra

### xiv) Address for correspondence :

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

### NON-MANDATORY REQUIREMENTS

- The Whole-time Directors of the company including the Chairman-cum-Managing Director are appointed by the Government of India and are being paid remuneration as per the terms of their appointment. The Company, therefore, has not constituted any Remuneration Committee to decide the policy for the Directors' remuneration.
- The Chairman of the Board is a whole-time Functional Director of the Company. He has been provided only those facilities which are permissible under the terms and conditions of his appointment by the Govt. of India.
- The quarterly declaration of financial performance including summary of significant events is made known to the shareholders through press advertisement.
- Training of executives is done as per Company policy.

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## ANNEXURE-I TO THE DIRECTORS' REPORT (*Contd.*)

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### 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 31.03.2005, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we, hereby, certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement, except that no Audit Committee meeting was held during the year, due to absence of independent director.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors' Grievance Committee.

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

**DINESH MEHTA & CO.**

*Chartered Accountants*

**ANUP MEHTA**

*Partner*

**M C BHANDARI & CO.**

*Chartered Accountants*

**M R JAIN**

*Partner*

Place : Kolkata

Dated : 20th July, 2005

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## 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 dated 20th July 2005)

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<b>Audit Observation No.</b>	<b>Observations</b>	<b>Clarification of the Management</b>
4 (d) (i)	In preference to Accounting Standard No. 6 regarding depreciation on Fixed Assets for efflux of time. Accounting Policy of the Company in this regard has been followed.	This is as per accounting Policy No. 4.1 and as explained in Note No. 7 of accounts.
5 (ii)	Non charging of Rs. 40854 thousand being the difference in rates of electricity duty applicable to mines and plants of MCP which is subjudice.	The position has been explained in Note No. 9 of accounts.
5 (iii)	No provision has been made for Rs. 276093 thousand towards interest liability on arrear fuel surcharge & water cess which have been firmed up against a package deal with the State Govt. for transfer of township Assets of some closed units.	The position has been explained in Note No. 10 of accounts.
5 (iv)	Under provision of Rs. 13080 thousand towards water cess.	This has been explained in Note No. 11 of accounts.
5 (v)	Short provision of Rs. 20661 thousand against a supply contract.	This has been duly explained in Note No. 17 of accounts.
5 (vi)	Adequacy or otherwise of the provision made against the condemned fixed assets could not be ascertained as the net realizable value of these assets are yet to be ascertained.	The position has been duly explained in Note No. 12 of accounts.

Place : Kolkata  
Dated : 24.08.2005

**M Samajpati**  
*Acting Chairman-cum-Managing Director*

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## **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 dated 20th July 2005)

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### **Annexure to the Auditors' Report**

2 (a)	Physical verification of Stores & Spares followed by management are reasonable and adequate except one unit.	Job of physical verification of stores & spares has been outsourced but actual work not started upto the date of audit.
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Place : Kolkata  
Dated : 24.08.2005

**M Samajpati**  
*Acting Chairman-cum-Managing Director*

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### **Comments of the Comptroller and Auditor General of India Under Section 619 (4) of the Companies Act, 1956 on the Accounts of Hindustan Copper Limited, Kolkata for the year ended 31st March, 2005.**

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I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619 (4) of the Companies Act 1956 on the accounts of Hindustan Copper Limited, Kolkata for the year ended 31st March 2005.

Place : Kolkata  
Dated: 1st September 2005

**Arijit Ganguly**  
*Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board - I, Kolkata*

# REVIEW OF ACCOUNTS OF HINDUSTAN COPPER LIMITED

for the year ended 31st March 2005 by the Comptroller & Auditor

General of India

(Review of Accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and the qualifications contained in Statutory Auditors' Report).

## 1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three accounting periods :

	<i>(Rs. in Crore)</i>		
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
<b>LIABILITIES</b>			
a) Paid up Capital			
i) Government of India (including share deposit)	791.31	905.15	<b>945.15</b>
ii) Other	3.80	3.80	<b>3.80</b>
b) Reserve & Surplus			
i) Free Reserves & Surplus	0.37	0.34	<b>1.36</b>
ii) Capital Reserve	6.54	7.10	<b>8.57</b>
c) Borrowings from			
i) Bonds	216.32	188.12	<b>154.91</b>
ii) Debentures	100.00	87.50	<b>62.50</b>
iii) Public Deposits	0.01	0.01	<b>0.01</b>
iv) Bank Cash Credit	139.48	76.11	<b>118.23</b>
v) Other Loans	40.30	86.74	<b>15.55</b>
vi) Interest accrued and due	0.32	0.33	<b>5.34</b>
d) Current Liabilities and Provisions	386.13	256.18	<b>267.41</b>
<b>Total</b>	<b>1684.58</b>	<b>1611.38</b>	<b>1582.83</b>
<b>ASSETS</b>			
e) Gross Block	692.60	694.75	<b>673.47</b>
f) Less : Cumulative Depreciation	462.76	478.45	<b>472.86</b>
g) Net Block	229.84	216.30	<b>200.61</b>
h) Capital work-in-progress	21.01	18.30	<b>16.67</b>
i) Mine Development Expenditure	293.49	281.26	<b>276.03</b>
j) Discarded Fixed Assets	-	0.79	<b>1.55</b>
k) Current Assets, Loans and Advances	360.18	255.17	<b>301.35</b>
l) Deferred Tax Assets	-	-	<b>4.98</b>
m) Miscellaneous Expenditure (Not written off)	-	3.37	<b>-</b>
n) Accumulated losses	780.06	836.19	<b>781.64</b>
<b>TOTAL</b>	<b>1684.58</b>	<b>1611.38</b>	<b>1582.83</b>
o) Working Capital {k+j-c(vi)-d}	(-) 26.27	(-) 0.55	<b>30.15</b>
p) Capital Employed (g+o)	203.57	216.85	<b>230.76</b>
q) Net Worth {(a+b(i)-m-n)}	15.42	69.73	<b>168.67</b>
r) Net Worth per rupee of paid up capital (in Rupees)	0.02	0.08	<b>0.18</b>

# REVIEW OF ACCOUNTS OF HINDUSTAN COPPER LIMITED

for the year ended 31st March 2005 by the Comptroller & Auditor

General of India

(Review of Accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and the qualifications contained in Statutory Auditors' Report).

(Rs. in Crore)

	2002-03	2003-04	2004-05
<b>2. WORKING RESULT</b>			
i) Sales	506.11	499.80	<b>559.56</b>
ii) Less Excise Duty	71.27	66.80	<b>76.36</b>
iii) Net Sales	434.84	433.00	<b>483.20</b>
iv) Other Misc. Income	10.06	12.43	<b>12.04</b>
v) Profit/Loss before tax and prior period Adjustment	(-) 146.38	(-) 56.74	<b>53.19</b>
vi) Prior period Adjustment	1.32	0.58	<b>1.13</b>
vii) Profit/Loss before tax	(-) 147.70	(-) 56.16	<b>52.06</b>
viii) Tax Provision	Nil	Nil	<b>3.92</b>
ix) Profit after tax	(-) 147.70	(-) 56.16	<b>55.98</b>

## 3. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the company at the end of last three accounting periods :

(In percentage)

	2002-03	2003-04	2004-05
<b>A. Liquidity Ratio</b>			
Current Ratio	93	99.48	<b>110.49</b>
<b>B. Debt Equity Ratio</b>			
Long term Debt to Equity	2051	453.30	<b>128.90</b>

## 4. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 121.90 crore from internal and external sources were generated and utilized during the period as shown below :

(Rs. in crore)

### Sources of funds :

a) Increase in Share Capital			<b>40.00</b>
b) Profit for the year		55.98	
Add : Mine development expenditure written off		5.23	
Add : Miscellaneous expenditure written off		3.37	
		<u>64.58</u>	
Less : Depreciation (net)		5.59	<b>58.99</b>
Decrease in gross block and capital work in progress			<b>22.91</b>

Total funds inflow during the year **121.90**

### Application of fund :

a) Decrease in borrowing			<b>87.28</b>
b) Increase in Working Capital			<b>30.70</b>
c) Increase in Deferred Tax Assets		4.98	
Less : Adjustment with Revenue Reserve as on 01.04.04		1.06	<b>3.92</b>

Total funds outflow during the year **121.90**

# REVIEW OF ACCOUNTS OF HINDUSTAN COPPER LIMITED

for the year ended 31st March 2005 by the Comptroller & Auditor

General of India

5. The working results of the Company and its major operating units for the last three accounting periods are indicated below :

Unit	Profit (+)/ Loss (-) for the year	Write back of provision made in the earlier years no longer required	Prior period adjustments and extra ordinary items	Write back of development rebate reserve/provision for income tax	Profit (+)/ Loss (-) as per Accounts
(1)	(2)	(3)	(4)	(5)	(6)
<b>Consolidated Position</b>					
2002-03	(-) 146.96	(-) 0.58	(+) 1.32	-	(-) 147.70
2003-04	(-) 56.05	(-) 0.47	(+) 0.58	-	(-) 56.16
<b>2004-05</b>	<b>(+) 52.17</b>	<b>(-) 1.02</b>	<b>(+) 1.13</b>	<b>-</b>	<b>(+) 52.06</b>
<b>Major Operating Units</b>					
<b>Indian Copper Complex</b>					
2002-03	(-) 74.14	(-) 0.04	(+) 0.59	-	(-) 71.69
2003-04	(-) 56.39	(-) 0.04	(+) 0.22	-	(-) 56.57
<b>2004-05</b>	<b>(-) 37.59</b>	<b>(-) 0.07</b>	<b>(+) 1.05</b>	<b>-</b>	<b>(-) 38.57</b>
<b>Khetri Copper Complex</b>					
2002-03	(-) 86.58	(-) 0.38	(+) 0.08	-	(-) 86.28
2003-04	(-) 32.71	(-) 0.17	(+) 0.05	-	(-) 32.59
<b>2004-05</b>	<b>(-) 22.10</b>	<b>(-) 0.37</b>	<b>(-) 2.66</b>	<b>-</b>	<b>(-) 19.07</b>
<b>Malanjkhand Copper Project</b>					
2002-03	(+) 17.64	(-) 0.01	(+) 0.07	-	(+) 17.58
2003-04	(+) 42.30	(-) 0.02	(+) 0.23	-	(+) 42.09
<b>2004-05</b>	<b>(+) 112.31</b>	<b>(-) 0.20</b>	<b>(+) 0.05</b>	<b>-</b>	<b>(+) 112.46</b>
<b>Taloja Copper Project</b>					
2002-03	(-) 4.10	-	(+) 0.06	-	(-) 4.16
2003-04	(-) 1.60	-	(+) 0.03	-	(-) 1.63
<b>2004-05</b>	<b>(+) 1.67</b>	<b>-</b>	<b>(+) 0.90</b>	<b>-</b>	<b>(+) 0.77</b>
<b>Rakha Copper Project</b>					
2002-03	(-) 1.27	(-) 0.02	(+) 0.48	-	(-) 1.73
2003-04	(-) 0.90	(-) 0.03	-	-	(-) 0.87
<b>2004-05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# REVIEW OF ACCOUNTS OF HINDUSTAN COPPER LIMITED

for the year ended 31st March 2005 by the Comptroller & Auditor  
General of India

## 6. INVENTORY LEVELS

The inventory levels at the close of the last three accounting periods are given below :

(Rs. in Crore)

	2002-03	2003-04	2004-05
i. Raw materials	8.41	0.63	0.08
ii. Stores & spares parts and loose tools	42.37	35.25	31.84
iii. Work-in process	101.61	90.91	147.69
iv. Finished Goods	29.83	43.17	46.03

## 7. SUNDRY DEBTORS

The sundry debtors vis-a-vis sales during the last three accounting periods are given below :

(Rs. in Crore)

As on	Sundry Debtors		Total	Sales during the year	Percentage of total sundry debtors to sales
	Considered good	Considered doubtful			
30.09.2003	6.18	4.14	10.32	506.11	2%
31.03.2004	18.08	4.02	22.10	503.28	4.39%
<b>31.03.2005</b>	<b>11.55</b>	<b>3.98</b>	<b>15.53</b>	<b>562.70</b>	<b>2.76%</b>

Place : Kolkata  
Dated : 1st September 2005

**Arijit Ganguly**  
Principal Director of Commercial Audit  
& Ex-Officio Member Audit Board-I, Kolkata



## TEN YEARS AT A GLANCE

(Rs. in lakhs)

FOR THE YEAR	2004-05	2003-04	2002-03	2001-02	1999-01 (18 months)	1998-99 (18 months)	1997-98 (18 months)	1996-97	1995-96	1994-95
Turnover	55,911	51,887	50,568	60,498	94,558	47,949	1,20,348	98,024	1,11,802	93,295
Gross Profit/(Loss)	11,173	287	(8,999)	(12,592)	(10,625)	(11,276)	(1,725)	(7,677)	13,099	12,450
Depreciation and Amortisation	5,575	5,905	5,771	5,812	9,019	5,925	8,848	5,384	5,515	5,224
Net Profit/(Loss)	5,598	(5,616)	(14,770)	(18,404)	(19,644)	(17,201)	(10,573)	(13,062)	7,584	7,226
Value Added	35,042	22,901	14,737	15,309	33,591	16,724	28,946	21,937	41,359	42,216
Value of production	63,124	53,443	50,153	58,666	1,00,166	51,347	1,18,022	1,00,529	1,18,627	90,504
<b>AT THE YEAR END</b>										
Share Capital	94,895	90,895	79,511	71,011	54,361	53,661	52,511	33,820	33,820	33,020
Internal Resources	(29,884)	(35,030)	(31,039)	(16,945)	(49)	19,097	33,896	42,018	53,305	43,880
Long-term loans	22,275	27,562	29,182	29,182	64,332	37,236	11,527	17,456	17,456	16,656
Cash credit from banks	11,823	7,611	13,949	12,204	12,270	8,416	11,960	12,322	10,709	320
Capital expenditure – gross	96,771	99,510	1,00,559	1,02,477	1,06,076	1,06,621	1,05,082	1,01,630	97,772	90,479
Working Capital	3,394	(102)	(2,595)	751	1,798	649	8,635	14,440	24,529	11,344
Capital employed	23,455	21,528	20,389	24,929	28,306	29,871	40,368	45,978	57,081	38,829
Manpower (No.)	5,665	5,995	7,865	9,502	12,043	15,271	18,234	19,884	20,108	20,513

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## AUDITORS' REPORT to the Members of Hindustan Copper Limited

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1. We have audited the attached Balance Sheet of M/s. Hindustan Copper Limited as at 31<sup>st</sup> March '2005 and the Profit & Loss Account of the company for the year ended 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. The audit has been conducted in accordance with generally accepted auditing standards applicable in India which requires the planning and performance of such audit which inter-alia includes examination, on a test basis of evidences supporting the amounts and disclosures in the financial statements including assessing the accounting principles used and significant estimates adopted by the management as well as evaluation of the overall financial statement presentation to obtain reasonable assurance as to whether the financial statements are free of any material misstatements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government under Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 here- in -above and subject to what is stated here-in-below vide paragraph 5, 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 purpose 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 and the Profit & Loss Account are in agreement with the books of accounts.
  - (d) In our opinion, the Profit & Loss Account and the Balance Sheet subject to what is stated herein below comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
    - (i) *Accounting Policy No.4.1 has been followed in preference to Accounting Standard 6 (AS 6) Depreciation Accounting, issued by the Institute of Chartered Accountants of India, regarding depreciation on fixed assets for efflux of time. Further, depreciation charges on Pollution Control Project (Refer Note No.7 of Schedule 24) is also not in accordance with aforesaid Accounting Standard in as much as that life of the project has not been determined. Thus, quantum of depreciation on such assets is not ascertained, however provision of Rs. 44364 thousand has been made till 31<sup>st</sup> March 2005. Auditors have reported the aforesaid facts in their Report on the Accounts for the year 2001-02 to 2003-04.*
    - (ii) *The machinery spares of the nature of capital spares, insurance spares have been identified and depreciated on the basis of the life of the relevant fixed assets already exhausted. However instead of grouping these spares as part of the fixed assets in accordance with the Accounting Standard – 2 issued by ICAI, the same have been considered as inventory and disclosed in the accounts accordingly and any issues of the said Spares are charged to the Stores & Spares consumed. The impact of the same on the profit of the company remains unascertained.*
  - (e) Since Sec 274(1)(g) of the Companies Act, 1956 is not applicable to the Government Companies, as per Notification No. GSR 829 (E) Dated 21/10/2003 issued by Department of Company Affairs, we have no comments regarding disqualification for appointment of Directors.
5. Further to our comments/qualifications in paragraphs 3 and 4 supra we report that
  - (i) *The financial statements have been drawn up on the basis of in-house estimates referred to in paragraph 3 of Accounting Policies, being a technical matter; we have relied upon the same.*

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

- (ii) Based on legal opinion and stay granted by the Hon'ble Supreme Court of India the Company has not charged for the year of Rs.40854 thousand (upto the year Rs. 567,501 thousand) being the difference of rates of Electricity Duty applicable to mines and plant. Since the issue remains unresolved, with the Hon'ble Supreme Court having remitted the matter to Jabalpur High Court for disposal afresh, we are unable to form an opinion on the veracity of the stand taken by the management. (Refer Note No. 9 of Schedule No.24 Notes on Accounts)
- (iii) No provision has been made for Rs. 276093 thousand towards interest liability on arrear fuel surcharge and water cess, which have been firmied up against a package deal with the State Government for transfer of township Assets of some closed mines. (Refer Note No.10 of Schedule No. 24 Notes on Accounts)
- (iv) Under provision of liability towards water cess for Rs. 13080 thousand for the year 2004-05 due to the State Government. (Ref. Note No. 11 of Schedule No. 24 on Notes to Accounts)
- (v) Short provision of liability of Rs. 20661 thousand against a supply contract. (Ref. Note No. 17 of Schedule No. 24 on Notes to Accounts)
- (vi) Pending confirmations received, the balance under the heads Current Liabilities, Advances, Deposits, Sundry Debtors, Claims Recoverable, Materials in Transit and Stocks lying with third parties remain as per book balance.. (Ref. Note No. 5 of Schedule No. 24 on Notes to Accounts).
- (vii) Adequacy or otherwise of the provision made against the condemned fixed assets could not be ascertained as the net realisable value of these assets are yet to be ascertained (Refer Note No.12 of Schedule 24 on Notes to Accounts).
- (viii) Physical verification of stores and spares at ICC, Ghatsila has not been conducted by the management during the year under review ( the work has been outsourced but actually not started till completion of audit). Pending final adjustment of discrepancies like shortage, excess, difference in bincard and PSL balance, and negative balances against many items of inventory, the impact of the same on 'consumption' of stores and spares as well as 'closing stock' remains unascertained.
6. The effect of the various qualifications given above on the profit as well as assets and liabilities of the company could not be ascertained fully for want of details. However as far as the quantification is possible, it amounts to reduction in profit for the year by Rs 350688 thousand, and increase in liabilities by the equivalent amount.

Subject to what is stated in paragraph 4(d) (i) and 4(d)(ii) and paragraph 5(i) to 5(ix) supra, in our opinion and to the best of our information and according to the information and explanations given to us, the said accounts, read with notes thereon, give a true and fair view.

- (i) In the case of the Balance Sheet of the state of affairs of the company as at 31<sup>st</sup> March, 2005 and
- (ii) In the case of the Profit & Loss Account of the profit the company for the year ended on that date.

**For DINESH MEHTA & CO.**  
Chartered Accountants

**ANUP MEHTA**  
(Partner)  
M. No. 93133

**For M. C. BHANDARI & CO.**  
Chartered Accountants

**M. R. JAIN**  
(Partner)  
M. No. 50919

Place : Kolkata  
Dated : 20th July, 2005

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## ANNEXURE TO THE AUDITORS' REPORT (Contd.)

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

- 1 (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.4.3, which needs modification in view of closure of various mines and production facilities. Material discrepancies, if any, between the book records and physical availability of such assets cannot be ascertained in the absence of physical verification.*  
(c) During the year, the company has not disposed off a major part of the plant and machinery though mining activities in certain mines including RCP and MSB concentrators have been abandoned but according to the information and explanations given to us, we are of the opinion that the same has not affected the going concern status of the company.
- 2 (a) Physical verification of the inventory *excepting stores & spares at ICC and RCP units* (whose job of physical verification has been outsourced, but actual work not started upto the date of audit) has been conducted by the management during the period on the basis of actual/survey measurements and in some cases on the basis of estimation after reasonable intervals. Further, the verification system so implemented by the management needs to be strengthened and frequency and scope widened.  
(b) In our opinion and according to the information and explanations made available to us the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business..  
(c) The company is maintaining proper records of inventory. Discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account. *In case of ICC and RCP units* discrepancies detected in earlier years have been adjusted and continues to be shown in stock though necessary provision for the same has been incorporated in the accounts.
- 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 made available to us by the management, the internal control procedures with regard to purchases of inventory, fixed assets including high value contracts, transportation contracts and sale of goods needs to be improved further.
- 5 (a) According to the information and explanations given to us, there is no transaction which need to be entered into 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 Rs 5.00 lakh 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 had maintained deposits within the prescribed limits specified under Rule 3(2)(ii) of the Companies (Acceptance of Deposit) Rules, 1975 framed under the provisions of Section 58A of the Companies Act, 1956 and the directions issued by the Reserve Bank of India. *However, the company has defaulted in making the repayments.*
- 7 The company has a system of Internal Audit by external agencies, coverage of the same may be extended to make the same more meaningful.
- 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.*

## ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- 9 (a) *The Company was not regular in depositing Provident Fund dues and interest thereon during the year with appropriate authorities. The undisputed Provident Fund amounting to Rs 4415 thousand and interest on Provident Fund amounting to Rs. 69901 thousand was outstanding for more than six months from the date they became payable. ( as per details given below)*

PARTICULAR	PERIOD	AMOUNT (Rs. in thousand)
<i>Provident Fund</i>	<i>2004-05</i>	<i>4415</i>
<i>Provident Fund Interest</i>	<i>August 1998 to January 2005</i>	<i>69901</i>

*According to the information and explanations given to us, undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Diversion rent, Entry Tax, Service Tax, Royalty, Forest land, Electricity Duty and Water Cess outstanding for more than six months from the date they became payable were in aggregate of Rs 96954 as at 31<sup>st</sup> March 2005. (As given in annexure attached).*

- (b) *According to the information and explanations given to us, dues of Sales Tax, Excise Duty, Electricity duty, Royalty, Entry Tax Property Tax amounting to Rs 869870 thousand net of deposits made have not been deposited on account of disputes pending at various forum. (As given in annexure attached)*
10. The accumulated losses of the company are more than fifty percent of its net worth. The company 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 Bank but there was default in repayment of debenture, which has been however regularised at the year-end. *The amount of default in respect of Unsecured Public Bonds and default on payment of interest on Debenture at the year-end stands at Rs 155500 thousand and Rs 53387 thousand respectively.*
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 company is not a chit fund or a 'nidhi' mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in 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. As per the information given to us the term loan outstanding as at the end of the year were raised and utilised in the period prior to our audit. Hence, we are unable to comment whether the same have been applied for the purpose for which they have been raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company we report that no funds raised on short-term basis has been used for long-term instalment and vice versa.
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, during the period covered by our audit report, the company has not issued any debenture but continued with the balance of unredeemed non-convertible debentures of Rs 625000 thousand against security created in the form of mortgage of flat at Mumbai, first charge on moveable and immovable assets at KCC, MCP & TCP both present and future and counter guarantee by the Government of India (GOI) in respect of debentures issued.
20. According to the information made available to us, the company has not raised any fund by way of public issue, the end use of which is required to be discussed in the notes to the financial statement and to be verified by us.
21. During the course of our audit and on the basis of our test check, we did not come across any case of fraud on or by the company noticed or reported during the year under audit.

**For DINESH MEHTA & CO.**  
Chartered Accountants

**ANUP MEHTA**  
(Partner)  
M. No. 93133

**For M. C. BHANDARI & CO.**  
Chartered Accountants

**M. R. JAIN**  
(Partner)  
M. No. 50919

Place : Kolkata  
Dated : 20th July, 2005

## ANNEXURE TO THE AUDITORS' REPORT (Contd.)

### UNDISPUTED LIABILITIES FOR MORE THAN SIX MONTHS

(Rs. in thousands)

PARTICULARS	AMOUNT
DIVERSION RENT	398
SALES TAX	5061
CUSTOMS DUTY	15950
ENTRY TAX	16189
SERVICE TAX	131
INCOME TAX-TDS	145
ROYALTY	2577
FOREST LAND	2124
ELECTRICITY DUTY	18225
EXCISE DUTY	616
WATER CESS	27256
WEALTH TAX	8282
<b>TOTAL</b>	<b>96954</b>

### STATEMENT OF DISPUTED STATUTORY LIABILITIES

(Rs. in thousands)

SL. NO.	PARTICULARS	YEAR	FORUM AT WHICH MATTER IS PENDING	AMOUNT
1.	EXCISE DUTY	1984-85, 1985-86, 1991-92, 1992-93 1993-94, 1994-95, 1995-96, 1996-97 1997-98, 1998-99, 1999-2000, 2000-01 2001-02, 2002-03, 2003-04, 2004-05	CESTAT	477171
		1994-95, 1995-96, 1998-99, 1999-2000 2001-02, 2002-03, 2003-04	COMMISSIONER OF EXCISE (APPEALS)	63610
2.	SALES TAX	1991-92, 1994-95, 1995-96, 1996-97 1997-98, 1998-99, 1999-2000, 2000-01 2001-02	COMMISSIONER (APPEALS)	17612
		1991-92, 1992-93, 1993-94	TRIBUNAL	6053
3.	ELECTICITY DUTY	FROM 1990-91 TO 2004-05	HIGH COURT	286400
4.	ROYALTY	1996-97, 1997-98, 1998-99, 1999-00 2000-01, 2001-02, 20002-03, 2003-04	HIGH COURT	8139
5.	ENTRY TAX	1994-95	COMMISSIONER (APPEALS)	540
6.	PROPERTY TAX	FROM 1994-95 TO 1997-98	HIGH COURT	10345
<b>TOTAL</b>				<b>869870</b>

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## ACCOUNTING POLICIES

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1. The Financial Accounts are prepared in all material aspects as per accounting conventions, practices and standards prescribed in India except otherwise stated.
2. The accounts of all units of the Company are drawn up separately and compiled at corporate level.
3. 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 plant.
  - Mineable ore reserves in underground mines.
  - Stripping ratio in open cast mines.

### BALANCE SHEET :

#### 4. Fixed Assets :

- 4.1. Fixed assets are recorded at cost. 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 unamortised value over the remaining life arrived at on the basis of rates prescribed under the Schedule XIV to the Companies Act, 1956.
- 4.2. Depreciation in respect of plant & machinery and building of new project, is charged from the date of commercial production.
- 4.3. Physical verification of fixed assets is carried out once in every five years.
- 4.4. Fixed assets acquired out of funds provided by Government by way of grants-in-aid are recorded in the books at cost and kept in special reserve which is apportioned over the life of the assets by transfer to profit and loss account.
- 4.5. Pending reconciliation/receipt of the final bills against capital items, capitalisation is done on the basis of cost booked and depreciation is charged accordingly. Price differences, if any, are adjusted in the year of finalisation of bills.
- 4.6. 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 capitalised allocating to various items of fixed assets on an appropriate basis. Expansion programme concurrently run with normal production activities in an existing unit, all direct capital expenditure in relation to such expansion are capitalised but indirect expenditure are charged to revenue.
- 4.7. 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.
- 4.8. Project expenses incurred for implementation of new projects are carried forward against respective project till execution. Project expenses rendered infructuous or abandoned are charged to the Profit & Loss Account.

#### 5. Mine Development Expenditure :

- 5.1. 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 capitalised and amortised 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 realisable value.

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## ACCOUNTING POLICIES (Contd.)

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- 5.2. Expenses are apportioned to various mines/levels and treated as capital or revenue mine development expenditure on the basis of inhouse technical estimates.
- 5.3. In respect of open cast mines, the expenditure on removal of waste and overburden, is capitalised and the same is amortised 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.
- 5.4. 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.

### 6. Major Overhauling Expenses :

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

### 7. Inventories :

- 7.1. Inventories are valued on the basis of materials physically available at the end of the year. Discrepancies on account of excess or shortage if any on physical verification are netted off and accounted for accordingly.
- 7.2. Stocks of raw materials, stores and spare parts are valued at weighted average cost while loose tools, materials-in-transit are valued at cost. Loose tools when issued are charged off to revenue.
- 7.3. Finished goods and work-in-process are valued at the lower of the year end net realisable value and weighted average cost to the unit. The cost is exclusive of financing cost items 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 generated. The reverts under work- in-process are valued at lower of cost (equivalent value of concentrates) and net realisable value. Subsidy on fertilizers is not considered for the purpose of fertilizer stock valuation.
- 7.4. Liability for excise duty on finished goods in stock or held in bonded warehouse is provided for in the accounts and also considered in stock valuation. The other stocks are valued net of excise duty where CENVAT is applicable.
- 7.5. The stock of anode slime, rich copper and copper dust arising from treatment and refining processes and intended for sale are valued at realisable value based on the indigenous market price after making due adjustments of their physical recovery and the treatment and refining charges.
- 7.6. The inventories out of inter-unit transfers at the close of the year are valued on the basis of cost or net realisable 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 excepting at TCP Unit.
- 7.7. Scrap stocks are accounted for on realisation/recycling.
- 7.8. Imported materials are valued at weighted average cost at a provisional price pending finalisation of invoice price and customs duty. Variations are accounted for in the year of finalisation.
- 7.9. 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.

### PROFIT AND LOSS ACCOUNT :

#### 8. Sales :

Sales are net of discounts other than cash discounts.



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## ACCOUNTING POLICIES (Contd.)

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**9. Claims :**

Claims on account of liquidated damages and insurance are accounted for as and when these are deducted and/or considered recoverable by the company.

**10. Conversion charges :**

Income from conversion of job work is accounted for on the basis of despatches made .

**11. Interest on L/C bills :**

Interest upto the date of Balance Sheet on all outstanding bills is accounted for on accrual basis.

**12. Gratuity and Leave Encashment on Retirement :**

Gratuity and leave encashment liability on retirement are provided based on actuarial valuation.

**13. Bonus/Ex-gratia :**

Bonus/Ex-gratia is provided for in the accounts of the respective units on estimated basis.

**14. 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.

**15. Accounting for Taxes on Income :**

Income Tax Expense comprises current tax and deferred tax charge. Deferred Tax is recognized on timing differences, being the difference between Taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are recognized only if there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets will be realized. Such balances of Deferred Tax Assets are reviewed as at each Balance Sheet Date to reassess the realisability thereof.

**16. General :**

**16.1. Foreign Currency Transactions :**

Transactions in foreign currencies are recognised at the rates existing at transaction time at which the transaction is 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 recognised in the Profit and Loss Account.

**16.2. 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 capitalised.

**16.3. Voluntary Retirement Expenses :**

**16.3.1. Paid out of own fund :**

In respect of Voluntary Retirement expenditure incurred by the company out of own funds is charged off to revenue over a period of 60 months.

**16.3.2. Paid out of Government Grant :**

Voluntary Retirement Expenditure is charged to the Profit & Loss Account on receipt of Grants from the Government of India with corresponding credits to the Profit & Loss Account.

# BALANCE SHEET

As on March 31, 2005

	Schedule No.	As at 31.03.2005	(Rs. '000) As at 31.03.2004
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	9,089,504	5,436,104
Share Money Awaiting Allotment		400,000	3,653,400
Reserves & Surplus	2	<u>99,350</u>	<u>74,390</u>
		9,588,854	9,163,894
<b>Loan Funds</b>			
Secured Loans	3	3,409,785	4,149,754
Unsecured Loans	4	<u>155,554</u>	<u>238,245</u>
		3,565,339	4,387,999
TOTAL		<u>13,154,193</u>	<u>13,551,893</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	6,734,641	6,947,507
Less : Depreciation	5	<u>4,728,575</u>	<u>4,784,508</u>
Net Block	5	2,006,066	2,162,999
Discarded Fixed Assets net of provision	5	15,483	7,893
Capital Work-in-Progress including Advance for Capital Expenditure	6	166,714	183,006
Mine Development Expenditure	7	<u>2,760,264</u>	<u>2,812,598</u>
		4,948,527	5,166,496
<b>Investments</b>	8	17	21
<b>Current Assets, Loans and Advances</b>			
Inventories	9	2,256,384	1,699,589
Sundry Debtors	10	115,493	180,765
Cash and Bank Balances	11	75,533	170,294
Other Current Assets	12	10,594	13,192
Loans and Advances	13	<u>555,540</u>	<u>487,786</u>
		3,013,544	2,551,626
Less :			
Current Liabilities and Provisions	14	<u>2,674,112</u>	<u>2,561,842</u>
Net Current Assets		339,432	(10,216)
Deferred tax Assets (Net)		49,789	-
Miscellaneous expenditure	15	-	33,711
Profit and Loss Account		7,816,428	8,361,881
TOTAL		<u>13,154,193</u>	<u>13,551,893</u>
Notes to Accounts	24		
Accounting Policies and Schedules 1 to 24 attached form part of the accounts.			

In Terms of our Report of Even Date

For and on behalf of the Board of Directors

For DINESH MEHTA & CO.  
Chartered Accountants  
ANUP MEHTA  
Partner  
Dated : 20th July, 2005

For M. C. BHANDARI & CO.  
Chartered Accountants  
M. R. JAIN  
Partner

C. S. SINGHI  
Company Secretary  
Place : Kolkata  
Dated : 20th July, 2005

P. SWARUP  
Director (Operations)

M. SAMAJPATI  
Acting Chairman  
cum-Managing Director

# PROFIT & LOSS ACCOUNT

## for the year ended March 31, 2005

	Schedule No.	2004-05	2003-04
<b>INCOME</b>			
Gross Sales		5,591,135	5,188,729
Less : Excise Duty		763,625	667,984
Net Sales		4,827,510	4,520,745
Internal Issues		4,483	5,211
Other Income	16	120,372	124,339
Grant-in-Aid		265,573	1,267,494
Increase/(Decrease) in Stock of Finished Goods, Semi-Finished and in Process	17	596,447	25,995
		<u>5,814,385</u>	<u>5,943,784</u>
<b>EXPENDITURE</b>			
Materials, Spares & Components	18	860,844	913,314
Employees' Remuneration & Benefits	19	869,190	918,362
Other Expenses of Manufacturing Administration, Selling & Distribution	20	2,146,470	2,059,204
Excise Duty		(753)	28,827
Prior years' Net Debits/(Credits)	21	11,271	5,839
Interest	22	429,916	596,242
Provisions, Losses & Write off	23	153,717	125,571
VRS Expenses - Grant-in-Aid		265,573	1,267,494
Depreciation		173,654	177,034
Amortisation of Mine Development Expenditure		383,879	413,495
		<u>5,293,761</u>	<u>6,505,382</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>			
Provision for Tax - Current		-	-
- Deferred		39,181	-
<b>PROFIT/(LOSS) AFTER TAX</b>			
		<u>559,805</u>	<u>(561,598)</u>
Transfer from Special Reserve		345	349
Transfer to Capital Reserve		(14,697)	-
Profit/(Loss) brought forward from last year's Accounts		(8,361,881)	(7,800,632)
<b>Balance of Profit/(Loss) Carried to Balance Sheet</b>			
		<u>(7,816,428)</u>	<u>(8,361,881)</u>
Earning Per Share of Rs. 10 each (Note 19 on Schedule 24)			
- Basic (Rs.)		1.25	(-) 1.55
- Diluted (Rs.)		0.75	(-) 0.89
Notes to Accounts	24		

In Terms of our Report of Even Date

For and on behalf of the Board of Directors

For **DINESH MEHTA & CO.**  
Chartered Accountants  
**ANUP MEHTA**  
Partner  
Dated : 20th July, 2005

For **M. C. BHANDARI & CO.**  
Chartered Accountants  
**M. R. JAIN**  
Partner

**C. S. SINGHI**  
Company Secretary

**P. SWARUP**  
Director (Operations)

**M. SAMAJPATI**  
Acting Chairman  
cum-Managing Director

Place : Kolkata  
Dated : 20th July, 2005

## SCHEDULE TO ACCOUNTS

### as on March 31, 2005

		As at 31.03.2005	(Rs. '000) As at 30.03.2004
<b>1. SHARE CAPITAL</b>			
Authorised			
90,00,00,000	Equity Shares of Rs 10/- each	9,000,000	7,000,000
20,00,000	7.5% Non-Cumulative Preference Shares of Rs. 1000/- each	2,000,000	2,000,000
Issued, subscribed & paid up			
71,04,73,700	Equity Shares of Rs 10/- each fully paid up in cash	7,104,737	3,451,337
1,02,44,300	Equity Shares of Rs 10/- each issued pursuant to a contract without payment being received in cash	102,443	102,443
75,00,000	Equity Shares of Rs 10/- each pursuant to Indian Copper Corporation (Acquisition of Undertaking) Act, 1972 without payment being received in cash	75,000	75,000
		<u>7,282,180</u>	<u>3,628,780</u>
18,07,324	7.5% Non-Cumulative Preference Shares of Rs. 1000/- each	1,807,324	1,807,324
		<u>9,089,504</u>	<u>5,436,104</u>
Share Money Awaiting Allotment (Equity)			
	As per last Balance Sheet	3,653,400	2,515,000
	Add : Received during the year	400,000	1,138,400
	Less : Alloted during the year	3,653,400	—
		<u>400,000</u>	<u>3,653,400</u>
<b>2. RESERVES AND SURPLUS</b>			
Capital Reserve :			
	As per last Balance Sheet	70,987	65,417
	Addition during the year	14,697	5,570
		<u>85,684</u>	<u>70,987</u>
Special Reserve :			
	As per last Balance Sheet	3,403	3,752
	Less : Transferred to Profit & Loss Account	345	349
		<u>3,058</u>	<u>3,403</u>
General Reserve :			
	As per last Balance Sheet	—	—
	Add : Deferred Tax	10,608	—
		<u>10,608</u>	<u>—</u>
		<u>99,350</u>	<u>74,390</u>

## SCHEDULE TO ACCOUNTS

as on March 31, 2005

	As at 31.03.2005	As at 31.03.2004
(Rs. '000)		
<b>3. SECURED LOANS</b>		
i) Debentures		
10,000 14% Secured Redeemable Non-convertible Debentures of Rs. 62500/- each (Previous year Rs. 87500 each) (Note 1)	625,000	875,000
Add : Interest Accrued & Due	53,387	—
Secured by mortgage of flats at Mumbai and by first charge on whole of the assets movable and immovable at Khetri Copper Complex, Khetri, Malanjkhanda Copper Project, Malanjkhanda and Talaja Copper Project, Talaja both present and future (save and except Book Debts and Other Current Assets) and counter guaranteed by GOI.	678,387	875,000
ii) Cash Credit from Banks	1,182,318	761,136
Secured by Hypothecation of Stock-in-Trade, Stores and Spare parts, and Book Debts etc. of both present and future of the Company. Further secured by second charge on the immovable assets of the Khetri, Malanjkhanda and Talaja Projects.		
iii) Loans & Advances from Banks-Short Term	—	632,428
iv) Other Loans & Advances		
(a) 10.65% Sec. Red, Non-Conv. Bonds of Rs. 10000000/- each. (Note 2)	1,500,000	1,500,000
Secured by mortgage of a flat at Mumbai. Further secured by Govt. of India guarantee pari passu charge on the assets of Khetri, Malanjkhanda and Talaja pending execution thereof.		
(b) 14.75% 7 year Redeemable Bonds of Rs. 40000/- each (Previous year Rs. 70000/- each (Note 3)	49,080	85,890
(c) 15% 5 year Redeemable Bonds of Rs. 100000/- each (Note 4)		
Secured by first Charge on Specific Assets at Indian Copper Complex, Ghatsila and Head Office Building, Kolkata, through Deposit of Title Deed with the Trustees of the Bondholders.	—	295,300
	49,080	381,190
	<u>3,409,785</u>	<u>4,149,754</u>

Amount falling due within next twelve months Rs. 299,080 thousand (Previous year Rs. 1,214,538 thousand)

Note 1 : 14% Secured Redeemable Non-Convertible Debenture are redeemable in 16 quarterly instalments @ Rs. 62,500 thousand commencing from December 15, 2003 and ending on September 15, 2007. The company had redeemed four instalments of Rs. 62500 thousand each during the year and consequently the face value of each debenture is reduced from Rs. 87500 to Rs. 62500.

Note 2 : 10.65% Secured Redeemable, Non-Convertible Bonds of Rs. 10000000/- each aggregating to Rs. 1,500,000 thousand are redeemable at par in two tranches of Rs. 750,000 thousand each on April 1, 2006 and July 1, 2006 respectively.

Note 3 : 14.75%, 7 year Redeemable Bonds of Rs. 100000/- each aggregating to Rs. 122,700 thousand are redeemable at par in three annual instalments of 30%, 30% and 40% commencing from 31st May, 2003. The second instalment of 30% which was due on May 31st, 2004 has been redeemed during the year and consequently the face value of the bond is reduced from Rs. 70000 to Rs. 40000 each.

Note 4 : 15%, 5 year Redeemable Bonds of Rs. 100000/- each aggregating to Rs. 295,500 thousand were redeemable at par on June 30th, 2003. However, the same could not be redeemed on due date. During the year the company has redeemed the entire outstanding of Rs. 295,300 thousand (Previous year Rs. 200 thousand).

## SCHEDULE TO ACCOUNTS

### as on March 31, 2005

	<i>(Rs. '000)</i>	
	<u>As at 31.03.2005</u>	<u>As at 31.03.2004</u>
<b>4. UNSECURED LOANS</b>		
i. Fixed Deposits		
Unclaimed Public Deposit	41	41
Add : Interest Accrued & Due	<u>13</u>	<u>13</u>
	54	54
ii. Short Term Loans & Advances		
14% Privately Placed Bonds (Note 1)	155,500	235,000
Add : Interest Accrued & Due	<u>-</u>	<u>3,191</u>
	155,500	238,191
	<u>155,554</u>	<u>238,245</u>

Amount falling due within next twelve months Rs. 155,541 thousand (Previous Year Rs. 235,041 thousand)

Note 1 : Out of the total 14% Unsecured Privately Placed Bonds of Rs. 633,300 thousand, the Company has redeemed Rs. 477,800 thousand (including Rs. 79,500 thousand during the year) leaving a balance of Rs. 155,500 thousand even though the Bonds are overdue for payment.



## SCHEDULE TO ACCOUNTS

as on March 31, 2005

	As at 31.03.2005	(Rs. '000) As at 31.3.2004
<b>6. CAPITAL WORK-IN-PROGRESS</b>		
Plant and Machinery (Including in transit Rs. NIL thousand - previous year Rs. NIL thousand)	367,284	367,284
Others	310,195	309,881
	<u>677,479</u>	<u>677,165</u>
Less : Provisions	<u>510,765</u>	<u>494,159</u>
	166,714	<u>183,006</u>
<b>ADVANCE FOR CAPITAL EXPENDITURE</b>		
Unsecured - Considered Good	-	-
Considered Doubtful	2	2
	<u>2</u>	<u>2</u>
Less : Provisions	2	2
	<u>-</u>	<u>-</u>
	<u>166,714</u>	<u>183,006</u>
<b>7. MINE DEVELOPMENT EXPENDITURE</b>		
As per last Balance Sheet	3,260,611	3,382,865
Add : Expenditure during the year as per Schedule 7.01	<u>403,964</u>	<u>299,430</u>
	3,664,575	3,682,295
Less :		
Value of ore recovered during mine development	6,337	8,189
Amortisation	<u>383,879</u>	<u>413,495</u>
	390,216	421,684
	<u>3,274,359</u>	<u>3,260,611</u>
Less : Provisions	<u>514,095</u>	<u>448,013</u>
	<u>2,760,264</u>	<u>2,812,598</u>
<b>7.01 MINE DEVELOPMENT EXPENDITURE</b>		
Salaries, Wages & Allowances	58,922	64,309
Contribution to Provident & Other Funds	6,377	6,489
Workmen & Staff Welfare	3,293	3,542
Gratuity	372	339
Stores, Spares & Tools Consumed	168,829	139,868
Power, Fuel & Water	28,735	39,233
Repairs :		
Building	279	314
Plant & Machinery	4,609	4,017
Others	1,606	3,312
Insurance	382	399
Overburden Removal Expenditure	88,751	-
Prospecting, Survey, Drilling, Sampling & Analysis	7,215	6,702
Depreciation	25,590	23,843
Miscellaneous	9,004	7,063
	<u>403,964</u>	<u>299,430</u>



## SCHEDULE TO ACCOUNTS

as on March 31, 2005

	As at 31.03.2005	(Rs. '000) As at 31.03.2004
<b>8. INVESTMENTS (at cost)</b>		
Non-trade Investments in Debentures :		
– Unquoted		
– 17 Nos. 5% Debentures of Rs. 1,000/- each fully paid up in Woodlands Hospital & Medical Research Centre Ltd.	17	17
– 4 Nos. 6.5% Non-Redeemable Registered Debentures (1962) of Rs. 1,000/- each Fully Paid up in Bengal Chamber of Commerce & Industry	–	4
	<u>17</u>	<u>21</u>
Aggregate Book Value – Unquoted	17	21
<b>9. INVENTORIES</b>		
(As Taken, Valued and Certified by the Management)		
Raw Materials [at cost] (in transit Rs. NIL thousand - Previous year Rs. 1,444 thousand)	841	6,312
Semi-Finished & In-Process [at lower of cost or net realisable value]	15,21,277	953,420
Less : Provision	<u>44,369</u>	<u>44,359</u>
	1,476,858	909,061
Finished Goods [at lower of cost or net realisable value] (in transit Rs. 77,942 thousand previous year Rs. NIL thousand)	480,787	452,146
Less : Provision	<u>20,452</u>	<u>20,452</u>
	460,335	431,694
Stores & Spares [at cost] (in transit Rs. 24,003 thousand - Previous year Rs. 21,006 thousand)	794,288	787,164
Less : Provision for Obsolescence/Non-moving & Verification Discrepancies (net)	<u>462,486</u>	<u>433,867</u>
Less : Provision for Stores & Spares of irregular use	<u>16,169</u>	<u>3,449</u>
	315,633	349,848
Loose Tools [at cost]	2,717	2,674
	<u>2,256,384</u>	<u>1,699,589</u>
<b>10. SUNDRY DEBTORS</b>		
Exceeding six months	46,480	49,936
Other Debts	<u>108,853</u>	<u>171,007</u>
	155,333	220,943
Less : Provision for doubtful debts	<u>39,840</u>	<u>40,178</u>
	<u>115,493</u>	<u>180,765</u>
Particulars of Debt :		
Unsecured – Considered Good	115,493	180,765
Considered Doubtful	<u>39,840</u>	<u>40,178</u>
	<u>155,333</u>	<u>220,943</u>

## SCHEDULE TO ACCOUNTS

### as on March 31, 2005

	As at 31.03.2005	(Rs. '000) As at 31.03.2004
<b>11. CASH &amp; BANK BALANCES</b>		
Cash & Stamps in Hand	2,551	1,246
Cheques/Drafts in Hand	25,110	17,927
Balance with Scheduled Banks on :		
i) Fixed Deposit Accounts	—	55,894
ii) Current Accounts	47,872	95,201
iii) Margin Money	—	26
	47,872	151,121
	75,533	170,294
<b>12. OTHER CURRENT ASSETS</b>		
Interest Accrued on :		
– Loans/Advances/Deposits and Others	10,594	13,192
	10,594	13,192
<b>13. LOANS AND ADVANCES</b>		
Loans	10,746	10,318
Advances Recoverable in Cash or in Kind or for Value to be Received	185,983	156,895
Claims Recoverable	37,370	33,162
Deposits	438,963	394,800
Balance with Customs, Port Trust etc.	7,194	4,683
	680,256	599,858
Less : Provision for Doubtful Advances & Claims	124,716	112,072
	555,540	487,786
Particulars of Loans & Advances :		
Considered Good - Secured	5,202	7,137
- Unsecured	550,338	480,649
Considered Doubtful	124,716	112,072
	680,256	599,858
Notes :		
Amount due from Director	—	—
Amount due from an Officer	—	—
Maximum Amount Due at any Time During the year from - Director	—	—
- Officer	—	—

## SCHEDULE TO ACCOUNTS

### as on March 31, 2005

	As at 31.03.2005	(Rs. '000) As at 31.03.2004
<b>14. CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities :		
Sundry Creditors — Goods	477,851	323,084
Sundry Creditors — Others	776,285	785,599
Sundry Creditors — SSI Units	17,226	87,753
Security & Earnest Money Deposits	169,157	194,391
Grants-in-Aid		
As per last Balance Sheet	160,323	1,177,817
Add : Received during the year	<u>350,000</u>	<u>250,000</u>
	510,323	1,427,817
Less : Transfer to P/L Account	<u>265,573</u>	<u>1,267,494</u>
	244,750	160,323
Other Liabilities	509,946	547,899
Interest Accrued but not Due on Loans	<u>49,024</u>	<u>68,048</u>
	2,244,239	2,167,097
Provisions :		
Wealth Tax	8,282	7,282
Others	<u>421,591</u>	<u>387,463</u>
	429,873	394,745
	<u>2,674,112</u>	<u>2,561,842</u>
<b>15. MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
<b>Major overhaul of Smelter/Refinery</b>		
Balance as per last Balance Sheet	33,711	—
Expenditure During the year :		
Stores	54,071	22,033
Spares	18,190	—
Maintenance Plant (contractual)	<u>46,301</u>	<u>11,678</u>
	118,562	33,711
Less : Charged off during the year :		
Stores	76,104	—
Spares	18,190	—
Maintenance Plant (contractual)	<u>57,979</u>	—
	152,273	—
	<u>—</u>	<u>33,711</u>
<b>Voluntary Retirement Compensation</b>		
Balance as per last Balance Sheet	—	—
Add : Expenditure during the year	<u>265,573</u>	<u>1,267,494</u>
	265,573	1,267,494
Less : Charged to P/L Account	<u>265,573</u>	<u>1,267,494</u>
	—	—
	<u>—</u>	<u>33,711</u>

## SCHEDULE TO ACCOUNTS

### as on March 31, 2005

	As at 2004-05	(Rs. '000) As at 2003-04
<b>16. OTHER INCOME</b>		
Sale of Scrap	19,121	34,801
Profit on Sale of Fixed Assets (net)	37,012	3,101
Profit on Sale of Stores (net)	66	310
Interest :		
- on Loans, Advances, Deposits etc.	712	15,324
- Received from Customers	10,473	13,924
Claims	3,468	579
Provision written back	10,199	4,723
Loss/(Gain) on Exchange Fluctuation	—	26,726
Conversion Charges	12,308	—
Miscellaneous	27,013	24,851
	120,372	124,339
<b>17. INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS, SEMI-FINISHED &amp; IN-PROCESS</b>		
Opening Stock :		
Finished Goods	452,146	318,302
Semi-Finished and In-Process	953,421	1,061,270
Total Opening Stock	1,405,567	1,379,572
Closing Stock :		
Finished Goods	480,787	452,146
Semi-Finished & In-Process	1,521,227	953,421
Total Closing Stock	2,002,014	1,405,567
Increase/(Decrease)	596,447	25,995
<b>18. MATERIALS, SPARES &amp; COMPONENTS</b>		
Raw Materials Consumed	297,180	482,297
Stores, Spares & Tools Consumed	557,327	422,828
Value of Ore Raised During Mine Development	6,337	8,189
	860,844	913,314

## SCHEDULE TO ACCOUNTS

as on March 31, 2005

	(Rs. '000)	
	As at 2004-05	As at 2003-04
<b>19. EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salaries, Wages & Allowances	723,040	767,101
Bonus/Ex-gratia	458	262
Contribution to Provident & Other Funds	74,670	81,124
Workmen & Staff Welfare	60,941	62,205
Gratuity	10,081	7,670
	<u>869,190</u>	<u>918,362</u>
<b>20. OTHER EXPENSES OF MANUFACTURING, ADMINISTRATION, SELLING &amp; DISTRIBUTION</b>		
Power, Fuel & Water	1,059,661	1,314,498
Repairs :		
Building	3,726	4,532
Plant & Machinery	44,211	37,211
Others	<u>12,193</u>	<u>17,065</u>
	60,130 *	58,808
Major Overhaul Expenditure	152,273	—
Royalty, Cess & Decretal amount	156,212	101,852
Insurance	7,029	10,347
Rent	6,234	7,790
Rates & Taxes	17,716	14,167
Remuneration to Auditors :		
Audit Fees :		
– Statutory Audit Fees	281	281
– Tax Audit Fees	105	105
– Other Capacity	209	297
– For Expenses	<u>79</u>	<u>96</u>
	674	779
– Cost Audit Fees	44	40
– For Expenses	<u>—</u>	<u>5</u>
	44	45
Internal Audit Fees & Expenses	259	361
– For Expenses	<u>122</u>	<u>193</u>
	381	554
Director's Fees	1	10
Audit Committee Fees	—	2
Handling & Transportation	177,598	203,586
Donation	1,005	—
Commission	604	746
Loss/(Gain) on Exchange Fluctuation	11,480	—
Discount & Rebate	218,118	195,881
Tolling Charges-Reverts & Concentrate	159,222	—
Miscellaneous	<u>118,088</u>	<u>150,139</u>
	<u>2,146,470</u>	<u>2,059,204</u>

\* Repairs carried out departmentally does not include expenditure of Salary & Wages Rs. 261,550 thousand and Stores and Spares consumed Rs. 228,821 thousand (previous year Rs. 273,346 thousand & Rs. 210,706 thousand respectively) which have been shown under respective Heads of accounts.

## SCHEDULE TO ACCOUNTS

### as on March 31, 2005

	(Rs. '000)	
	As at 2004-05	As at 2003-04
<b>21. PRIOR YEARS' NET DEBITS/(CREDITS)</b>		
Debits :		
Salaries, Wages and Allowances	4	770
Contribution to PF and other Funds	—	171
Gratuity	29	26
Interest	—	97
Repairs and Maint. Plant and Machinery and Others	34	12
Raw Materials, Stores, Spares and Tools Consumed	(124)	1,808
Handling and Transportation Charges	378	216
Depreciation	—	282
Power & Fuel	18,066	34
Excise / Cenvat	18,100	—
Workmen and Staff Welfare	4,468	5
Miscellaneous Expenses	4,196	2,693
	45,151	6,114
Credits :		
Miscellaneous Income	33,880	275
	33,880	275
Net Debit/(Credit)	11,271	5,839
<b>22. INTEREST</b>		
Cash Credit	115,677	164,714
Redeemable Bonds	24,518	96,270
Redeemable Bonds - GOI Guaranteed	159,750	159,750
Debentures	112,327	139,169
Others	17,644	36,339
	429,916	596,242
<b>23. PROVISIONS, LOSSES &amp; WRITE OFF</b>		
Provisions for :		
– Stores Discrepancies	203	2,047
– Finished Stock/WIP	10	—
– Doubtful Debts, Advance & Claims etc.	3,785	42,609
– Stores and Spares of irregular use	12,720	1,690
– Loss of Fixed Assets	—	253
– Capital Work-in-Progress	16,606	11,181
– Excise Duty/Cenvat/Sales Tax	9,096	—
– Wealth Tax	1,000	1,000
– Non-moving/Obsolete Stock/Spares	30,635	55,231
– Mining lease	1,209	1,209
– Closure of Mines – Fixed Assets	12,371	10,338
– Mine Development Expenditure	66,082	—
	153,717	125,558
Write off :		
– Advances / Claims	—	13
	—	13
	153,717	125,571

# SCHEDULES TO ACCOUNTS

as on March 31, 2005

## 24 NOTES TO ACCOUNTS

	(Rs.'000)	
	<u>2004-05</u>	<u>2003-04</u>
1. Estimated amount of capital commitments	360334	207917
2. Contingent liability being claims not acknowledged as debts		
a. Sales Tax	33184	334877
b. Excise Duty	762009	852335
c. Others	1775356	2563955
3. Pending finalisation of lease agreement by State Governments in respect of leasehold lands the amortisation has been made for the ad-hoc payment made so far. Certain freehold land has been transferred in the name of the company in the records of the State Governments without execution of formal deeds for the same.		
4. Assets including land and building acquired on nationalisation of Indian Copper Complex are considered as assets of the company in accordance with Indian Copper Corporation (Acquisition of Undertaking) Act,1972.		
5. Balance shown under Sundry Creditors, Sundry Debtors, Loans, Advances, and Claims Recoverable remained unconfirmed by the parties.		
6. Amount of Rs. 17226 thousand (previous year Rs.87753 thousand) is payable to Small Scale and Ancillary Industrial Undertaking.		
7. At ICC Unit the plants under Package I and III of Pollution Control Projects amounting to Rs.210050 thousand have not been capitalised pending non-completion of trial/guarantee runs as per contract. As a matter of prudence, a provision amounting to Rs.44364 thousand has been made in the accounts to take care of efflux of time. The plant under Package II has been capitalized in the year of completion of trial run. However based upon the latest valuation of the plant, carried out by the independent expert valuer no provision against impairment of assets is required.		
8. In the opinion of the management, the current assets, loans and advances and deposits have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.		
9. In respect of electricity duty dispute with MP State Electricity Board, in case of MCP Unit, the Honourable Supreme Court has remitted the case back to Honourable High Court, Jabalpur for disposal of the case afresh. Pending final decision by the Court, amount paid over and above the admitted liability has been shown in "deposits". Contingent liability and deposits in this respect at the close of the year stood at Rs.567501 thousand (previous year Rs.526647 thousand) and Rs.281101 thousand (previous year Rs.259447 thousand) respectively.		
10. The Government of Jharkhand has decided to takeover the township of Mosaboni and Rakha including land, building, hospital and other public utility buildings against one time settlement of the arrear electricity fuel surcharge and DPS upto 31.08.2003. (Mosaboni) and 30.09.2003 (Rakha Unit) and water cess upto 31.03.2000, amounting to Rs.641462 thousand claimed by JSEB and State Government. The receiver for handing over of the townships has since been appointed after Gazette Notification and assets are in the process of handing over. Pending settlement of the aforesaid claim of Fuel Surcharge and Water Cess, there exists a provision of Rs. 365369 thousand in the books of account of the company. The balance amount of settlement and also the accounting effect of transfer of assets would be carried out after finally handing over of the assets.		

## SCHEDULES TO ACCOUNTS

as on March 31, 2005

11. Water cess beyond 31.03.2000 upto 31.03.2005 for Rs 26163 thousand at the awarded rates by the Honourable High Court in a similar case has been accounted for.
12. The company has closed Mosaboni Group of Mines i.e. Badia, Pathargora, Kharswan, Kendadih and also Rakha Mines. Out of total book value of fixed assets attached to these mines of Rs. 168350 thousand, assets worth Rs. 60851 thousand have been identified as condemned against which a provision of Rs. 48989 thousand is considered sufficient.
13. In view of the ongoing proposal for resumption of operation of Surda Mines alongwith Mosaboni Concentrator and other associated facilities through Musaboni Ex-Employees Self Supporting Labour Co-operative Society Ltd., no provision has been considered necessary in the accounts in respect of the related fixed assets and unconsumed stores & spares.
14. The Company has suspended operation of Chandmari mine due to exhaustion of mineable ore reserve. Unabsorbed mine development expenditure to the tune of Rs 66082 thousand along with WDV of related fixed assets of Rs 2229 thousand has been provided in the current year accounts.
15. In view of its uneconomical operation, the company has suspended operation of the Fertilizer Plant at Khetri Copper Complex. Consequently a sum of Rs 8904 thousand, being WDV of related fixed assets, has been provided in the current year accounts.
16. Expenditure of Rs 5440 thousand incurred for conducting feasibility study for conversion of Dabla Sinhala Railway line from narrow to broad Gauge has been fully provided in the accounts since the project could not be taken up on commercial considerations.
17. Pending settlement of the dispute against a supply contract, out of the total claim of Rs. 39592 thousand, a sum of Rs 18931 thousand (Previous year Rs. 8658 thousand) has been provided and the balance amount has been shown as contingent liability
18. The Company has closed/suspended many of its mining operations located at various places, Fertiliser 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.'000				
		MSB GROUP OF MINES	RCP	CCP	DCP	Fertiliser Plant
i)	Initial disclosure event (Year of closure)	1997 to 2003	2001	2002	1994	2001
ii)	Carrying amount of Assets	No separate records maintained	31308	-	-	No separate records maintained
iii)	Liabilities to be settled		117541	897	-	
iv)	Amount of revenue		13373	11674	7304	
v)	Amount of expenses	75024	11640	362	-	

19. 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)".



## SCHEDULES TO ACCOUNTS

as on March 31, 2005

20. Information in accordance with the requirements of As-18 on “Related Party Disclosures” issued by The Institute of Chartered Accountants of India: -

A) **Key Management Personnel of the Company:-**

<b>Mr. Rana Som</b>	-	Acting Chairman-cum-Managing Director (upto 31.03.05 F/N)
<b>Mr. M. Samajpati</b>	-	Director (Finance) [From 27.09.04] and Acting Chairman-cum-Managing Director [From 31.03.05 A/N]
<b>Mr. P. Swarup</b>	-	Director (Operation) [ From 23.02.05]

B) **List of related parties:-**

Sikkim Mining Corporation

C) **Transactions with related parties/ Key Management Personnel during the year: -**

Rs.'000

Nature of Transaction	Related Parties	Key Management Personnel
Purchase of Goods	5241	
Managerial Remuneration		805
Outstanding Balance as on 31 <sup>st</sup> .March'05		
- Payable/ Creditor	1897	

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

	BASIC	DILUTED
Numerator used: Profit After Tax (in Rs. thousand)	559,805	559,805
Denominator used: Weighted average number of Equity Shares of Rs.10 outstanding during the year.	446,956,247	742,646,330

22. Deferred Tax Assets and Liabilities have been computed on the basis of Unabsorbed Depreciation from the Assessment Year 1982-83 to the current year and the relevant timing differences and consequent effect on the net loss of the company during such years. Since the turnaround of the loss into profit has started to flow during the year only due to improved trading conditions, the Deferred Tax Assets has been recognized to the extent of Unabsorbed Depreciation (excluding which are disputed) only.

Pursuant to the transitional provision of AS-22, the above net effect for deferred taxes of Rs.10608 thousand has been credited to revenue reserves.

DEFERRED TAX ASSET (NET) :-

	As on 01.04.04	Change In P/L During the year	(Rs. '000) Closing As At 31.03.05.
Deferred Tax Asset: -			
Accumulated Unabsorbed Depreciation (excluding Disputed)	577,133	—	577,133
	<u>577,133</u>	—	<u>577,133</u>
Deferred Tax liability :-			
Difference between net Book value of depreciable Capital Assets vis-à-vis W.D.V. as per Income Tax Act	566,525	(39,181)	525,344
	<u>566,525</u>	<u>(39,181)</u>	<u>525,344</u>
Deferred Tax Asset (Net)	10,608	(39,181)	49,789

## SCHEDULES TO ACCOUNTS

as on March 31, 2005

23. Pursuant to change in the accounting policy No.6 for charging of major overhauling expenses from amortisation in 3 years to the year of incurrence, this had an adverse impact of Rs 101515 thousand in the profit & loss for the year 2004-05.
24. Accounting Policy as regards to sales has been changed during the year to show the cash discount offered by the company to its customers as expenditure instead of netting off from sales. The change has been necessitated to bring the Accounting Policy in line with the disclosure requirement of Schedule VI to the Companies Act,1956. However the change does not have any impact on the profit of the company.
25. **PROVISIONS FOR CONTINGENCIES: -**

(Rs. '000)

PARTICULARS	Discarded FixedAssets	Capital WIP & Advance	Mines Development Expenditure	Others	TOTAL
Carrying Amount As At 01 <sup>st</sup> April '04.	64917	494161	448013	1052476	2059567
Amount Provided during the Year.	11813	16606	66081	94213	188713
Amounts Utilized against Provision.	-	-	-	-	-
Unused Amounts released during the year.	2164	-	-	8035	10199
Carrying Amount As At 31 <sup>st</sup> March '05.	74566	510767	514094	1138654	2238081

26. Work in Process includes stock worth Rs 34224 thousand lying with third party.
27. Previous year's figures have been regrouped/rearranged wherever necessary.

## ANNEXURE (Refer Note No. 6 in Schedule No. 25)

The following are the names of SSI units to whom the Company owes any sum, which is outstanding for more than 30 days as on 31.03.2005

<b>Sl. No.</b>	<b>Name of the Party</b>	<b>Sl. No.</b>	<b>Name of the Party</b>
1.	Alpha Carbon Brash Mfg.Co.	53.	Krishna Welding & Repairing Shop
2.	Aman Conveyor Roller Industry	54.	Kwality Engg. Works
3.	American Rubber Mfg.Co.	55.	Laxmi Chemical
4.	Amruta Industries	56.	Laxmi Industries
5.	Ankit Industrial Gases (P) Ltd.	57.	Laxmi Polyplast Industries
6.	Applo Batteries	58.	M.A.S. Industries
7.	Arudra Engineers (P) Ltd.	59.	Maheswari Lime Works
8.	Ashoka Machine Tools	60.	Metreat Products
9.	Associated Pneumatic Industries	61.	Microtek International
10.	Atlas Industrial Corporation	62.	Modern Rubber Products
11.	Ayyappa Engineers	63.	Mohotta Fastners
12.	Bengal Rubber Mfg.Co.	64.	Nabin Engineering Works
13.	Bharat Engg. & Mfg.Co.	65.	Nagpur Engg. Works
14.	Bharat Engineers	66.	National Asbestors Corporation
15.	Bharat Minerals	67.	Navbharat Explosives Co.
16.	Bharat Wood Works	68.	Orlience Engg. Enterprises
17.	Bihar Paints & Pigments Co.	69.	Podder Industries
18.	Bihar Steel Production	70.	Polymold Products
19.	Chota Nagpur Foundry Ltd.	71.	Prakash Printers
20.	Courtesy Printers	72.	Precision Engg. Works
21.	Deepak Engg.Co.	73.	Premier Rubber Mills
22.	Deepak Engineering Works	74.	Print Well
23.	Denish Engg. Works	75.	R K Industries
24.	Diamet Enterprises	76.	R.K.Enterprises
25.	Diamond Chem Industries	77.	Refractory Specialist
26.	Dujodwal Resins	78.	Rishi Industries
27.	Engineering Enterprises	79.	Rollick Industries
28.	Flow Creators	80.	Sharma Engg. Works
29.	Foundry of India	81.	Shinde Tools
30.	Friends Engg. Corporation	82.	Shree Jagannath Ferro Castings
31.	Gajalaxmi Iron Works	83.	Siva Metal Industries
32.	Giriraj Hydraulics (P) Ltd.	84.	Small Tools & Allied Mfg.Co.
33.	Glaxy Foundries (P) Ltd.	85.	Spair Enterprises
34.	Goel Industries	86.	Starling Engg. Works
35.	Goyal Minerals	87.	Subernarekha Enterprises
36.	Grand Union Trading Co.	88.	Suman Industrial Corporation
37.	Hindustan Engg. & Traders	89.	Suyog Chemicals
38.	Hindustan Facing Industries	90.	Talcem Castings
39.	Howrah Machinery Works	91.	The Water Supply Specialists (P) Ltd.
40.	Hydrokrimp A.C. (P) Ltd.	92.	Thejo Engg. Services
41.	Iemco Industries (P) Ltd.	93.	Tirupati Engg. Works
42.	IGP Engineer (P) Ltd.	94.	Toshniwal Process Instruments (P) Ltd.
43.	Indo Industrial Services	95.	Unicast Engg.
44.	Inicorp Industries	96.	Unik Engineers
45.	Iqbal Brothers (P) Ltd.	97.	Universal Asbestos Cement Products
46.	J.E. Thermit	98.	Utkal Moulders
47.	Jairam Engg. Works	99.	UTS India (P) Ltd.
48.	Jhonson Rubber	100.	Varun Polypack
49.	K.M.Udyog	101.	Veeckey Industries
50.	K.N.Welding & Engg.	102.	Vora Industries
51.	Kamal Industrial Concern	103.	Vulcan Industrial Engg.Co.
52.	Kiran Metal Works		

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## SCHEDULES TO ACCOUNTS

as on March 31, 2005

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### 24. NOTES TO ACCOUNTS (Contd.)

#### 24. Additional information

##### 24.1 Capacities, production, stocks, and sales

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Class of goods	Unit	Licensed capacity	Installed capacity (As certified by management)	Actual production
<b>A. Manufacturing Activities</b>				
<b>a. Main products</b>				
1. Wire bar	MT	39400	39400	-
	„	(39400)	(39400)	(455)
2. Wire rod	MT	60000	60000	23203
	„	(60000)	(60000)	(28003)
3. Cathode	MT	47500	47500	24186
	„	(47500)	(47500)	(30598)
<b>b. By products</b>				
1. Gold	KG	264	698	-
	„	(264)	(698)	(195)
2. Silver	KG	4763	9868	-
	„	(4763)	(9868)	(3207)
3. Nickel sulphate	MT	250	390	-
	„	(250)	((390)	(10)
4. Selenium	KG	10000	14600	-
	„	(10000)	(14600)	(2357)
5. Sulphuric acid	MT	236000	236000	15878
	„	(236000)	(236000)	(20439)
6. Tellurium	KG	NA	-	-
	„	(NA)	(-)	(31)

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## SCHEDULES TO ACCOUNTS

as on March 31, 2005

Year : 2004-05

(Figures in brackets pertain to previous year)

Quantity	Opening Stock		Closing Stock		Sales		Issued for internal consumption/ intermediate products and others Quantity
	Quantity	Value (Rs '000)	Quantity	Value (Rs '000)	Quantity	Value (Rs '000)	
1	206		1	173	-	-	-
(7)	(804)		(1)	(206)	(461)	(62652)	(-)
1513	234992		1127	202890	23607	4906278	-18
(1111)	(139555)		(1513)	(234992)	(27603)	(4088899)	(-3)
770	90181		988	138594	2436	501564	21612
(797)	(92723)		(770)	(90181)	(2080)	(308877)	(28544)
-	15		-	21	-	-	-
(-)	(15)		(-)	(15)	(195)	(106217)	(-)
-	1		-	1	-	-	-
(1287)	(8748)		(-)	(1)	(4494)	(34944)	(-)
6	543		6	534	-	-	-
((16)	(1810)		(6)	(543)	(20)	(2585)	(-)
-	-		-	-	-	-	-
(730)	(296)		(-)	(-)	(3087)	(1374)	(-)
4998	14074		3646	11323	15440	38030	1790
(3399)	(7228)		(4998)	(14074)	(17265)	(38029)	(1575)
-	-		-	-	-	-	-
(34)	(79)		(-)	(-)	(65)	(151)	(-)

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## SCHEDULES TO ACCOUNTS

as on March 31, 2005

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### 24. NOTES TO ACCOUNTS (Contd.)

#### 24. Additional information

##### 24.1 Capacities, production, stocks, and sales

Class of goods	Unit	Licensed capacity	Installed capacity (As certified by management)	Actual production
<b>c. Allied and semi-Finished products</b>				
1. Anode slime	MT	NA	-	14
	„	(NA)	-	(47)
2. Copper turnings	MT	NA	-	-
	„	(NA)	-	(-)
3. Copper mould	MT	NA	-	38
	„	(NA)	-	(38)
4. Kyanite	MT	NA	-	-
	„	(NA)	-	(-)
5. Others	MT	NA	-	-
	„	(NA)	-	(-)
<hr/>				
Grand Total				

#### Notes :

- \* Opening stock includes value of Sulphuric Acid Rs. 12939 thousand, Anode Mould Rs. 2695 thousand Wire Bar Moulds Rs. 1834 thousand and Liberator Cathode Rs. 8429 thousand which are shown in Work-in-Progress.
- \*\* Closing stock includes value of Sulphuric Acid Rs. 7564 thousand (Previous year Rs. 12939 thousand) and Anode Mould Rs. 2695 thousand (Previous year Rs. 2695 thousand) and Wire Bar Mould Rs. 1834 thousand (Previous year Rs. 1834 thousand) & Liberator Cathode Rs. 10690 thousand (Previous year Rs. 8429 thousand) which are shown in Work-in-Progress.
- \*\*\* Excludes Sale of Reverts Rs. 13341 thousand (Previous year Rs. 330910 thousand) and Ore Rs. 9 thousand (Previous year NIL). Sale of Concentrate Rs. 5802 thousand.

## SCHEDULES TO ACCOUNTS

as on March 31, 2005

Year : 2004-05

(Figures in brackets pertain to 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)	
43	124184	31	131555	25	107454	1
(9)	(25413)	(43)	(124184)	(-)	(-)	(13)
-	-	-	-	-	-	-
(-)	(-)	(-)	(-)	(-)	(-)	(-)
51	4529	51	4528	-	-	38
(51)	(4529)	(51)	(4528)	(-)	(-)	(38)
13	8	13	8	-	-	-
(13)	(8)	(13)	(8)	(-)	(-)	(-)
-	9311	-	13942	-	18656	-
(-)	(45186)	(-)	(9311)	(-)	(18210)	(-)
	478043*		503569**		5571983***	
	(326394)		(478043)		(4661938)	

## SCHEDULES TO ACCOUNTS

### as on March 31, 2005

#### 24. NOTES TO ACCOUNTS (Contd.)

##### 24. Additional information

##### 24.2 Raw Materials Consumed

	Quantity		Value	
	2004-05 MT	2003-04 MT	2004-05 (Rs. '000)	2003-04 (Rs. '000)
Concentrate own production	84243	118000	2616143	2277971
Concentrate excluding own production	436	19249	9760	482297
Cathode	1742	—	287420	—
<b>24.3 Imported and indigenous raw materials, stores, spare parts and components consumed (as certified by the management)</b>				
Raw Materials :	%	%		
Imported	—	100.00	—	482297
Indigenous	100.00	0.00	297180	—
	100.00	100.00	297180	482297
Stores & Spares :				
(Director and Store & Spares booked in Mine Development, Shut-down and Power & Fuel)				
Imported	4.90	3.05	30398	27168
Indigenous	95.10	96.95	590562	863919
	100.00	100.00	620960	891087
<b>24.4 C.I.F. Value of Imports</b>				
Raw Material			—	456831
Components, spare parts and stores			23262	21381
Capital goods			—	—
			23262	478212
<b>24.5 Expenditure in foreign currency</b>				
Technical know-how			—	—
Travelling			490	723
Advertisement			—	48
Professional consultation fees			—	—
Others			—	58
			490	829



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## SCHEDULES TO ACCOUNTS

as on March 31, 2005

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### 24. NOTES TO ACCOUNTS (Contd.)

	<u>2004-05</u> <i>(Rs. '000)</i>	<u>2003-04</u> <i>(Rs. '000)</i>
24.6 Earning in Foreign Exchange		
Exports of goods (FOB)	<u>107454</u>	<u>200931</u>
	<u>107454</u>	<u>200931</u>
24.7 Payment to Whole-time Directors :		
Salaries and Allowances	496	521
Company's contribution to Provident and other funds	49	62
Re-imburement of medical expenses	147	28
Leave encashment	113	163
Gratuity	—	104

**Note :**

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

## CAPITAL EXPENDITURE ON TOWNSHIP AND SOCIAL AMENITIES as on March 31, 2005

(Rs. '000)

Assets	Total expenditure upto 31.03.04	Additions/ adjustments during the year	Total expenditure upto 31.03.2005	Depreciation upto 31.03.2005	Depreciated value as at 31.03.2005
Land	14164	1801	15965	768	15197
Roads & bridges	21477	-	21477	8092	13385
Drainage, sewerage & water supply	76975	30	77005	26649	50356
Township building including Hospital quarters & others	456796	(-) 896	455900	161306	294594
School & hospital buildings	42079	(-) 767	41312	15601	25711
Electrical installations & electrification	31864	(-) 94	31770	16860	14910
Hospital Equipments	17473	(-) 23	17450	12442	5008
Hospitals, Schools & Guest House furniture	5424	-	5424	4962	462
	<u>666252</u>	<u>51</u>	<u>666303</u>	<u>246680</u>	<u>419623</u>

## SOCIAL OVERHEADS INCLUDING EXPENDITURE ON TOWNSHIP

for the period ended March 31, 2005

	(Rs. '000)	
	2004-05	2003-04
<b>TOWNSHIP :</b>		
Administration & Maintenance Expenses :		
Employees' remuneration & benefits	24141	24144
Power, fuel & water	167950	175518
Consumption of stores/Repairs & maintenance	2395	4374
Depreciation	10252	19202
Others	5641	5980
	210379	229218
Less :		
Township Income	49099	45112
Net expenditure on township	161280	184106
<b>OTHER SOCIAL OVERHEADS :</b>		
Maintenance of school & educational facilities	10578	10288
Less : Receipts	—	—
	10578	10288
Medical Facilities	63077	67027
Less : Receipts	1398	1537
	61679	65490
Staff welfare	7886	10613
Net expenditure on other social overheads	80143	86391
Total expenditure	241423	270497

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Amount in Rs. '000.

## I. Registration Details

Registration No.  State Code   
Balance Sheet Date

## II. Capital Raised during the Year

Public Issue  Rights Issue   
Bonus Issue  Private Placement

## III. Position of Mobilisation and Deployment of Funds

Total Liabilities  Total Assets   
Sources of Funds  
Paid-up Capital   
\*

Reserves & Surplus

\* Share money received from Government of India awaiting allotment of Equity Shares

Secured Loans  Unsecured Loans   
Application of Funds  
Net Fixed Assets  Investments   
Net Current Assets  Misc. Expenditure   
Accumulated Losses

## IV. Performance of Company

Turnover \* Total Expenditure   
Profit/(Loss) Before Tax  Profit/(Loss) After Tax   
Earning Per Share (in Rs.) 1.25 Dividend Rate %

\* includes Other income and Internal issues.

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

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

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

(Rs. '000)

Pursuant to Clause 32 of Listing Agreement with Stock Exchanges

	Year ended 31st March, 05	Year ended 31st March, 04
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT/(LOSS) BEFORE TAX AND EXTRA-ORDINARY ITEMS	520,624	(561,598)
Adjusted for :		
Depreciation	173,654	177,316
Provisions charged	199,638	125,571
Provisions written back	(10,199)	(4,723)
Interest charged	429,916	596,242
Amortisation	383,879	413,495
Interest income	(11,185)	(29,248)
Shut down expenditure charged off	33,711	—
Voluntary Retirement exp. written off	265,573	1,267,494
Grant in Aid from Govt. of India utilised	(265,573)	(1,267,494)
Gain on disposal of fixed assets	(37,012)	(3,101)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	1,683,026	713,954
Adjusted for :		
Decrease/(Increase) in Trade & other Receivables	65,610	(117,708)
Increase in Inventories	(598,144)	(17,680)
Increase in Loans & Advances	(80,398)	(47,566)
Increase/(Decrease) in Trade payables & Provisions	953	(270,615)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE EXTRA ORDINARY ITEMS	1,071,047	260,385
Expenditure on Voluntary Retirement	(265,573)	(1,267,494)
Grant in Aid received from Govt. of India	350,000	250,000
NET CASH FROM OPERATING ACTIVITIES AFTER EXTRA ORDINARY ITEMS (A)	1,155,474	(757,109)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(63,090)	(68,390)
Expenditure on Major overhaul	—	(33,711)
Sales of Fixed Assets	39,514	9,324
Sale of Investments	4	1
Interest received	13,783	36,417
Mine Development Expenditure	(372,037)	(267,398)
NET CASH USED IN INVESTING ACTIVITIES (B)	(381,826)	(323,757)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share money received from Govt. of India	400,000	1,138,400
Redemption of 14.00% Secured Debentures	(250,000)	(125,000)
Redemption of 14.75% Secured Redeemable Bonds	(36,810)	(36,810)
Redemption of 15.00% Secured Redeemable Bonds	(295,300)	(200)
Redemption of 14.00% Privately placed Bonds	(79,500)	(10,000)
Increase/(Repayment) of Short term Loan from banks	(632,428)	229,451
Interest Paid	(395,553)	(599,166)
NET CASH USED IN FINANCING ACTIVITIES (C)	(1,289,591)	596,675
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(515,943)	(484,191)
CASH AND CASH EQUIVALENTS - Opening Balance	(590,842)	(106,651)
CASH AND CASH EQUIVALENTS - Closing Balance (details in Annexure - A)	(1,106,785)	590,842

For and on behalf of the Board of Directors

**C. S. SINGHI**  
Company Secretary

**P. SWARUP**  
Director (Operation)

**M. SAMAJPATI**  
Acting Chairman-cum-Managing Director

Place : Kolkata

Dated : July 20th, 2005

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## CASH FLOW STATEMENT (Contd.)

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(Rs. '000)

### ANNEXURE - A

CASH AND CASH EQUIVALENTS - opening balance as on	01.04.2004	01.04.2003
i) Cash & Bank balance	170,294	1,288,219
ii) Cash Credit balance	(761,136)	(1,394,870)
	<u>(590,842)</u>	<u>(106,651)</u>
CASH AND CASH EQUIVALENTS - closing balance as on	31.03.2005	31.03.2004
i) Cash & Bank balance	75,533	170,294
ii) Cash Credit balance	(1,182,318)	(761,136)
	<u>(1,106,785)</u>	<u>(590,842)</u>

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### Auditors' Certificate

To  
Hindustan Copper Limited  
'Tamra Bhavan'  
1, Ashutosh Chowdhury Avenue  
Kolkata - 700 019

We have examined the attached Cash Flow Statement of Hindustan Copper Limited for the year ended March 31st, 2005. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreements with stock exchanges based on and in agreement with the corresponding profit & loss account and balance sheet of the Company covered by our report of 20th July, 2005 to the members of the Company.

**For DINESH MEHTA & CO.**  
*Chartered Accountants*

**ANUP MEHTA**  
*Partner*  
M. No. 93133

**For M C BHANDARI & CO.**  
*Chartered Accountants*

**M R JAIN**  
*Partner*  
M. No. 50919

Place : Kolkata  
Dated : 20th July, 2005