



## **BOARD OF DIRECTORS**

R.K. Sukhdevsinhji	-	Chairman
P.R. Tripathi	-	Director
Rahul Gupta	-	Director
Rajendra Mittal	-	Director
Sanjoy Gupta	-	Nominee Director of ICICI Bank Limited
R.K. Rawat	-	Nominee Director of LIC
D.R. Shah	-	Nominee Director of GIIIC Limited
O.P. Chugh	-	Managing Director & CEO

## **GENERAL MANAGER (CORP. AFFAIRS) & COMPANY SECRETARY**

Jaydev R. Betai

## **BANKERS**

ICICI Bank Limited  
Dena Bank

## **AUDITORS**

N.M. Raiji & Co.  
Chartered Accountants,  
Mumbai.

## **REGISTRAR & TRANSFER AGENT**

Link Intime India Private Limited  
C/13, Pannalal Silk Mills Compound,  
L.B.S. Marg,  
Bhandup (West),  
MUMBAI 400 078.

## **REGISTERED OFFICE**

747, GIDC Industrial Estate,  
P.O. Box No. 14, Jhagadia - 393 110  
Dist. Bharuch, Gujarat, INDIA



## NOTICE

Notice is hereby given that 45<sup>th</sup> Annual General Meeting of the company will be held at the Registered Office of the company at 747, G.I.D.C. Industrial Estate, Jhagadia - 393 110, District Bharuch, Gujarat, India, at 11.30 a.m. on Monday, 7<sup>th</sup> September, 2009 to transact the following Business:

### **Ordinary Business:**

1. To receive, consider and adopt Directors' Report and Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and the Balance Sheet as at that date together with the report of the Auditors thereon.
2. To appoint a Director in place of Shri R.K. Sukhdevsinhji who retires by rotation and is eligible for re-appointment.
3. **Appointment of Auditors**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**.

**"Resolved that** pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. N. M. Rajji & Co., Chartered Accountants, Mumbai, the retiring Auditors of the company, be and are, hereby re-appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the company, for the financial year 2009-2010 on such remuneration plus reimbursement of service tax, out of pocket expenses, travelling and other expenses, as may be mutually agreed upon between the Board of Directors of the company and the Auditors in connection with the work of audit to be carried out by them."

### **Special Business:**

4. **Appointment of Shri Om Prakash Chugh as a Director.**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as **Ordinary Resolutions**.

**"Resolved that** Shri Om Prakash Chugh who was appointed as Additional Director by the Board under Section 260 of the Companies Act, 1956 and holds office till the conclusion of the Annual General Meeting be and is hereby appointed as a Director of the company.

**Resolved further that** Shri Om Prakash Chugh shall not be liable to retire by rotation."

5. **Appointment of Shri Om Prakash Chugh as Managing Director & CEO.**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as **Special Resolutions**.

**"Resolved that** in accordance with the provisions of Sections 198, 269, 309, 310 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the company be and is hereby accorded for the appointment of Shri Om Prakash Chugh, as Managing Director & CEO w.e.f. 9<sup>th</sup> February 2009 for a period of 3 years i.e. upto 8<sup>th</sup> February 2012 on the terms and conditions as stated in the Explanatory Statement.

**Resolved further that** the Board of Directors of the company be and is hereby authorized to take such steps as may be necessary to give effect to the above resolution."

6. **Confirmation to convertibility of privately placed Securities.**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as **Special Resolutions**.

**"Resolved that** the right of conversion of the following convertible Securities issued to various financial institutions and banks and Asset Reconstruction Company (India) Limited, pursuant to the resolutions passed on 29<sup>th</sup> September, 2000, 23<sup>rd</sup> December, 2002, 12<sup>th</sup> December 2003, 24<sup>th</sup> September 2004, 22<sup>nd</sup> December, 2005, 23<sup>rd</sup> December, 2006 and 9<sup>th</sup> June 2008 be and are, hereby renewed and reaffirmed for further period as per applicable guidelines of SEBI (Disclosure and Investor Protection) Guidelines, 2000.



Sr. No.	Particulars of Securities	Number of Securities	Face Value of the Securities Rs.	Total Value Rs.
1	Optionally Convertible Cumulative Redeemable Preference Shares-I (OCCRPS-I)	18510808	100/-	1851080800
2	Optionally Convertible Cumulative Redeemable Preference Shares-II (OCCRPS-II)	18248589	100/-	1824858900
3	Optionally Convertible Cumulative Redeemable Preference Shares-III (OCCRPS-III)	11173935	100/-	1117393500
4	Optionally Convertible Cumulative Redeemable Preference Shares-IV (OCCRPS-IV)	18259885	100/-	1825988500
	<b>TOTAL</b>	<b>66193217</b>	<b>100/-</b>	<b>6619321700</b>

**Resolved further that** the conversion of the aforesaid instruments would be at par or in terms of the provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.”

**7. Authority to Issue Shares.**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions as **Special Resolutions**.

“**Resolved that** pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with Memorandum and Articles of Association of the company and in accordance with listing agreement entered into by the company with the Bombay Stock Exchange Limited where the shares of the company are listed and subject to approval of Securities and Exchange Board of India (hereinafter referred to SEBI) and also further subject to such approvals, consents, permissions or sanctions of appropriate authorities and also of financial institutions, banks and debenture trustees with whom the company has borrowing agreements, as may be necessary and subject to such terms, conditions and modification(s) as may be prescribed in granting such approvals, permissions and/or sanctions and agreed to by the Board of Directors (the Board) of the company, consent, authority and approvals of the company, be and is, hereby accorded to the Board to issue and allot from time to time in one or more tranches the Optionally Fully Convertible Debentures, Redeemable Preference Shares with such rights or conditions as may be decided by the Board with regard to the Redeemable Preference Shares, and / or such other Securities convertible into equity shares at the option of the company / holder or to the holders thereof and/or securities linked to shares or bond or otherwise (hereinafter collectively referred to as “Securities”), by way of preferential allotment, public issue or such other mode to such financial institutions, banks, corporates, individuals, other persons or investors whether or not they are member/s of the company as may be deemed appropriate by the Board either in rupee or in such share capital of the company for an aggregate face value not exceeding Rs.300 crores (Rupees Three Hundred Crores only), exclusively to such financial institutions/banks/corporates/individuals/other persons and upon such terms and conditions as may be determined by the Board or a Committee thereof.

**Resolved further that** the Board or a Committee thereof be and is hereby authorized to approve, agree and accept such modification(s) to the terms and conditions of the equity shares / Redeemable Preference Shares, Optionally Fully Convertible Debentures or such other Securities proposed to be issued, as may be suggested by the financial institutions / banks etc and to do all such acts, deeds, matters and things and to take all such steps as may be necessary and expedient and to settle any matter that may arise in connection therewith.”

**REGISTERED OFFICE:**

747, G.I.D.C Industrial Estate,  
P.O.Box No 14, Jhagadia-393 110,  
Distt: Bharuch, Gujarat, INDIA.  
Dated: 29<sup>th</sup> July, 2009  
Place: Mumbai

By order of the Board of Directors

Jaydev R. Betai  
General Manager (Corporate Affairs)  
& Company Secretary



### **NOTES:**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered Office of the company not less than forty eight hours before the commencement of the Meeting.**
2. An Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, relating to the Special Businesses to be transacted at the Meeting is annexed hereto.
3. Members are requested to inform the company's Registrar & Transfer Agents viz. Link Intime India Private Limited regarding changes, if any, in their registered addresses along with the PIN code number.
4. The Register of Members will remain closed from 1<sup>st</sup> September, 2009 to 7<sup>th</sup> September, 2009 (both days inclusive).
5. The relevant documents for the businesses to be transacted as per Notice and Explanatory Statement are open for inspection at the Registered Office of the company on all working days between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.
6. Members holding share/s in physical form and desirous of making nomination in respect of their shareholding in the company, as permitted under Section 109 A of the Companies Act, 1956, are requested to submit details to the company's Registrar & Transfer Agent in prescribed Form 2B for the purpose.
7. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. The members are requested to bring their copies of Annual Report to the Meeting.
8. The members desiring information as regards the Audited Annual Accounts are requested to send their queries at least 10 days before the date of the Meeting, so as to enable the company to make the information available at the Meeting.
9. **For the convenience of shareholders, transportation from Shital Guest House, Bharuch Railway Station, Bharuch to the place of the Meeting at the Registered Office of the company, will be available upto 10.30 a.m. on Monday, 7<sup>th</sup> September, 2009.**

#### **Annexure to the Notice – Explanatory Statement under Section 173(2) of the Companies Act, 1956**

##### **Item No. 3**

##### **Appointment of Auditors**

In terms of provisions of Section 224A of the Companies Act, 1956, if not less than 25% of the subscribed capital of a company is held either singly or in combination by public financial institutions, government companies, insurance companies, nationalized banks etc. then the appointment or re-appointment of the auditors of that company has to be made by a Special Resolution.

The financial institutions/banks are holding more than 25% of the equity share capital of the company and accordingly the company is required to pass Special Resolution for appointment / reappointment of Auditors.

M/s. N. M. Raiji & Co., Chartered Accountants, Mumbai, Auditors have confirmed that, if appointed, their appointment would be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.

None of the Directors is in any way concerned or interested in the above resolution.

##### **Item No. 4**

##### **Appointment of Shri Om Prakash Chugh as a Director**

The Board of Director of the company has appointed Shri Om Prakash Chugh as an Additional Director by circular resolution dated 27<sup>th</sup> January, 2009. As per the provisions of Section 260 of the Companies Act, 1956 and the provisions of Article 95 of the Articles of Association of the company, Shri Om Prakash Chugh holds office of Director upto the date of forthcoming Annual General Meeting.

Shri Om Prakash Chugh has more than 36 years extensive experience at Hindustan Copper Limited (a Government of India Enterprise) in projects, operations and various related areas.

A notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- has been received from a member proposing for the appointment of Shri Om Prakash Chugh as a Director of the company.



No other Director of the company except Shri Om Prakash Chugh is in any way concerned or interested in the above resolution.

**Item No.5**

**Appointment of Shri Om Prakash Chugh as Managing Director & CEO**

The Board of Directors have by circular resolutions dated 27<sup>th</sup> January, 2009 and 6<sup>th</sup> March, 2009 appointed Shri Om Prakash Chugh as Managing Director & CEO on the following terms and conditions, w.e.f. 9<sup>th</sup> February 2009 for a period of 3 years i.e. upto 8<sup>th</sup> February 2012, subject to the approval of the shareholders and the Government of India.

- |                                     |  |
|-------------------------------------|--|
| <b>1) Period:</b>                   | 3 years from 9 <sup>th</sup> February 2009 i.e. upto 8 <sup>th</sup> February 2012 |
| <b>2(i) Basic Salary:</b>           | Rs. 1,80,000/- per month   |
| <b>2(ii) Personal Pay:</b>          | Rs.10,000/- per month  |
| <b>3) Perquisites / Allowances:</b> |  |

**Category A:**

**i) House Rent Allowance and Medical Allowance:**

House Rent Allowance @40% of the basic salary per month and Medical Allowance @ 8.33% of the basic salary per month.

**ii) Services and Facilities at the Residential Accommodation:**

Providing of services / facilities of gas, electricity, water, furnishings, repairs, servant, security, society charges, etc. at the accommodation hired by him.

**iii) Leave Travel Allowance:**

Leave Travel Allowance for self and his family, once a year, incurred in accordance with the rules specified by the Company, subject to a maximum of 16.67% of Annual Basic Salary.

**iv) Club Fees:**

Reimbursement of Club Fees, subject to maximum two clubs. However, company will not pay admission and Life Membership Fees.

**v) Other Benefits:**

Mediclaime Policy and Group Insurance Policy for self and Dependent Members of family as decided by the Board.

**Category B:**

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Rules of the Company.
- ii) Gratuity payable at the rate not exceeding half month salary for each completed year of service calculated as per the provisions of 'The Payment of Gratuity Act, 1972'.
- iii) Encashment of leave at the end of tenure as per the Company's Rules.

**Category C:**

- 1) Company maintained car with driver for company's work and personal use. Company shall also provide facilities of mobile as well as landline telephone connections at residence of Managing Director & CEO. However, use of car for personal purpose and long distance personal calls will be billed by the Company.
- 2) Performance Bonus: Performance Bonus as may be decided by the Board / Remuneration & Compensation Committee or any other Committee of the Board.
- 3) Stock Options as may be decided by the Board / Remuneration & Compensation Committee or any other Committee of the Board.
- 4) Minimum Remuneration – Notwithstanding anything to the contrary herein contained, wherein for any financial year during the tenure as Managing Director & CEO as the case may be, of the company, the company has no profit or the profits are inadequate, the Company shall, subject to the provisions of Section 198, 269, 309 and 310 of the Act, pay basic salary, perquisites, allowances, performance bonus and other entitlements as specified above.
- 5) Term of the appointment of Managing Director & CEO can be renewed by the Board of Directors before the expiry of the said term and in case the term is not renewed before the expiry of the existing term by the Board of Directors, Shri Om Prakash Chugh shall cease to be Managing Director & CEO on expiration of the present term.



- 6) Managing Director & CEO shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
- 7) The appointment of Managing Director & CEO, as the case may be, may be terminated by company by giving a notice of six months or for the balance period of the term, whichever is shorter, and the company may pay compensation equivalent to the basic salary, for the balance term or for six months whichever is shorter in case the company decides to relieve him from the duties of executive position before the completion of notice period, on the basis of the basic salary earned by him during the month immediately preceded to such termination.
- 8) Managing Director & CEO can resign from service by giving a notice of six months or if for shorter period by payment of basic salary for the shorter period, on the basis of the salary earned during the month immediately preceding to such notice.
- 9) In the event of strategic investor being inducted and decision being taken not to continue Shri Chugh as Managing Director & CEO in the services of the company, the company shall pay as compensation equivalent to one year's basic salary or for the residual period of the service whichever is shorter.

This may be treated as an abstract of the terms of contract and Memorandum of Interest in relation to appointment of Shri Om Prakash Chugh pursuant to Section 302 of the Companies Act, 1956.

Your approval to the above is sought by way of Special Resolution.

None of the Directors except Shri Chugh, to the extent remuneration payable to him, is concerned or interested in the above Resolution.

**INFORMATION AS REQUIRED IN TERMS OF AMENDED PROVISIONS OF SCHEDULE XIII OF THE COMPANIES ACT, 1956.**

**A. General Information:**

- 1) The company has implemented project for production of 50,000 tpa copper cathodes conforming to LME Grade "A" specifications at Jhagadia, Dist Bharuch, Gujarat.
- 2) The trial runs are successfully completed and the commercial production is declared w.e.f. 15<sup>th</sup> May 2006. During 2008-09 12,675 MT of copper cathodes conforming to LME Grade "A" Specifications are produced.
- 3) The financial performance for the year ended 31<sup>st</sup> March 2009 (from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009) is as under:

<u>Particulars</u>	<u>Amount</u> <u>(Rs. in lacs)</u>
Equity and Preference Capital	78610.03
Net sales	35852.03
Profit / (Loss) before interest, depreciation and tax	(7279.09)
Profit / (Loss) after interest, depreciation and tax.	(25785.91)

- 4) During 2008-09 8641 MT copper cathodes of value Rs.30,509 lacs are exported.
- 5) There is no direct Foreign Investment in the company and company has not entered in to any Foreign Collaboration Agreement.

**B. Information about the Appointee:**

**1) Background Details**

Shri Om Prakash Chugh is a Gold Medalist in B.Sc. Engineering (Metallurgy) and has more than 36 years extensive experience at Hindustan Copper Limited (A Government of India Enterprise, under Ministry of Mines) in projects, operations, administration and management of copper mining, beneficiation, smelting, refining and other related metallurgical and chemical processes. Prior to joining the company he was Executive Director (Modernization) at Hindustan Copper Limited, Kolkata.

**2) Past Remuneration**

Shri Om Prakash Chugh had received remuneration of Rs.12.31 lacs Plus Perks from Hindustan Copper Limited for the period from 1<sup>st</sup> April, 2008 to 7<sup>th</sup> February, 2009, prior to joining the company.



**3) Job profile and his suitability**

Shri Om Prakash Chugh will be responsible for the management and affairs of the company under the superintendence and control of the Board of Directors of the company. In view of the past 36 years extensive experience at Hindustan Copper Limited Shri Chugh is suitable for the position of the Managing Director & CEO of the company.

- 4) The proposed remuneration is as mentioned hereinabove.
- 5) The remuneration payable to Shri Chugh is in line with the remuneration prevalent in industry.

There is no pecuniary relationship directly or indirectly with the company of the person to be appointed.

**Item No. 6**

**Confirmation to convertibility of privately placed Securities.**

In terms of the approval given by the shareholders as per the special resolution at their 37<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2000, and subsequently further approved at the 39<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> December, 2002, 40<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> December 2003, 41<sup>st</sup> Annual General Meeting held on 24<sup>th</sup> September 2004, 42<sup>nd</sup> Annual General Meeting held on 22<sup>nd</sup> December, 2005, 43<sup>rd</sup> Annual General Meeting held on 23<sup>rd</sup> December, 2006 and 44<sup>th</sup> Annual General Meeting held on 9<sup>th</sup> June 2008; currency of the instruments issued and allotted under Section 81 (1A) of the Companies Act, 1956, is hereby renewed and reaffirmed by the present resolution as per the SEBI (Disclosure & Investor Protection) Guidelines, 2000 for issue of Optionally Convertible Cumulative Redeemable Preference Shares (the OCCRPS).

The Board of Directors of the company have upto 31<sup>st</sup> March, 2009 issued and allotted the OCCRPS to the various financial institutions / banks and Asset Reconstruction Company (India) Limited towards funding of interest due on their various financial assistance. The aggregate value of the OCCRPS issued and allotted is Rs. 6,61,93,21,700 as detailed as under.

Sr. No.	Name of Financial Institution / Banks	OCCRPS-I Rs. 100 each	OCCRPS-II Rs. 100 each	OCCRPS-III Rs. 100 each	OCCRPS-IV Rs. 100 each
1	ICICI Bank Limited	7210820	7129706	3697698	8515334
2	Asset Reconstruction Company (India) Limited	00	00	00	2277657
3	IDBI Bank Limited	5200000	5950000	3414680	4448184
4	IFCI Limited	2280700	1790349	1463301	913720
5	Life Insurance corporation of India	1095099	968483	561640	1111167
6	Gujarat Industrial Investment Corporation Limited	771095	675004	527039	00
7	State Bank of India	941335	972030	937813	643812
8	Industrial Investment Bank of India Limited	574453	448094	331632	207078
9	General Insurance Corporation and its Subsidiaries	437306	314923	240132	142933
	<b>TOTAL</b>	<b>18510808</b>	<b>18248589</b>	<b>11173935</b>	<b>18259885</b>

**Total number of OCCRPS = 6,61,93,217 i.e. Rs. 6,61,93,21,700**

In terms of the issue and allotment of the above OCCRPS, the holders have the right to convert 100% face value of the OCCRPS along with dividend upto the date of conversion into fully paid Equity Shares of the company at par or in terms of the provisions of the SEBI (Disclosure & Investor Protection Guidelines) 2000.

The aforesaid OCCRPS were issued and allotted towards funding of interest due on financial assistance provided by respective financial institutions / banks and as a part of restructuring and reschedulement of the financial assistance. None of the promoters / Directors and key management persons have subscribed for any OCCRPS.

The equity shareholding pattern as on 31<sup>st</sup> March, 2009 is as under:

Category	Equity Shares of Rs.10/- each	% of Holding
ICICI Bank Limited	18186418	14.65
IFCI Limited	4900000	3.95
Life Insurance corporation of India	14618391	11.77
Gujarat Industrial Investment Corporation Limited	1049386	0.85
Gujarat State Financial Corporation Limited	1446470	1.16
General Insurance Company & Subsidiaries	1801668	1.45
Public & Others (Including erstwhile promoters/ their associates)	82163768	66.17
<b>Total</b>	<b>124166101</b>	<b>100.00</b>



A civil suit for conversion of the OCCRPS into equity shares filed by Gujarat Industrial Investment Corporation Limited is pending before the City Civil Court at Ahmedabad. No other lending financial institution/bank has opted for conversion of OCCRPS into equity shares.

In view of the above, identity of proposed allottees and the %age of post preferential issue capital that may be held by financial institutions / banks cannot be provided.

Your approval to the above is sought by way of Special Resolutions.

None of the Directors of the company is in any way concerned or interested in the resolution.

**Item No.7**

**Authority to issue Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)/ Securities.**

It is stated that in terms of sanctions received from the financial institutions/banks for restructuring of debts as per the approval of the Corporate Debts Restructuring Cell, the company has issued and allotted Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) to the lending financial institutions/banks and Asset Reconstruction Company (India) Limited for the interest accrued and due upto 31<sup>st</sup> March, 2007 on long term loans. The OCCRPS for the interest accrued and due for the period from 1<sup>st</sup> April, 2005 to 31<sup>st</sup> March, 2007 are not issued and allotted to Gujarat Industrial Investment Corporation Limited, as it has not accorded requisite approval to the restructuring of the debts of the company as approved by the Corporate Debt Restructuring Cell vide sanction dated 28<sup>th</sup> September, 2005. The authority is proposed to be given to the Board of Directors to issue and allot further OCCRPS or securities if and as and when needed as per further approval/s as may be accorded by financial institutions/banks and Asset Reconstruction Company (India) Limited. As per the provisions of Section 81 of the Companies Act, 1956, approval of the existing shareholders is required for issuance of shares other than the existing members of the company. The OCCRPS / Securities would be issued after obtaining necessary approvals, consents as may be required from requisite authorities from time to time.

Your approval to the above is sought by way of Special Resolutions.

None of the Directors is in any way concerned or interested in the above Resolution.

**REGISTERED OFFICE:**

747, G.I.D.C Industrial Estate,  
P.O.Box No 14, Jhagadia-393 110,  
Distt: Bharuch, Gujarat, INDIA.  
Dated: 29<sup>th</sup> July, 2009  
Place: Mumbai

By order of the Board of Directors

Jaydev R. Betai  
General Manager (Corporate Affairs)  
& Company Secretary

**Details of the Director seeking re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)**

Name of Director	R.K. Sukhdevsinhji
Date of Birth	06.08.1936
Date of Appointment	29.09.2001
Expertise in specific functional areas	General administration and industrial relations
Qualifications	B.A. (Economics)
Directorship in other public limited companies	1. Asahi Songwon Colours Ltd. 2. Vadinar Power Co. Ltd. 3. Essar Oil Vadinar Ltd. 4. Essar Energy Services Ltd. 5. Essar LNG Limited
Other Positions	NIL
Membership of Committees in other public limited companies	NIL
Shares held in the company	Nil



## DIRECTORS' REPORT

Your Directors have pleasure in placing before you the 45<sup>th</sup> Annual Report together with Audited Accounts for the year ended on 31<sup>st</sup> March, 2009.

### 1. Results:

Your company's performance during the year ended on 31<sup>st</sup> March, 2009 is summarized below.

	<u>Rs.Lacs</u> <u>2008-09</u> [1 <sup>st</sup> April,2008 to 31 <sup>st</sup> March,2009]	<u>Rs. Lacs</u> <u>2006-08</u> [1 <sup>st</sup> October, 2006 to 31 <sup>st</sup> March, 2008]
Net Sales	35852.03	35501.82
Job Work Income – Tolling	238.22	1146.66
Other Income	332.45	748.89
Total Expenditure	(43701.79)	(42243.22)
<b>Profit / (Loss) before Interest, Depreciation &amp; Tax</b>	<b>(7279.09)</b>	<b>(4845.85)</b>
Interest and Finance Charges	11213.42	11268.11
<b>Profit/ (Loss) before Depreciation &amp; Tax</b>	<b>(18492.51)</b>	<b>(16113.96)</b>
Depreciation	7246.06	10876.30
<b>Profit / (Loss) before Tax</b>	<b>(25738.57)</b>	<b>(26990.26)</b>
Provision for Tax	47.34	11.52
<b>Net Profit / (Loss)</b>	<b>(25785.91)</b>	<b>(27001.78)</b>

### 2. Operational Highlights:

During the year, the Smelter and Refinery continued to operate successfully with various imported raw materials. The operation of the entire plant was stable with increased production and cost efficiencies.

During the year, Kaldo Furnace was run with Direct Revert Charging System with reduced cycle time and production costs. The Refinery was operated at 98.08% current and 96.09% time efficiencies respectively at par with world class Refineries.

During the year, 12,675 MT copper cathodes conforming to LME Grade "A" specifications were produced from the raw materials purchased and procured on tolling basis, against production of 9,913 MT copper cathodes for the same period in the previous year.

During the year, the total sale of copper cathodes was 11,202 MT of the value of Rs. 305 crores including export of 8641 MT. The aggregate value of exports done by the company in last 4 years have exceeded Rs. 852 crores.

During the year, the plant was operated at 25.3% capacity mainly because of inadequacy of working capital and adverse market conditions due to lower treatment/refining charges on medium grade and lower discount on high grade materials. The low capacity utilization has adversely affected the margins.

### 3. Transfer of long term financial assistance to Asset Reconstruction Company (India) Limited:

During the year, IFCI Limited and State Bank of India have transferred outstandings of their long term financial assistance extended to the company to Asset Reconstruction Company (India) Limited (ARCIL). As on 31<sup>st</sup> March, 2009 ARCIL was holding 88.22% of the outstanding of the long term financial assistance extended to the company.

### 4. Dividend:

Your Directors are unable to recommend any dividend on both equity shares and preference shares in view of the losses incurred during the year.

### 5. Environment, Safety and Health:

During the year, the emphasis was continued on maintaining the highest standards of environment management for carrying out operations.

During the year, the safety and health continued to be one of the top priorities of the company and the reportable accident frequency rate has remained NIL.

During the year, the efforts in maintaining highest standards of environment, safety and health have been acknowledged by continuing ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007 certifications by DNV.



**6. Management Discussions and Analysis:**

The Management Discussions and Analysis Report is annexed as Annexure-1 to this Report.

**7. Corporate Governance:**

As per Clause 49 of Listing Agreement with Bombay Stock Exchange Limited, the Corporate Governance Report is annexed to and forms part of this Report.

**8. Employee Stock Options Scheme:**

The details of stock options granted, outstanding and other relevant details are provided in Annexure-2 and forms part of this Report.

**9. Insurance:**

The company has made arrangements for adequately insuring its insurable interests.

**10. Directors:**

During the year, Shri P.P. Vora resigned as Director of the company and Chairman of the Board. Shri R.K. Sukhdevsinhji, Director has taken over as Chairman of the Board w.e.f. 25<sup>th</sup> April, 2009 in place of Shri P.P. Vora. After close of the year Shri P.Parvathisem, Director resigned as Director of the company.

During the year, IFCI Limited nominated Shri R.P.Singh as its nominee director in place of Shri Mahendra Kumar Sharma. The nomination of Shri R.P. Singh was subsequently withdrawn by IFCI Limited on transfer of its outstanding of long term loans to Asset Reconstruction Company (India) Limited.

During the year, Shri Rajendra Mittal resigned and ceased as Managing Director & CEO of the company w.e.f. 27<sup>th</sup> January, 2009.

During the year, Shri Om Prakash Chugh has been appointed as Additional Director and Managing Directors & CEO of the company w.e.f. 9<sup>th</sup> February 2009.

Shri Chugh holds office as Additional Director upto the date of next annual general meeting of the company pursuant to Article 95 of the Articles of Association of the company. The company has received the notice under Section 257 of the Companies Act, 1956 from a member proposing candidature of Shri Chugh as Director of the company.

At the ensuing Annual General Meeting, in accordance with the provisions of Section 259 of the Companies Act, 1956 and Article 107 of the Articles of Association of the company, Shri R.K. Sukhdevsinhji, Director retires by rotation at the ensuing Annual General Meeting is eligible for reappointment.

Your Directors place on record their profound gratitude for the valuable contributions made by Shri P.P. Vora during his tenure as Chairman of the company. Your Directors also place on record their appreciation for the valuable contributions made by the outgoing Directors.

**11. Auditors:**

M/s N.M. Raiji & Co., Chartered Accountants, Statutory Auditors of the company shall retire at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment. Further, as required under Section 224 of the Companies Act, 1956 a certificate from M/s N.M. Raiji & Co., Chartered Accountants has been obtained that their re-appointment as Statutory Auditors, if made, would be in conformity with the limits prescribed in the said Section. Your Directors propose them for reappointment as Statutory Auditors of the company.

**12. Auditors' Report:**

In respect of Auditors' qualification as per Paragraph 4 of the Auditors' Report, the Directors are of the view that impairment of assets have not been worked out as restructuring of business is contemplated, which is likely to impact the value of fixed assets and carry forward losses. On completion of the restructuring exercise, the management will be in the position to ascertain the impairment of assets.

**13. Energy, Technology and Foreign Exchange:**

The details as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in Annexure-3 to this Report.

**14. Particulars of employees:**

The particulars of the employees as required under Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are set out in the Annexure-4 to this Report.



#### 15. Directors' Responsibility Statement:

Pursuant to the provisions contained in Section 217(2AA) of the Companies Act, 1956, the Directors of your company confirm that subject to the Auditors' Qualification in respect of impairment of assets:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the accounting policies, consulted statutory auditors and have applied them consistently and made judgments and estimates that 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 the year i.e. 31<sup>st</sup> March, 2009.
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding assets of the company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the accounts on a going concern basis.

#### 16. Personnel/Industrial Relations:

During the year, the personnel and industrial relations with the employees remained cordial in all respects.

#### 17. Acknowledgments:

Your Directors place on record their appreciation and thanks to all the financial institutions and banks, Asset Reconstruction Company (India) Limited, the State Trading Corporation of India Limited, Central and State Governments and Local Authorities and all stakeholders for their continued support in the working of your company.

Your Directors also extend their wholehearted thanks to entire JCL team and its associates.

For and on behalf of the Board

Place: Mumbai  
Date: 29<sup>th</sup> July, 2009

R.K.Sukhdevsinhji  
Chairman

### **Annexure-1 to the Directors' Report** **Management Discussions and Analysis**

#### **Overview**

During the year, the plant has operated at 25.30% capacity (peaked to 34.46 %) with 12,675 MT copper cathodes production of consistent quality conforming to the LME Grade 'A' specifications.

During the year, the flexibility of the plant in processing various types of raw materials continued to be demonstrated by processing reverts; concentrates with high insolubles, irony copper, copper dross, copper cake, blister and other copper bearing raw materials.

During the year, the sale of copper cathodes continued at par with the market premium, although not yet registered with LME.

#### **Absorption of Technology**

The company has successfully absorbed technology of smelting of various raw materials through Top Blown Rotary Converter (Kaldo) and Refining technologies envisaged in the design. Kaldo and Converter have been successfully operated with different types of raw materials.

The Refinery has consistently operated at higher current efficiency (98.05%) and time efficiency (96.08%) than envisaged in the design operating parameters (current efficiency 96% and time efficiency 95%).

#### **Status of Working Capital Finance**

During the year, the company continued to face shortage of working capital finance due to higher LME prices of copper upto third quarter of 2008 and the lower production levels as sufficient quantities of the medium grade raw materials at favorable treatment / refining charges and high grade raw materials at higher discounts could not be procured due to adverse market conditions.



**Raw Materials Market Scenario**

The raw materials used by the company are different in nature as compared to the raw materials used by primary copper smelters. However, the treatment and refining charges (TC/RCs) and discounts of the raw materials used by the company have direct linkages with the TC/RCs of concentrates used by primary copper smelters.

During the year, the global economic melt down and lower TC/RCs and discounts over LME had adversely affected the company as the world market of raw materials remained tight.

**Safety and Occupational Health**

During the year, plant operated with Zero Accident because of management’s continued focus and commitment. The regular in-house training programs were carried out to maintain highest standards of the safety consciousness. The departmental and central safety committee meetings were regularly conducted. The efforts of the company in maintaining highest standards of safety and health were recognized by upgradation of the OHSAS 18001-1999 Standard to OHSAS 18001-2007 Standard.

During the year, health checks were carried out for all the employees and no occupational disease was detected.

**Environmental Issues**

During the year, emphasis and commitment to maintain sound environmental management practices for treatment of waste gases, water and solid / hazardous wastes were continued. The treatment of waste gases from furnace through scrubber or through bag filters was continued for ensuring adherence to the norms set by Environment Authorities. The plant was operated with Zero Discharge. The ISO 14001:2004 certification by DNV was continued by successfully maintaining the environment standards.

**Energy Conservation**

During the year, several energy conservation projects were taken up. Few of the projects taken up were as under.

- (a) Installation of variable frequency drive in cooling water pumps at main cooling tower to take care of different flow requirements at optimum energy consumption.
- (b) Anode furnace combustion air fans were provided with the variable frequency drive to save energy consumption.
- (c) Refinery ventilation fans were provided with the variable speed drive to get significant saving on energy consumption.

**Research and Development**

During the year, Seminal Research & Development projects having relevance to the existing operations were undertaken. Further few projects have been implemented in plant to improve operational efficiencies and reduce cost.

**Annexure - 2 to the Directors’ Report**

**Details of Stock Options under SEBI (Employee Stock Option Scheme) Guidelines, 1999**

1. Options granted	-	19,36,500 Equity Shares of Rs.10/- each
Options lapsed	-	12,90,500 Equity Shares of Rs.10/- each
Options outstanding (as on 31.03.2009)	-	6,46,000 Equity Shares of Rs.10/- each
2. Pricing formula	-	Rs 10/- per share.
3. Options vested	-	NIL Equity Shares of Rs.10/- each
4. Options exercised	-	NIL
5. Employee-wise details of Options granted and Outstanding as on 31.03.2009		
- Senior Managerial Personnel	-	Nil Equity Shares of Rs.10/- each
- Others	-	6,46,000 Equity Shares of Rs.10/- each
- Any other employee who is granted options during the year amounting to 1% or more of options granted.	-	NIL
- Identified employee who is granted options during the year equal to or exceeding 1% of the issued capital.	-	NIL
6. Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options.	-	N.A.



### Annexure-3 to the Directors' Report

#### Particulars under the Companies ((Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March, 2009

**A. Conservation of Energy**

The details are furnished in Table A below.

**B. Technology Absorption**

The details are furnished in Table B below.

**C. Foreign Exchange Earnings and Outgo**

	<u>Rs. in Lacs</u> <u>2008-09</u> [1 <sup>st</sup> April 2008 to 31 <sup>st</sup> March 2009]	<u>Rs. in Lacs</u> <u>2006-08</u> [1 <sup>st</sup> October, 2006 to 31 <sup>st</sup> March, 2008]
<b>a) Earnings</b>		
FOB value of Exports	21994.19	32864.94
Gain on Hedging	10292.99	1144.28
Others	0.00	337.82
<b>Total (a)</b>	<b>32287.18</b>	<b>34347.04</b>
<b>b) Outgo</b>		
Raw materials	32593.73	33752.84
Stores & spares	95.68	81.45
Remuneration to Foreign Technicians	0.00	9.98
Foreign Travelling	7.12	5.74
Interest	804.55	3822.76
Testing Charges	8.00	14.73
Loss on Hedging	557.55	1075.53
Legal Expenses	16.88	0.00
Others	2.76	10.68
<b>Total (b)</b>	<b>34086.27</b>	<b>38773.71</b>

**Table A**

#### **Form of Disclosure of Particulars with Respect to Conservation of Energy**

Particulars	Unit	Year ended 31 <sup>st</sup> March, 2009 (1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March, 2009)	Period ended 31 <sup>st</sup> March, 2008 [1 <sup>st</sup> October 2006 to 31 <sup>st</sup> March 2008]
<b>Power &amp; Fuel Consumption</b>			
<b>Electricity</b>			
Purchase Unit	MWH	6373	4471
Total Amount ( Excl. Demand Charges)	Rs. Millions	33.01	19.64
Rate / Unit	Rs./MWH	5180	4392
Own Generation Unit	MWH	26522	43369
Rate Per Unit of Fuel	Rs.	5.12	4.05
Cost / unit	Rs.	5.44	4.11
<b>Furnace Oil</b>			
Quantity	KL	11393	18391
Total Amount	Rs. Million	252.6	292.20
Average Cost Per Ltr.	Rs.	22.17	15.89



Particulars	Unit	Year ended 31 <sup>st</sup> March, 2009 (1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March, 2009)	Period ended 31 <sup>st</sup> March, 2008 [1 <sup>st</sup> October 2006 to 31 <sup>st</sup> March 2008]
<b>Diesel Oil</b>			
Quantity	KL	11.35	126.69
Total amount	Rs. Million	0.37	3.51
Average Cost Per Ltr	Rs.	32.97	27.69
<b>L.P.G.</b>			
Quantity	MT	0	10
Total Amount	Rs. Million	0	0.29
Average Cost Per Ltr.	Rs.	0	29.84
<b>Propane</b>			
Quantity	MT	192	328
Total Amount	Rs. Million	7.71	8.96
Average Cost Per Kg	Rs.	40.18	27.31

**Table B**  
**Technology Absorption**

**Top Blown Rotary Converter (Kaldo) Technology:**

The technology supplied by Outotec (Sweden) AB (formerly Boliden Contech AB) consists of smelting of various copper bearing raw materials like oxides, sulphides, metallics and other such compounds in lumpy and powdery form. The technology uses oxygen flash smelting of concentrates as well as smelting of lumpy material using oxygen-fuel burner. This technology has not only been absorbed but improvements like direct revert charging system and burner lance air dilution, slag settling furnace were incorporated during the period with in-house expertise and resources. The company has been able to use all materials and develop processes for smelting all the items. The quality of output (anodes) has been consistently as per design. All operations like smelting, converting, anode furnace refining and cast wheel operations have been stabilized.

**Refining Technology:**

X-STRATA (formerly Mount Isa Mines) supplied license and technology for electrorefining using permanent cathodes. The various operations of anode preparation, cell operations, cathode stripping, slime recovery, etc. have been stabilized. The operating indices like cathodes quality, current efficiency, scrap generation, etc. have been satisfactory in accordance with the design.



### **Annexure-4 to the Directors' Report**

**Statement showing the particulars of the employees of the company as required under Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975.**

Sr. No.	Name	Age Yrs.	Qualifications	Exp. Yrs.	Designation Nature of Duties	Date of joining	Remuneration received/receivable (Rs. in lacs) (from 1.4.2008 to 31.3.2009)	Particulars of last employment held
1	Shri Rajendra Mittal	56	M. Sc., PGDIT (IIFT)	33	Managing Director & CEO	14 <sup>th</sup> October 1996	Rs.44.81 (from 1.4.2008 to 27.1.2009)	Shalimar Industries Ltd.
2.	Shri Om Prakash Chugh	59	B.Sc. Engineering (Metallurgy)	37	Managing Director & CEO	9 <sup>th</sup> February, 2009	Rs.5.78 (from 9.2.2009 to 31.3.2009)	Hindustan Copper Limited

**Notes:**

1. (i) Shri Rajendra Mittal was initially appointed as Managing Director & Chief Executive Officer w.e.f. 14<sup>th</sup> August, 2004 for a period of three years. Thereafter the term of appointment of Shri Mittal as Managing Director & Chief Executive Officer was extended for a period of three years with effect from 14<sup>th</sup> August, 2007.
  - (ii) The appointment is contractual in nature.
  - (iii) The remuneration comprises salary, allowances, monetary value of perquisites as per Income Tax Act, Company's contribution to Provident Fund and Superannuation Fund.
2. (i) Shri Om Prakash Chugh has been appointed as Managing Director & Chief Executive Officer w.e.f. 9<sup>th</sup> February, 2009 for a period of three years.
  - (ii) The appointment is contractual in nature.
  - (iii) The remuneration comprises salary, allowances, monetary value of perquisites as per Income Tax Act, company's contribution to Provident Fund and Superannuation Fund.



## **Corporate Governance Report (Annexure to Directors' Report)**

This report of Corporate Governance is for the year ended on 31<sup>st</sup> March, 2009 (from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009) and is pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and forms part of the Directors' Report.

### **1. Company's Philosophy on Code of Corporate Governance**

Your company's Corporate Governance Policy aims to achieve the high standards of governance practices by putting in place a sound internal control systems, timely disclosures and accurate information dissemination, for understanding risk profile and monitoring at every stage of company's evaluation process.

### **2. Board of Directors**

#### **Board Composition**

The Board of Directors of your company consists of independent persons of eminence from industry, finance and management. On 31<sup>st</sup> March, 2009 the Board strength was 9 (Nine) Directors which include 8 (Eight) Non-executive Directors (including 3 (Three) Institutional Nominees) and Managing Director & CEO. Shri P. Parvathisem, Director resigned as Non-executive Director after 31<sup>st</sup> March, 2009 and therefore the present Board strength is 8 (Eight) Directors which include 7 (Seven) Non-executive Directors (including 3 (Three) Institutional Nominees) and Managing Director & CEO. The composition of the Board of Directors meets with the requirements of Clause 49 (I) (A) of the Listing Agreement. The company has a Non-Executive Chairman. The strength of independent directors is more than 50% of the total Board members leading to "independent" board characteristics. None of the independent directors is below the age of 21 years.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees which is in compliance of Clause 49 (I) (d) of the Listing Agreement. All the Directors have made requisite disclosures regarding board and committee memberships held by them in other companies and the same has been duly recorded by the Board in their meetings from time to time.

The names and categories of the Directors on the Board during the year (1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009) and the number of Directorships and Committee positions held by them during the year (1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009) in other Public Limited Companies are given below:

Names of the Directors	Category of Directorship	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
			Chairman	Member
Shri P.P. Vora (ceased w.e.f. 30.3.2009)	Independent Director Non-Executive Chairman	6	Nil	Nil
Shri R. K. Sukhdevsinhji (appointed as Chairman w.e.f. 25.4.2009)	Independent Director Non-Executive Chairman	3	Nil	Nil
Shri P. Parvathisem (ceased w.e.f. 27.4.2009)	Independent Director	2	Nil	Nil
Shri P. R. Tripathi	Independent Director	7	Nil	7
Shri Rahul Gupta	Independent Director	Nil	Nil	Nil
Shri Sanjoy Gupta (Nominee of ICICI Bank)	Independent Director	Nil	Nil	Nil
Shri D. R. Shah (Nominee of GIIC)	Independent Director	4	Nil	Nil
Shri R. K. Rawat (Nominee of LIC)	Independent Director	Nil	Nil	Nil
Shri Mahendra Kumar Sharma (Nominee of IFCI) (ceased w.e.f. 26.7.2008)	Independent Director	1	1	Nil
Shri R.P. Singh (Nominee of IFCI) (appointed w.e.f. 26.7.2008 and ceased w.e.f. 3.10.2008)	Independent Director	4	Nil	1



Names of the Directors	Category of Directorship	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
			Chairman	Member
Shri Rajendra Mittal (ceased as Managing Director & CEO w.e.f. 27.1.2009 and became Independent Director)	Independent Director	Nil	Nil	Nil
Shri Bajj Nath Mittal (appointed w.e.f. 12.12.2008 and ceased w.e.f. 31.12.2008)	Whole – time Director	1	Nil	Nil
Shri Om Prakash Chugh (appointed w.e.f. 9.2.2009)	Managing Director & CEO	Nil	Nil	Nil

**Board Meetings**

4 Board meetings were held during the year ended on 31<sup>st</sup> March, 2009 as under:

29<sup>th</sup> April, 2008, 26<sup>th</sup> July, 2008, 18<sup>th</sup> October, 2008, 10<sup>th</sup> January, 2009.

The agenda papers were circulated to the Directors in advance with sufficient information.

The attendance of each Director at Board Meetings held during the year ended 31<sup>st</sup> March, 2009 and at the last Annual General Meeting are as under:

Names of Directors	Number of Board Meetings held during the year / tenure	Number of Board Meetings Attended	Attendance at last AGM	Date of Appointment/ (Cessation)
Shri P. P. Vora	4	4	Yes	10.12.2003 (30.03.2009)
Shri R. K. Sukhdevsinhji	4	1	No	28.08.2001
Shri P. Parvathisem	4	4	No	08.10.2001 (27.04.2009)
Shri P. R. Tripathi	4	3	No	29.01.2005
Shri D. R. Shah	4	2	Yes	02.08.2000
Shri Sanjoy Gupta	4	3	No	01.10.2007
Shri Rahul Gupta	4	4	No	30.10.2004
Shri Mahendra Kumar Sharma	1	1	Yes	21.11.2006 (26.07.2008)
Shri R. P. Singh	1	Nil	No	26.07.2008 (03.10.2008)
Shri R. K. Rawat	4	4	No	05.09.2006
Shri Rajendra Mittal	4	4	Yes	30.01.2002
Shri Bajj Nath Mittal	Nil	Nil	No	12.12.2008 (31.12.2008)
Shri Om Prakash Chugh	Nil	Nil	No	09.02.2009

- None of the directors on the Board is related to any other director.
- None of the directors has any business relationship with the company.
- None of the directors received any loans and advances from the company during the year.
- The Directors are being paid sitting fees of Rs. 5000/- for attending Board and Committee Meetings and in respect of the Directors, who are employees of financial institutions / banks, the sitting fees were paid to the respective financial institutions / banks or to the Directors as advised by the respective financial institutions / banks.



- The company places before the Board all the relevant and necessary information at its meetings for seeking necessary comments and suggestions on the plans and programmes for production.
- The information as required under Annexure 1 to Clause 49 of the Listing Agreement is being made available to the Board.
- There are no related party transactions made by the company with its Directors that may have potential conflict with the interests of the company at large.
- The information as required under Clause 49 (IV) (G) of the Listing Agreement is annexed to the Notice of the Annual General Meeting.

**Code of Conduct**

The Board has formulated a code of conduct for the Board members and senior management executives of the company. The code of conduct sets out ethical standards for the Directors and Senior Management Executives of the company. The code of conduct has been displayed on company’s website. All Board members and Senior Management Executives have affirmed their compliance with the code of conduct. A declaration to this effect signed by the Managing Director & CEO is annexed to this report.

**Board Committees**

Currently Board has five Sub Committees as under:

- Committee of Directors
- Audit Committee
- Remuneration & Compensation Committee
- Shareholders’ / Investors’ Grievance Committee
- Share Transfer Committee.

**Committee of Directors**

In terms of sanctions received from financial institutions / banks, with a view to have proper supervision / monitoring of operations of the company during trial runs / regular production and thereafter, the Board of Directors have constituted the Committee of Directors.

The broad terms of reference of the Committee of Directors are as under:

- Review, recommend and ratify business strategy of the company on short/medium and long-term basis for approval of the Board.
- Review and approval of annual / quarterly income and expenditure and capital expenditure budgets and updates thereof for presentation to the Board for final approval.
- Review of reports submitted by the concurrent auditor as well as compliance / action taken report thereof and informing the same to the Board.
- Review of the hedging / foreign exchange exposures and the steps taken by management towards containment of risks of adverse exchange rate movement, if material.
- Review of any non-compliance of any regulatory, statutory nature and default in payments of statutory dues and suggest remedial action thereof.
- To attend to all other approvals / management decisions from time to time as per the delegation of powers prescribed by the Board / FIs.
- To review and suggest course of action on all operational issues having major financial impact.

The concurrent auditors are invited to the meetings of the Committee of Directors whenever required.

The composition of Committee of Directors is as under:

<b>Name of Directors</b>	<b>Status</b>
Shri P. P. Vora (ceased w.e.f. 30.3.2009)	Chairman
Shri R.K.Sukhdevsinhji (appointed as Chairman w.e.f. 25.4.2009)	Chairman
Shri Sanjoy Gupta	Member
Shri P.R. Tripathi (ceased w.e.f. 25.4.2009)	Member
Shri P. Parvathisem (ceased w.e.f. 25.4.2009)	Member
Shri Rajendra Mittal	Member
Shri Om Prakash Chugh (appointed w.e.f. 25.4.2009)	Member



8 meetings of Committee of Directors were held during the year ended 31<sup>st</sup> March, 2009, as under:

29<sup>th</sup> April, 2008, 7<sup>th</sup> June, 2008, 26<sup>th</sup> July, 2008, 13<sup>th</sup> September, 2008, 18<sup>th</sup> October, 2008, 8<sup>th</sup> November, 2008, 24<sup>th</sup> January, 2009 and 21<sup>st</sup> March, 2009.

The attendance at the meetings of Committee of Directors is given as under:

<b>Names of Directors</b>	<b>Number of Committee Meetings held during the year/tenure</b>	<b>Number of Committee Meetings Attended</b>
Shri P. P. Vora	8	8
Shri R.K. Sukhdevsinhji	Nil	Nil
Shri Sanjoy Gupta	8	8
Shri P. Parvathisem	8	7
Shri P. R. Tripathi	8	7
Shri Rajendra K Mittal	8	8
Shri Om Prakash Chugh	Nil	Nil

**Audit Committee**

The terms of reference of the Audit Committee, as stipulated by the Board, are in accordance with the requirements of Section 292 A of the Companies Act, 1956 and Clause 49 (II) (C) & (D) of the Listing Agreement.

The composition of the Audit Committee is as under:

<b>Name of Directors</b>	<b>Status</b>
Shri P. P. Vora (ceased w.e.f. 30.3.2009)	Chairman
Shri R. K. Rawat (appointed as Chairman w.e.f. 18.4.2009)	Chairman
Shri Sanjoy Gupta	Member
Shri Om Prakash Chugh (appointed w.e.f. 18.4.2009 )	Member

The Audit Committee comprises of 2 Non-Executive Independent Directors.

The Audit Committee is constituted in accordance with the provisions of Clause 49 (II) (A) of the Listing Agreement and Section 292A of the Companies Act, 1956. All the Member Directors possess knowledge of corporate finance, accounts and corporate laws. The statutory auditors, concurrent auditors and internal auditors are also invited to the meetings of the Committee whenever required. The Financial Advisor, the Chief Financial Officer and other senior executives of the company also remain present in the meetings of the Committee as invitees. The General Manager (Corporate Affairs) & Company Secretary acts as Secretary to the Committee.

5 meetings of Audit Committee were held during the year ended 31<sup>st</sup> March, 2009 as under:

28<sup>th</sup> April,2008, 25<sup>th</sup> July,2008, 13<sup>th</sup> September, 2008, 17<sup>th</sup> October, 2008 and 9<sup>th</sup> January,2009.

The attendance at the meetings of Audit Committee is given as under:

<b>Names of Directors</b>	<b>Number of Meetings held during the year/tenure</b>	<b>Number of Meetings attended</b>
Shri P. P. Vora	5	5
Shri Sanjoy Gupta	5	4
Shri R. K. Rawat	5	5
Shri Om Prakash Chugh	Nil	Nil

**Remuneration & Compensation Committee**

The company has constituted Remuneration & Compensation Committee with the following broad terms of reference.

- To review and recommend remuneration package of Executive / Non-Executive Directors.
- To review compensation package of officers immediately below the Board level.
- To formulate the overall remuneration and appraisal policy for the employees.



The composition of the Remuneration & Compensation Committee is as under:

Name of Directors	Status
Shri R. K. Sukhdevsinhji	Chairman
Shri P. P. Vora (ceased w.e.f. 30.3.2009)	Member
Shri P.Parvathisem (appointed w.e.f. 25.4.2009 and ceased w.e.f. 30.4.2009)	Member
Shri P.R. Tripathi (appointed w.e.f. 8.6.2009)	Member
Shri Sanjoy Gupta	Member

1 meeting of Remuneration & Compensation Committee was held during the year ended 31<sup>st</sup> March, 2009 as under:  
24<sup>th</sup> May, 2008

The attendance at the meeting of Remuneration & Compensation Committee is given as under:

Names of Directors	Number of Meetings held during the year/tenure	Number of Meetings attended
Shri R. K. Sukhdevsinhji	1	1
Shri P. P. Vora	1	1
Shri P.Parvathisem	Nil	Nil
Shri P.R. Tripathi	Nil	Nil
Shri Sanjoy Gupta	1	Nil

**Remuneration of Directors:**

**Managing Director and Chief Executive Officer**

Shri Rajendra Mittal ceased as Managing Director & CEO of the company w.e.f. 27<sup>th</sup> January, 2009. Shri Om Prakash Chugh has been appointed as Managing Director & CEO of the company w.e.f. 9<sup>th</sup> February, 2009 for a period of 3 years. The details of the remuneration paid to Shri Rajendra Mittal and Shri Om Prakash Chugh as Managing Director & CEO during the year ended 31<sup>st</sup> March, 2009 are as under:

Name	Salary including (contribution to PF, Superannuation and Gratuity) Rs. (lacs)	Perquisite and Allowances Rs. (lacs)	Commission and ESOP
Shri Rajendra Mittal	31.08	13.73	NIL
Shri Om Prakash Chugh	4.12	1.66	NIL

Shri Rajendra Mittal, as Managing Director & CEO was not entitled for payment of sitting fees for attending the meetings of the Board of Directors and Committees thereof.

Shri Om Prakash Chugh as Managing Director & CEO is not entitled for payment of sitting fees for attending the meetings of the Board of Directors and Committees thereof.

**Non - Executive Directors**

The company has paid sitting fees of Rs. 5,000 to all the Non-executive Directors for attending each meeting of the Board of Directors and Committees thereof.

The company, at present, is not paying any commission to its Non-executive Directors, and it does not have any scheme for grant of Stock Options to its Non-executive Directors.

The details of sitting fees paid to the non-executive Directors during the year ended 31<sup>st</sup> March, 2009 are as under:

Names of Directors	Sitting Fees paid (Rs. in lakhs)
Shri P. P. Vora, Chairman	1,10,000
Shri R. K. Sukhdevsinhji	10,000
Shri P. Parvathisem	55,000
Shri Rahul Gupta	20,000
Shri D. R. Shah	20,000
Shri P. R. Tripathi	50,000



Names of Directors	Sitting Fees paid (Rs. in lakhs)
Shri M. K. Sharma	5,000
Shri R.P. Singh	Nil
Shri R. K. Rawat	60,000
Shri Sanjoy Gupta	90,000
Shri Rajendra Mittal	5,000
Shri Om Prakash Chugh	Nil
<b>Total</b>	<b>4,25,000</b>

During the year Shri P.P. Vora as Non-executive Chairman was reimbursed expenses of Rs.2.97 lacs incurred for running and maintenance of Chairman's Office.

**Shareholders' / Investors' Grievances Committee:**

The Shareholders' / Investors' Grievances Committee looks after redressal of the complaints received from shareholders/ investors, Stock Exchanges and SEBI etc. and to oversee the quality of the services rendered to the shareholders.

The composition of the Shareholders' / Investors' Grievances Committee is as under:

Name of Directors	Status
Shri Sanjoy Gupta	Chairman
Shri D.R. Shah	Member
Shri R. K. Rawat	Member

The Shareholders' / Investors' Grievances Committee comprises of the Directors, all of whom are Non-Executive Independent Directors.

3 meetings of Shareholders' / Investors' Grievances Committee were held during the year ended 31<sup>st</sup> March, 2009 as under:

29<sup>th</sup> April, 2008, 26<sup>th</sup> July, 2008 and 18<sup>th</sup> October, 2008.

The attendance at the meetings of Shareholders' / Investors' Grievances Committee is given as under:

Names of Directors	Number of Meetings held during the year/tenure	Number of Meetings attended
Shri Sanjoy Gupta	3	3
Shri R. K. Rawat	3	3
Shri D.R. Shah	3	2

**Share Transfer Committee:**

The Share Transfer Committee is constituted to look after matters pertaining to the investors / shareholders, such as demat of shares, transfer of shares, transmission of shares, issue of duplicate share certificates, replacement of share certificates etc.

The composition of the Share Transfer Committee is as under:

Name of Directors	Status
Shri P. P. Vora (ceased w.e.f. 30.3.2009)	Chairman
Shri R.K.Sukhdevsinhji (appointed as Chairman w.e.f. 25.4.2009)	Chairman
Shri Rajendra Mittal (ceased w.e.f. 25.4.2009)	Member
Shri Om Prakash Chugh (appointed w.e.f. 25.4.2009)	Member

4 meetings of Share Transfer Committee were held during the year ended 31<sup>st</sup> March, 2009 as under:

29<sup>th</sup> April, 2008, 26<sup>th</sup> July, 2008, 18<sup>th</sup> October, 2008 and 10<sup>th</sup> January, 2009.

The attendance at the meetings of Share Transfer Committee is given as under:



Names of Directors	Number of Meetings held during the year/tenure	Number of Meetings attended
Shri P. P. Vora	4	4
Shri R.K. Sukhdevsinhji	Nil	Nil
Shri Rajendra Mittal	4	4
Shri Om Prakash Chugh	Nil	Nil

**3. Subsidiary Company**

The company does not have any subsidiary company.

**4. Shares Transfer System and Investors' Grievance Redressal**

The Board of Directors have delegated the powers of approval of shares transfers to the officers of Link Intime India Private Limited, Registrar & Transfer Agent, Mumbai, who are approving the shares transfers regularly on fortnightly basis and the gist are placed before the meetings of the Shares Transfer Committee.

As per the Reports received from Registrar & Transfer Agent, during the year ended 31<sup>st</sup> March, 2009 total 85 complaints were received and all complaints have been satisfactorily processed and replied to.

**5. Compliance Officer**

Shri Jaydev R. Betai, General Manager (Corporate Affairs) & Company Secretary is the Compliance Officer of the company for complying with the requirements of Listing Agreement entered into with the Bombay Stock Exchange Limited as also of SEBI (Prohibition of Insider Trading) Regulations, 1992. The e-mail ID of Shri Jaydev R. Betai is *jaydev.betai@jhagadiacopper.in*. The e-mail ID for addressing shareholders' complaints on the website of Bombay Stock Exchange Limited is also *jaydev.betai@jhagadiacopper.in*.

**6. Disclosures**

**1. Related Party Transactions**

During the year ended on 31<sup>st</sup> March, 2009 there were no related party transactions of the company having any potential conflict with the interest of the company.

**2. Disclosure in Accounting Treatment**

The company follows Accounting Standards issued by the Institute of Chartered Accountants of India in preparation of the financial statements and that no different treatment prescribed in any Accounting Standard has been adopted.

**3. Risk Management**

The risk management of the company is overseen by the top management and the Board at various levels.

**4. CEO/CFO Certification**

The Managing Director & CEO (the CEO), the Financial Advisor and Chief Financial Officer have placed certificate for the period ended on 31<sup>st</sup> March, 2009 before the Board in accordance with Clause 49 (V) of the Listing Agreement.

**7. Details of non-compliance, penalties, strictures by SEBI / Statutory Authorities/ Stock Exchanges on matters relating to Capital Markets during the last three years**

The company has complied with the requirements of the Stock Exchange / SEBI / Statutory Authorities on all matters related to capital markets. There are no penalties imposed or strictures passed on the company by the Stock Exchange or SEBI or any Statutory Authorities relating to the above.

**8. Whistle Blower Policy.**

The company at present does not have Whistle Blower Policy.

**9. Secretarial Audit.**

The company has appointed a qualified Practicing Company Secretary to conduct quarterly secretarial audit of the company to reconcile the total admitted capital with National Securities Depository limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The secretarial audit reports confirm that the total issued/paid up capital is in agreement with the total number of the shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

The quarterly reports of the secretarial audit are reviewed by the Board of Directors.



**10. Information for Shareholders.**

**1. Particulars of past three Annual General Meetings.**

**1.1 Location, Date and Time of Annual General Meetings held during last 3 years:**

Year	Location	Date	Time
2004-2005	747, G.I.D.C Industrial Estate, P.O.Box No 14, Jhagadia-393110, Dist. Bharuch.	22 <sup>nd</sup> December, 2005	11:30 a.m.
2005-2006	747, G.I.D.C Industrial Estate, P.O.Box No 14, Jhagadia-393110, Dist. Bharuch.	23 <sup>rd</sup> December, 2006	11:30 a.m.
2006-2008	747, G.I.D.C Industrial Estate, P.O.Box No 14, Jhagadia-393110, Dist. Bharuch.	9 <sup>th</sup> June, 2008	11:30 a.m.

**1.2 Details of special resolutions passed in the last three Annual General Meetings are as under:**

**1. 42<sup>nd</sup> Annual General Meeting**

- 1) Appointment of M/s N. M. Raiji & Co., Chartered Accountants as statutory auditors.
- 2) Payment of remuneration to Managing Director & CEO as Wholetime Director & CEO.
- 3) Confirmation to convertibility of privately placed securities.
- 4) Authority to issue shares.

**2. 43<sup>rd</sup> Annual General Meeting**

- 1) Appointment of M/s N. M. Raiji & Co., Chartered Accountants as statutory auditors.
- 2) Reappointment of Shri Rajendra Mittal as Managing Director & CEO
- 3) Further issue of shares.
- 4) Cancellation of Issued Equity Shares.
- 5) Confirmation to convertibility of privately placed securities.
- 6) Authority to issue shares.

**3. 44<sup>th</sup> Annual General Meeting**

- 1) Appointment of M/s N. M. Raiji & Co., Chartered Accountants as statutory auditors.
- 2) Confirmation to convertibility of privately placed securities
- 3) Authority to issue shares.

The special resolutions at 2) and 3) above were passed by requisite majority through ballot.

**1.3 Extra Ordinary General Meeting**

No extra ordinary general meeting is held by the company during the year ended 31<sup>st</sup> March, 2009.

**1.4 Special resolutions through postal ballot:**

During the year ended on 31<sup>st</sup> March, 2009 no special resolution was passed through postal ballot.

**2. Means of Communication:**

2.1	Half-yearly report sent to each household of shareholders	No
2.2	Quarterly Results	
2.2.1	Which newspapers normally published in	Business Standard, Sandesh and The Economic Times
2.2.2	Any web-site, where displayed	www.jhagadiacopper.in
2.3	Whether the Company website displays	
2.3.1	All official news release	Yes
2.3.2	Presentation made to Investor / Analyst	The company has not made any presentation to the Investor / Analyst during the period.
2.4	Whether MD&A is a part of Annual Report Directors' Report	Yes
2.5	Whether Shareholder Information section forms part of the Annual Report	Yes



**3. General Shareholder Information:**

1. Registered Office	Plot No. 747, GIDC Industrial Estate, Post Box No. 14, P.O. Jhagadia, Dist. Bharuch, Pin: 393 110, Gujarat, India.
2. Day & Date, Time & Venue of 45 <sup>th</sup> Annual General Meeting and Book Closure dates	<p><u>Day &amp; Date:</u> Monday, 7<sup>th</sup> September ,2009</p> <p><u>Time:</u> At 11.30 a.m.</p> <p><u>Venue:</u> Plot No. 747, GIDC Industrial Estate, Post Box No. 14, P.O. Jhagadia, Dist. Bharuch, Pin: 393 110, Gujarat, India.</p> <p><u>Book Closure:</u> 1st September, 2009 to 7th September, 2009 (inclusive of both the days)</p>
3. Dividend Payment Date	Not Applicable
4. Financial Calendar for 2009-2010	<p>1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010</p> <p><u>First Quarter Results (June, 2009)</u>- On or before 31<sup>st</sup> July, 2009</p> <p><u>Second Quarter &amp; Half Yearly Results (September, 2009)</u> – On or before 31<sup>st</sup> October, 2009</p> <p><u>Third Quarter results (December, 2009)</u> –On or before 31<sup>st</sup> January, 2010</p> <p>Forth Quarter results <u>(March, 2010)</u> – On or before 30<sup>th</sup> April, 2010</p>
5. Listing on Stock Exchanges	<p>Bombay Stock Exchange Limited</p> <p>Scrip Code 504920</p> <p>ISIN (Equity) INE666A01028</p> <p>Listing fees as prescribed has been paid upto 31<sup>st</sup> March, 2010</p>

**4. Stock Market Data:**

The shares of the company are traded on Bombay Stock Exchange Limited, Mumbai (BSE). The company's share price as compared to the BSE SENSEX is provided for the year ended 31<sup>st</sup> March, 2009 (1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009) as under:

**Stock Market Data**

Month	BSE SENSEX		On BSE Mumbai		Volume (Qty)
	High	Low	High	Low	
Apr-08	17480.74	15297.96	12.24	8.70	3733744
May-08	17735.70	16196.02	13.80	9.70	8594450
Jun-08	16632.72	13405.54	11.13	8.13	2024980
Jul-08	15130.09	12514.02	8.75	7.35	1453536
Aug-08	15579.78	14002.43	8.99	7.71	1134370
Sep-08	15107.01	12153.55	8.30	5.12	1466951
Oct-08	13203.86	7697.39	5.91	3.61	1474520
Nov-08	10945.41	8316.39	4.64	3.13	890417
Dec-08	10188.54	8467.43	4.65	3.36	1242003
Jan-09	10469.72	8631.60	5.33	3.50	2092286
Feb-09	9724.87	8619.22	4.26	3.41	705340
Mar-09	10127.09	8047.17	3.84	3.00	1321063



**5. Registrar and Transfer Agent:**

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W),  
Mumbai - 400 078  
Ph.No.: (022) 25946970-78  
Fax No.: (022) 25946965  
E-mail: [rmp.helpdesk@linkintime.co.in](mailto:rmp.helpdesk@linkintime.co.in)

**6. Share Transfer & Demat System:**

The share transfers in physical form are presently registered and returned within a period of 30 days from the date of receipt at the office of Registrar & Transfer Agent, if documents are complete in all respects. The dematerialization of shares is done within 15 days of the date of receipt of physical documents and electronic advice from Depository Participant (ISIN No.: INE 666A01028)

Total Shares Transferred during the year ended on 31 <sup>st</sup> March, 2009	9647
Total Transfer Deeds received and processed during the year ended on 31 <sup>st</sup> March, 2009	Received- 65 Processed- 56 Returned with objection-9
Total No. of Share(s) Demated as on 31 <sup>st</sup> March, 2009	107328966
% of total Equity Shares in Demat as on 31 <sup>st</sup> March, 2009	86.44 %

**7. Distribution of Shareholding as on 31<sup>st</sup> March, 2008 (Both in physical and electronic form):**

No. of equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share Holding
1 to 5000	33519	66.52	7540875	6.07
5001 to 10,000	8353	16.57	7386001	5.95
10,001 to 20,000	4014	7.97	6613262	5.33
20,001 to 30,000	1406	2.79	3768214	3.03
30,001 to 40,000	668	1.33	2469079	1.99
40,001 to 50,000	762	1.51	3706179	2.98
50,001 to 1,00,000	917	1.82	7149024	5.76
1,00,001 & above	749	1.49	85533467	68.89
<b>Total</b>	<b>50388</b>	<b>100.00</b>	<b>124166101</b>	<b>100.00</b>

**8. Shareholding Pattern as on 31<sup>st</sup> March, 2009:**

Category	Nos. of shares	% of holding
Financial Institutions / MF / Banks	42042561	33.86
Public & Corporate Bodies		
(i) Erstwhile Promoters and their Associates (pledged with ICICI Bank Limited and held on behalf of all lending financial institutions / banks)	14900872	12.00
(ii) Other Public and Corporate Bodies	67222668	54.14
<b>Grand Total</b>	<b>124166101</b>	<b>100.00</b>

**9. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversions date and likely impact on equity:**

As on 31<sup>st</sup> March, 2009, the company has issued 66193217 Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each having rate of dividend at 6% per annum with the option of conversion into equity shares to the lending financial institutions/banks and Asset Reconstruction Company (India) Limited.



**10. Address for correspondence & Location of Plant:**

Plot No. 747, GIDC Industrial Estate, Post Box No. 14,  
P.O.: Jhagadia, Dist.: Bharuch, Pin: 393 110, Gujarat, India.  
Ph. (02645) 226600 Fax No. (02645) 226620  
E-mail: jaydev.betai@jhagadiacopper.in

The above report was placed before the Board of Directors at its Meeting held on 29<sup>th</sup> July 2009 and the same was approved.

**Declaration regarding compliance by Board Members and Senior Management Executives with the Company's Code of Conduct.**

This is to confirm that the company has adopted code of conduct for its Board members and senior management executives. The code of conduct is available on company's website www.jhagadiacopper.in. The company has obtained affirmation as to compliance of code of conduct from all the Board members and senior management executives of the company. The senior management executives cover Vice President (Operations), Vice President (CBG), Financial Advisor and General Manager (Corporate Affairs) & Company Secretary. This is a declaration as required under Clause 49 I (D) (II) of the Listing Agreement executed with Bombay Stock Exchange Limited.

Place : Mumbai  
Date : 29<sup>th</sup> July, 2009

Om Prakash Chugh  
Managing Director & CEO

**Auditors' Certificate on Corporate Governance**

To the Members of Jhagadia Copper Limited

We have examined the compliance of conditions of Corporate Governance by Jhagadia Copper Limited (the company), for the year ended on 31<sup>st</sup> March, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

On the basis of certificate received from the Registrar & Transfer Agents of the company, we state that as on 31<sup>st</sup> March, 2009 there were no investor grievance remaining pending for a period exceeding one month, against the company.

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 **N. M. Raiji & Co.**,  
Chartered Accountants

J. M. Gandhi  
Partner  
(Membership No. 37924)

Place: Mumbai  
Date: 29<sup>th</sup> July, 2009



**AUDITOR'S REPORT**

To the members of Jhagadia Copper Limited

1. We have audited the attached Balance Sheet of Jhagadia Copper Limited, as at 31st March, 2009, the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. ***The Company has incurred continuous losses for several quarters and it is running at substantially lower capacity, mainly due to insufficient working capital. Further, the plan of expansion/modification of manufacturing operations envisaged earlier, have not been materialized. In view of these, there is likely impairment in the value of fixed assets of the Company. We are informed that restructuring of the Company is contemplated which is likely to reduce the value of the fixed assets and improve availability of the working capital. Under these circumstances, future cash flows & profitability of the Company, required to assess impairment loss of assets, could not be worked out. We are, at present, unable to ascertain the provision required for impairment loss on fixed assets and its impact on the loss for the year and reserves of the Company.***
5. Further to our comments in the Annexure referred to in paragraph 3 above ***and subject to paragraph 4 above*** we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
    - (ii) In the case of the Profit & Loss Account, of the Loss for the year ended on that date; and
    - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For N. M. RAIJI & CO.**  
Chartered Accountants

J. M. GANDHI  
Partner  
Membership No: 37924

Place: Mumbai  
Date : July 29, 2009



**Annexure to the Auditor's report to the Members of Jhagadia Copper Limited**  
**(Referred to in paragraph 3 of our report of even date)**

- (i) In respect of its fixed assets :
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets.
  - (b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification were not material.
  - (c) During the year, disposal of fixed assets is not substantial.
- (ii) (a) The Company has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, Company has not granted any loans to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) During the year, Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations provided to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets, and for sale of goods and services.
- (v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no contracts that need to be entered in the register maintained under Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. No cost audit was carried out during the year.
- (ix) (a) The Company was generally regular in depositing undisputed statutory dues in respect of Provident Fund, Income tax, Sales tax (VAT), Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
  - (b) According to the information and explanation given to us, there is no arrears outstanding of such items for more than six months as at the balance sheet date.
  - (c) As per the records of the Company, and information and explanation provided to us, the details of statutory dues which have not been deposited on account of disputes are given below :

<i>Statutory Dues in respect of</i>	<i>Forum where dispute is pending</i>	<i>Financial year to which the matter pertains</i>	<i>Amount (Rs.In Lacs)</i>
Income Tax	CIT Appeal	2003-04	6.30
Sales Tax	Joint Commissioner of Sales Tax	2004-05	16.08
<b>Total</b>			<b>22.38</b>

- (x) As at the balance sheet date, the accumulated loss of the Company exceed fifty percent of its net worth. The Company has incurred cash loss during the year and also in the immediately preceding financial year.



- (xi) As at the balance sheet date, following amounts due to the financial institutions, banks and debenture holders have not been paid by the Company:
- a) Interest amounting to Rs.13565.36 Lacs for the period 1<sup>st</sup> April, 2007 to 31<sup>st</sup> March, 2009 on loans and Optionally Fully Convertible Debentures and principal amounting to Rs. 116.70 Lacs in respect of Optionally Fully Convertible Debentures due during the year 2008-09 for which extension has been sought from the lenders.
  - b) Interest amounting to Rs 775.29 Lacs and principal amounting to Rs. 337.12 Lacs towards term loan to one of the financial institution for the period from 1<sup>st</sup> April,2005 to 31<sup>st</sup> March, 2009.
  - c) Interest amounting to Rs.508.42 Lacs for the period from 8<sup>th</sup> June, 1999 to 7<sup>th</sup> June, 2001 to the holders of 17.5% Fully Convertible Debenture.
  - d) Interest amounting to Rs.475.67 Lacs and principal amounting to Rs.1912.62 Lacs for the period from April'07 to March'09 in respect of short term facilities provided by banks.
- (xii) Based on our examination and 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.
- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society, hence clause (xiii) of the Order is not applicable.
- (xiv) The Company has no dealing or trading in shares, securities, debentures and other investment during the year.
- (xv) On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loan have been generally utilized for the purpose for which it was obtained.
- (xvii) On the basis of our examination of the books of accounts and the information and explanation given to us, in our opinion, during the year the short term loans to the extent of Rs. 34.01 Lacs have been utilized for long term investments.
- (xviii) As explained to us, the preference shares issued during the year are not in the nature of preferential allotment of shares.
- (xix) In respect of outstanding debentures as on the Balance Sheet date security has been created.
- (xx) The company has not raised any money by public issues during the year.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For N. M. RAIJI & CO.**  
Chartered Accountants

J. M. GANDHI  
Partner  
Membership No: 37924

Place: Mumbai  
Date : July 29, 2009



**BALANCE SHEET AS AT 31ST MARCH, 2009**

(Rs.in Lacs)

	Schedules	<u>As at 31/03/2009</u>		<u>As at 31/03/2008</u>	
<b><u>SOURCES OF FUNDS</u></b>					
<b>SHAREHOLDERS' FUNDS :</b>					
Share Capital	A	78,610.03		77,830.30	
Reserves & Surplus	B	<u>3,243.13</u>	81,853.16	<u>2,905.05</u>	80,735.35
<b>LOAN FUNDS :</b>					
Secured Loans	C	82,835.23		75,364.24	
Unsecured Loans	D	<u>2,896.71</u>	85,731.94	<u>6,733.20</u>	82,097.44
<b>TOTAL</b>			<u><u>167,585.10</u></u>		<u><u>162,832.79</u></u>
<b><u>APPLICATION OF FUNDS</u></b>					
<b>FIXED ASSETS :</b>					
Gross Block	E	142,553.79		142,520.24	
Less : Depreciation		<u>21,812.32</u>		<u>14,566.37</u>	
Net Block		<u>120,741.47</u>		<u>127,953.87</u>	
Capital Work-in-Progress		<u>15.85</u>	120,757.32	<u>15.39</u>	127,969.26
<b>INVESTMENTS :</b>					
	F		2.63		2.63
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>					
Inventories	G	3,295.34		9,225.56	
Sundry Debtors		351.49		726.58	
Cash & Bank Balances		429.99		499.31	
Loans & Advances		<u>1,719.00</u>		<u>1,917.04</u>	
		<u>5,795.82</u>		<u>12,368.49</u>	
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>					
Current Liabilities	H	16,828.23		9,673.38	
Provisions		<u>587.76</u>		<u>493.62</u>	
		<u>17,415.99</u>		<u>10,167.00</u>	
<b>Net Current Assets</b>			(11,620.17)		2,201.49
<b>PROFIT &amp; LOSS ACCOUNT :</b>					
(Debit Balance)			58,445.32		32,659.41
<b>TOTAL</b>			<u><u>167,585.10</u></u>		<u><u>162,832.79</u></u>

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

As per our report of even date attached  
For N M RAIJI & CO.  
Chartered Accountants

J M Gandhi  
Partner  
Membership No:- 37924  
Mumbai, 29th July, 2009

**S**

For and on behalf of the Board  
R.K.Sukhdevsinhji  
Chairman

Jaydev R Betail  
General Manager  
(Corporate Affairs)  
& Company Secretary

Mumbai, 29th July, 2009

O.P.Chugh  
Managing Director & CEO

Debal K Dasgupta  
Financial Advisor

Ashok Kumar Nenawati  
Chief Financial Officer



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

(Rs.in Lacs)

	Schedules	31-Mar-09 (Current Period) (12 Months)	31-Mar-08 (Previous Period) (18 Months)
<b><u>INCOME</u></b>			
Gross Sales	I	36,374.78	36,015.77
Less : Excise Duty		522.75	513.95
Net Sales		35,852.03	35,501.82
Job Work Income - Tolling		238.22	1,146.66
Other Income	J	332.45	748.89
		36,422.70	37,397.37
<b><u>EXPENDITURE</u></b>			
Raw Materials Consumed	K	28,527.42	36,497.09
(Increase) / Decrease in Stocks	L	5,528.31	(1,543.97)
Power,Fuel & Consumables	M	3,593.94	4,113.17
Personnel Expenses	N	518.28	824.00
Manufacturing Expenses	O	663.41	1,489.58
Administrative Expenses	P	1,356.52	1,406.76
Foreign Exchange Difference (other than borrowings)		3,235.26	(915.98)
Selling & Distribution Expenses	Q	278.65	372.57
		43,701.79	42,243.22
Profit / (Loss) before Interest, Depreciation and Tax		(7,279.09)	(4,845.85)
- Interest & Finance Charges	R	11,213.42	11,268.11
Profit/(Loss) before Depreciation and Tax		(18,492.51)	(16,113.96)
Depreciation	E	7,246.06	10,876.30
Profit / (Loss) before Tax		(25,738.57)	(26,990.26)
Provision for Taxation			
- IncomeTax for earlier years		37.50	0.00
- Fringe Benefit Tax		9.84	11.52
Profit / (Loss) after Tax		(25,785.91)	(27,001.78)
Brought Forward from previous year		(32,659.41)	(5,657.63)
Profit / (Loss) Carried to Balance Sheet		(58,445.32)	(32,659.41)
No.of equity shares of Rs. 10 each		124166101	124166101
Basic & diluted earning per equity share (in rupees)		(24.51)	(27.29)
Nominal value per share in Rs.		10.00	10.00

**SIGNIFICANT ACCOUNTING POLICIES  
& NOTES TO ACCOUNTS**

As per our report of even date attached  
For N M RAIJI & CO.  
Chartered Accountants

S

For and on behalf of the Board  
R.K.Sukhdevsinhji  
Chairman

O.P.Chugh  
Managing Director & CEO

J M Gandhi  
Partner  
Membership No:- 37924  
Mumbai, 29th July, 2009

Jaydev R Betai  
General Manager  
(Corporate Affairs)  
& Company Secretary  
Mumbai, 29th July, 2009

Debal K Dasgupta  
Financial Advisor  
Ashok Kumar Nenawati  
Chief Financial Officer



**Schedules to the Accounts**

(Rs.in Lacs)

		<u>As at 31/03/2009</u>		<u>As at 31/03/2008</u>
<b><u>SCHEDULE 'A'</u></b>				
<b>SHARE CAPITAL</b>				
<b>Authorized :</b>				
500,000,000	Equity Shares of Rs. 10/- each (Previous Year 500,000,000)	<b>50000.00</b>		50000.00
100,000,000	Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous Year 100,000,000)	<b>100000.00</b>		100000.00
		<u>150000.00</u>		<u>150000.00</u>
<b>Issued Subscribed &amp; Paid up :</b>				
<b>Equity Shares</b>				
124,166,101	(Previous year 124,166,101) Equity Shares of Rs. 10/- each fully called up Add : Share Forfeited Account	<b>12416.61</b> <b>0.20</b>	<b>12416.81</b>	12416.61 <u>0.20</u> 12416.81
<b>Preference Shares</b>				
66193217	(Previous year 65,413,491) Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 100/- each fully called up	<b>66193.22</b>		65413.49
	<b>TOTAL</b>	<u><b>78610.03</b></u>		<u>77830.30</u>
<b><u>SCHEDULE 'B'</u></b>				
<b>RESERVES &amp; SURPLUS</b>				
<b>Security Premium Account</b>				
	As per last balance sheet	<b>2167.76</b>		2167.76
<b>Capital Reserve</b>				
	As per last balance sheet	<b>1336.00</b>		1336.00
<b>Hedging Reserve Account</b>				
	Opening Balance	<b>(611.69)</b>		0.00
	Add/(Less) :Adjustment during the period	<b>328.68</b>	<b>(283.01)</b>	<u>(611.69)</u>
<b>ESOP Equity Outstanding</b>				
	Employees Stock Options Outstanding	<b>22.38</b>		23.92
	Less : Deferred Employee Compensation	<b>0.00</b>	<b>22.38</b>	<u>(10.94)</u> 12.98
	<b>TOTAL</b>	<u><b>3243.13</b></u>		<u>2905.05</u>



**Schedules to the Accounts**

(Rs.in Lacs)

As at 31/03/2009

As at 31/03/2008

**SCHEDULE 'C'**

**SECURED LOANS :**

**From Financial Institutions & Banks :**

Term Loans	<b>49684.88</b>		48910.87	
Interest Accrued & Due on Term Loans	<b>10847.00</b>	<b>60531.88</b>	<u>6247.69</u>	55158.56
Debentures				
11% Optionally Fully Convertible Debentures (OFCD)	<b>14461.67</b>		14461.67	
Interest Accrued & Due on OFCD	<b>3493.65</b>	<b>17955.32</b>	<u>1599.75</u>	16061.42
Export Packing Credit		<b>3865.60</b>		1695.66
Cash Credit Accounts		<b>482.43</b>		2448.60
<b>TOTAL</b>		<b>82835.23</b>		<u>75364.24</u>

**SCHEDULE 'D'**

**UNSECURED LOANS :**

Buyer's Credit from Banks		<b>1912.62</b>		5861.05
Interest Payable-Buyers Credit		<b>475.67</b>		356.16
Interest Accrued & Due on FCD		<b>508.42</b>		515.99
<b>TOTAL</b>		<b>2896.71</b>		<u>6733.20</u>

**SCHEDULE 'E' FIXED ASSETS**

**FIXED ASSETS**

(Rs. in Lacs)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 1-Apr-08	Additions/ Adjustment	Deductions/ Adjustment	As at 31-Mar-09	As at 1-Apr-08	For the Period 31-Mar-09	Sales Adjust-ment	Upto 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
Land :-										
Free Hold	327.70	-	-	327.70	-	-	-	-	327.70	327.70
Lease Hold	1,608.86	-	-	1,608.86	120.33	16.25	0.00	136.58	1,472.28	1,488.53
Buildings	13,018.14	-	-	13,018.14	975.33	393.97	0.00	1,369.30	11,648.84	12,042.81
Plant & Machinery	127,112.02	17.67	-	127,129.69	13,194.01	6,811.67	0.00	20,005.68	107,124.01	113,918.01
Furniture & Fixtures	140.07	1.62	-	141.69	87.69	6.18	0.00	93.87	47.82	52.38
Office Equipments	116.94	2.07	(0.25)	118.76	42.96	5.50	(0.09)	48.37	70.39	73.98
Motor Vehicles	29.60	10.51	-	40.11	11.55	3.12	0.00	14.67	25.44	18.05
Computers	166.92	1.93	-	168.85	134.50	9.36	0.00	143.86	24.99	32.42
<b>Total</b>	<b>142,520.24</b>	<b>33.80</b>	<b>(0.25)</b>	<b>142,553.79</b>	<b>14,566.37</b>	<b>7,246.05</b>	<b>(0.09)</b>	<b>21,812.32</b>	<b>120,741.47</b>	<b>127,953.87</b>
<b>Previous Year</b>	<b>142,089.82</b>	<b>440.41</b>	<b>(9.99)</b>	<b>142,520.24</b>	<b>3,695.11</b>	<b>10,876.43</b>	<b>(5.17)</b>	<b>14,566.37</b>	<b>127,953.87</b>	<b>138,394.71</b>
B-Capital Work-in-Progress	15.39	0.46	-	15.85	-	-	-	-	15.85	15.39

Note : (1) Building Include Rs.500 (Previous Year Rs.500) being cost of 5 fully paid Shares of Rs. 100 each in Siddharath Vadodara Association.

**SCHEDULE 'F'**

**INVESTMENTS**

**Long Term Investments**

**Others - Unquoted**

26,250 fully paid Equity Shares of Rs. 10 each of Bharuch Enviro Infrastructure Ltd.

	<b>2.63</b>	<u>2.63</u>
<b>TOTAL</b>	<b>2.63</b>	<u>2.63</u>



**Schedules to the Accounts**

(Rs.in Lacs)

	<u>As at 31/03/2009</u>		<u>As at 31/03/2008</u>	
<b><u>SCHEDULE 'G'</u></b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>Inventories</b>				
Raw Materials	832.36		1102.86	
Work In Process	837.18		5176.04	
Finished Goods	795.85		1985.30	
Spares & Consumables	<u>829.95</u>	3295.34	<u>961.36</u>	9225.56
(Inventories are valued at cost or net realizable value, whichever is lower)				
<b>Sundry Debtors (Unsecured Considered Good)</b>				
Outstanding exceeding 6 months	0.54		54.05	
Others	<u>350.95</u>	351.49	<u>672.53</u>	726.58
<b>Cash and bank Balances :</b>				
Cash on hand	2.40		2.38	
<b>Balances with Scheduled Banks :</b>				
Cash Credit Accounts	10.30		0.00	
Current Accounts	162.58		3.58	
No lien Accounts	1.21		2.02	
Margin Money Accounts	<u>253.50</u>	429.99	<u>491.33</u>	499.31
<b>Loans &amp; Advances ( Unsecured )</b>				
Advances recoverable in cash or in kind				
Considered Good	226.58		660.87	
Considered Doubtful	259.66			
Less : Provision for Doubtful	<u>259.66</u>	0.00	0.00	
Advance Income Tax	362.12		209.17	
Other Receivables	549.72		549.72	
Deposits				
Considered Good	135.73		142.58	
Considered Doubtful	5.82			
Less : Provision for Doubtful	<u>5.82</u>	0.00	0.00	
Balance with Central Excise	<u>444.85</u>	1719.00	<u>354.70</u>	1917.04
<b>TOTAL</b>		<u>5795.82</u>		<u>12368.49</u>
<b><u>SCHEDULE 'H'</u></b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities :</b>				
Share application money refundable	0.33		0.33	
Sundry Creditors	15834.34		8657.26	
Retention Money Payable	185.06		199.33	
Liability for Expenses	528.49		798.25	
Other Liabilities	<u>280.01</u>	16828.23	<u>18.21</u>	9673.38
<b>Provisions for :</b>				
Employees Benefits	105.21		166.11	
Others	<u>482.55</u>	587.76	<u>327.51</u>	493.62
<b>TOTAL</b>		<u>17415.99</u>		<u>10167.00</u>



**Schedules to the Accounts**

(Rs.in Lacs)

	<u>Current Period</u> (12 Months)		<u>Previous Period</u> (18 Months)
<b><u>SCHEDULE 'I'</u></b>			
<b>SALES</b>			
Copper Cathodes	35165.96		34201.11
Anode Slime & Others	<u>686.07</u>		<u>1300.71</u>
<b>Net Sales</b>		<b>35852.03</b>	35501.82
Excise Duty		<u>522.75</u>	<u>513.95</u>
<b>Gross Sales</b>		<b><u>36374.78</u></b>	<b><u>36015.77</u></b>
<b><u>SCHEDULE 'J'</u></b>			
<b>OTHER INCOME</b>			
Sale of Surplus Power	250.52		596.53
Interest on Deposits (TDS Rs. 4.46 Lacs )	25.81		129.65
Dividend from Domestic Company	0.53		0.53
Miscellaneous Incomes	<u>55.59</u>		<u>22.18</u>
<b>TOTAL</b>		<b><u>332.45</u></b>	<b><u>748.89</u></b>
<b><u>SCHEDULE 'K'</u></b>			
<b>RAW MATERIALS CONSUMED</b>			
Opening Stock	1102.86		3903.05
Add : Purchases	<u>28256.92</u>		<u>33696.90</u>
	29359.78		37599.95
Less : Closing Stock	<u>832.36</u>		<u>1102.86</u>
<b>TOTAL</b>		<b><u>28527.42</u></b>	<b><u>36497.09</u></b>
<b><u>SCHEDULE 'L'</u></b>			
<b>(INCREASE) / DECREASE IN STOCKS</b>			
<b>Opening Stock</b>			
Finished Goods	1985.30		1545.78
Work-in-Process	<u>5176.04</u>	<b>7161.34</b>	<u>4071.59</u>
			5617.37
<b>Closing Stock</b>			
Finished Goods	795.85		1985.30
Work-in-Process	<u>837.18</u>	<u>1633.03</u>	<u>5176.04</u>
			7161.34
<b>TOTAL</b>		<b><u>5528.31</u></b>	<b><u>(1543.97)</u></b>
<b><u>SCHEDULE 'M'</u></b>			
<b>POWER,FUEL &amp; CONSUMABLES</b>			
Fuel & Consumables	1808.71		1957.52
Power & Electricity	<u>1785.23</u>		<u>2155.65</u>
<b>TOTAL</b>		<b><u>3593.94</u></b>	<b><u>4113.17</u></b>
<b><u>SCHEDULE 'N'</u></b>			
<b>PERSONNEL EXPENSES</b>			
Salaries & Allowances	458.14		721.83
Contribution to Retirement benefit funds	45.05		109.30
Staff welfare expenses	5.69		4.40
Employees Stock option Compensation Expenses	<u>9.40</u>		<u>(11.53)</u>
<b>TOTAL</b>		<b><u>518.28</u></b>	<b><u>824.00</u></b>



**Schedules to the Accounts**

	(Current Period) (12 Months)	(Rs.in Lacs) (Previous Period) (18 Months)
<b><u>SCHEDULE 'O'</u></b>		
<b>MANUFACTURING EXPENSES</b>		
Factory Expenses - Direct	258.39	394.60
Operating Lease expense	363.05	393.01
Excise Duty Adjustment on finished goods	(189.62)	60.24
Repairs & Maintenance	231.59	641.73
<b>TOTAL</b>	<b>663.41</b>	<b>1489.58</b>
<b><u>SCHEDULE 'P'</u></b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Vehicle Hire & Maintenance	67.89	113.67
Travelling Expenses	47.81	51.71
Telephone Expenses	14.02	23.78
Directors Fee & Expenses	17.46	40.24
Auditor Fee & Expenses	20.09	31.27
Professional charges	134.84	255.63
Site & Security Expenses	82.38	95.95
Factory Expenses - Indirect	315.13	364.73
Technicians Fees	241.58	299.10
Rent, Rates & Taxes	106.74	36.74
Other Administrative Expenses	43.10	93.94
Provision for doubtful debts & advances	265.48	0.00
<b>TOTAL</b>	<b>1356.52</b>	<b>1406.76</b>
<b><u>SCHEDULE 'Q'</u></b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Commission & Brokerage	55.42	40.45
Freight & Clearing charges	53.87	32.75
Custom & Clearing Charges - Export Sales	169.36	299.37
<b>TOTAL</b>	<b>278.65</b>	<b>372.57</b>
<b><u>SCHEDULE 'R'</u></b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest on Debentures	1893.90	2732.47
Interest on Term Loans	5868.14	7850.36
Financial Charges	2243.07	1537.84
Interest on Working Capital	918.46	817.55
Other Interest	12.52	3.53
Exchange rate fluctuations - Borrowing	277.33	(1673.64)
<b>TOTAL</b>	<b>11213.42</b>	<b>11268.11</b>



## **SCHEDULE 'S'**

### **SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Method of Accounting**

The financial statements are prepared under the historical convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Policies in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

##### **b. Use of Estimates:**

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### **c. Revenue Recognition**

- (i) Sales are recognized on dispatch of material to customers. Sales are net of trade, other discounts and rebates, duties and taxes.
- (ii) Sale of copper cathode is initially accounted at provisional invoice rate, pending finalization of the price (quotational period price) on the future rate. Variations are accounted for on final settlement of the price.
- (iii) Sales are after considering gain or loss on hedging of Material.
- (iv) Purchases are recognized on actual receipt of material from supplier. Purchases are net of discount, rebate, duties and taxes.
- (v) Purchase of raw material is initially accounted at provisional invoice rate, pending finalization of quotational period price. Variations are accounted for on final settlement of the price.
- (vi) For the provisional purchases and sales as at the balance sheet date, net loss is calculated based on the difference between provisional price and prevailing price/future contract price of the material on the balance sheet date. Such loss is accounted in the profit and loss account; however if the differential is net gain, it is ignored.

##### **d. Export obligation:**

Obligation/entitlements on account of Advance Licence Scheme for import of raw material are accounted considering quantity consumed and net custom duty payable if the export obligation is not met.

##### **e. Hedging**

The Company has approved policy of hedging of material used in the production. Accordingly derivatives contracts are entered into to hedge highly probable sales transactions or firm commitments. The said policy is approved by the Board of Directors and the hedging relationship is documented.

As per the accounting policies adopted by the company, the gain or loss on settlement of the hedge contract is adjusted in sales/purchase as the case may be, in the period in which transaction of sales/ purchase is accounted. On each balance sheet date the outstanding contract are marked to market and the difference is transferred to hedging reserve account, as per accounting provisions in Accounting Standard-30 for highly probable transactions/firm commitments.

##### **f. Fixed Assets**

- i. Fixed assets are stated at cost of acquisition less accumulated depreciation / amortization and provision for impairment, if any.
- ii. The cost of acquisition includes purchase price and all other directly attributable incidental expenses, net of cenvat credit.
- iii. Cost of fixed assets is inclusive of interest expense incurred during construction period.
- iv. Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the balance sheet date.

##### **g. Depreciation and Amortization**

- i. Depreciation is provided on straight line method at the rates specified in the Schedule XIV of the Companies Act, 1956, unless the use of higher rate or an accelerated charge is justified through technical estimates.
- ii. Depreciation on additions / deductions to fixed assets is being provided on pro-rata basis from / to the date of acquisition / disposal. Depreciation on exchange difference capitalised is provided prospectively over the remaining life of the assets.
- iii. Leasehold land is amortized over the period of the respective lease.



**h. Impairment of assets:**

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**i. Borrowing Cost**

Borrowing costs incurred in relation to the acquisition & construction of assets are capitalized as the part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.

**j. Investments**

Long term investments are valued at cost less provision for permanent diminution in value of such investments, if any.

**k. Inventories**

- i. Inventories of Stores and spares are valued at cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account.
- ii. Inventories of Raw Material are stated at cost.
- iii. Inventories of Work In Progress and Finished Goods are valued 'At cost or Net Realizable Value, whichever is lower'. Net realizable value is estimated at the expected selling price less estimated completion and selling costs.

**l. Foreign Currency Transactions**

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transactions. Assets / Liabilities in foreign currency are restated at the exchange rate prevailing at the year-end. The gain or losses on exchange difference on account of settlement or restatement are recognized in profit and loss account.

**m. Lease Accounting**

Lease of an asset whereby the lessor essentially remains the owner of the asset is classified as operating lease. The lease payment accrued during the year is charged to Profit & Loss A/c.

**n. Employee Benefits:**

**i. Post-employment benefit plans:**

The Company has both defined-contribution and defined-benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

- **Defined-contribution Plan:**  
These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expense during the period in which the employees perform the services that the payment covers.
- **Defined-benefit Plan:**  
Provision for Gratuity liability is made on the basis of actuarial valuation, with corresponding contribution to the recognized LIC Group Policies.

**ii. Short-term Employee Benefits:**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of service rendered by the employees to the Company.

**iii. Long-term Employee Benefits:**

Long term employee benefits comprise of compensated absences. These are measured based on an actuarial valuation carried out by an independent actuary using the projected unit method at each Balance Sheet date unless they are insignificant. Actuarial gains and losses and past service costs are recognized immediately in the Profit & Loss account.

**o. Taxation**

Tax expenses comprise current tax, deferred tax and fringe benefit tax.

Provision for deferred tax is made for timing differences arising between taxable income and accounting income computed using tax rate and the laws that have been enacted or substantially enacted on balance sheet date.

Deferred tax assets are recognized only if there is virtual certainty that they will be realized.



**p. Segment Reporting:**

The Company reviewed the disclosure of segment-wise reporting and is of the view that the Company has only one business segment viz. Copper Cathodes in accordance with Accounting Standard 17, 'Segment Reporting', issued under Companies (Accounting Standards) Rules, 2006.

**q. Provisions and Contingencies:**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized but are disclosed in the notes to the financial statement. A Contingent asset is neither recognized nor disclosed.

**r. Cash Flow Statements:**

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard (AS) 3 – Cash Flow Statements as prescribed under Section 211(3C) of the Companies Act, 1956.

## NOTES TO ACCOUNTS

### 1. Share Capital:

- i. Equity Shares include 6,00,000 (Previous year 6,00,000) shares of Rs.10/- each (reduced to 4,50,000 Equity shares of Rs.10/- each after simultaneous consolidation) issued as fully paid up Bonus Shares by Capitalisation of General Reserve.
- ii. Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS):  
Interest due to the certain Financial Institutions and Banks were converted into Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) carrying rate of dividend @ 6% per annum. During the current year further 779726 no. of OCCRPS were issued against interest of earlier years. OCCRPS holders have an option to convert preference shares along with dividend entitlement into fully paid equity shares of the company, at the rate to be worked out as per the applicable SEBI guidelines.

In the event OCCRPS not converted as mentioned before, they are redeemable in ten equal annual installments of 5% from the year 2011-12 to 2021-22, 20% in the year 2022-23 and balance 25% in the year 2023-24.

### 2. Secured Loans:

- i. Term loans and other nonfunded based facility together with all interest, liquidated damages, additional interest, premium on prepayment or redemption costs, charges, expenses and other monies payable to Banks and Financial Institutions are secured by first mortgage on all moveable and immovable properties both present and future, situated at Jhagadia Industrial Estate, District Bharuch in Gujarat, subject to the prior charge created / to be created in favour of Banks on inventories and book debts for working capital facilities. The said term loans are secured by, pari passu, first charge on the fixed assets of the Company situated at Jhagadia Industrial Estate, District Bharuch in Gujarat by way of mortgage by deposit of title deeds and hypothecation of moveable assets, subject to prior charge in favour of Company's bankers for securing working capital borrowings.
- ii. Optionally Fully Convertible Debentures (OFCD) are secured by way of –  
Legal Mortgage in English form of lease hold land, the whole of the properties of the Company including moveable plant and machineries both present and future situated at Jhagadia Industrial Estate, District Bharuch in Gujarat together with all buildings, structures, factory, constructions and all fixed plant and machineries or any fixtures or fittings annexed to the same. As per revised schedule agreed/to be agreed by the financial institutions, OFCD are redeemable in ten equal annual installments of 5% from the year 2009-10 to 2018-19 and balance in next five years at 10% annually from the year 2019-20 to 2023-24. In the event of default of repayment of principal amount/interest, the OFCD holders shall have the right to convert entire/part of principal amount /interest outstanding into equity shares of the company. However, No such OFCD has been redeemed or converted into Equity Shares till date.
- iii. The working capital facilities are secured by way of hypothecation of whole of the company's stock of raw material, semi finished goods, finished goods, consumables stores and spares and such other movables including book debts, bills, whether documentary or clean, both present and future. The facilities granted by ICICI Bank Ltd are further secured by pari pasu charge by way of first mortgage on all immovable and movable properties including plant and machineries of the company situated at Jhagadia Industrial Estate, Dist. Bharuch in Gujarat



**3. Employee Stock Option Scheme (ESOS): -**

The Board of Directors approved the scheme of ESOS on 14<sup>th</sup> August 2004. The shareholders at the 41<sup>st</sup> annual general meeting held on 24<sup>th</sup> September 2004 accorded approval to issue and allot equity shares to the employees of the company under ESOS.

The company has ESOP Scheme, under which 19,36,500 shares have been granted to employees. The options are vested at the end of first, second and third year at the rate of 30%, 30% and 40% and the options can be exercised within 2 year of vesting at the price of Rs. 10/- per share. The option outstanding at the balance sheet date is as follows:

Particulars	No. of ESOS Granted	Exercised	Lapsed/ Forfeited	Balance as on 31-03-2009
ESOS granted as on 01-01-06	1416000	Nil	952950	463050
ESOS granted as on 01-04-06	475500	Nil	314850	160650
ESOS granted as on 21-04-06	45000	Nil	45000	Nil
<b>Total</b>	<b>1936500</b>	<b>Nil</b>	<b>1312800</b>	<b>623700</b>

The difference between fair value on the date of grant and option price is treated as deferred employee compensation expenses. The said amount is amortized as employee compensation over the life of the option on a graded basis as per the guidance note on the subject issued by ICAI.

Accordingly, an amount of Rs. 9.40 Lacs (Previous Year reversal of Rs.11.53 Lacs) is charged to Profit & Loss Account in the current period. The cumulative amount charged to Profit & Loss Account is being shown under reserve and surplus till exercise of the options.

**4. Lease Assets:**

The Company had entered into lease arrangement for supply of gas. As per the said arrangement plant shall be operated and maintained by lessor. The agreement is for 15 year period and is extendable for another 15 year with mutual consent. This has been treated as an operating lease. The details of minimum lease payments and operation & maintenance charges are given below:

(Rs. Lacs)

Future minimum lease payments	Year ended 31 <sup>st</sup> March 2009	Period ended 31 <sup>st</sup> March 2008
Within 1 year	329.40	329.40
Over 1 year but less than 5 years	1317.60	1317.60
More than 5 years	2305.80	2635.20
Amount charged to Profit and Loss Account	363.05	393.01

5. In the manufacturing process, certain copper bearing materials are generated. These have not been valued. These will be accounted when it is actually sold/ consumed.

**6. Contingent liabilities:**

- (i) Claims against the Company not acknowledged as debts – Total Rs.119 Lacs (Previous year: Rs.119 Lacs).
- (ii) Guarantees given by the Company's bankers and counter guaranteed by the Company Rs.7159 Lacs (Previous year: Rs.2632 Lacs).
- (iii) Obligations towards custom duty (including interest) for imports made under Advance Licence Rs. 6094 Lacs (Previous year: Rs.3857Lacs).
- (iv) Corporate guarantees outstanding Rs. 10507 Lacs (Previous year: Rs. 8155 Lacs).
- (v) Dividend on OCCRPS – Rs.19362 Lacs (Previous year: Rs.15397 Lacs).
- (vi) Disputed income-tax & sales tax liabilities :  
 Disputed income tax Rs. 341 Lacs. (Previous year: Rs.2630 Lacs).  
 Disputed Sales Tax demand Rs.16 Lacs. (Previous year: Rs.16 Lacs)

7. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) NIL (Previous year: Rs. 11.81 Lacs).

**8. Exchange Rate Fluctuation:**

Adverse exchange rate fluctuation Rs. 277 Lacs (Previous year: Rs. 1674 Lacs Favorable) on account of borrowings has been recognized in profit & loss account as addition to borrowing cost. This represents adverse exchange difference in respect of earlier years on foreign currency borrowings. The said borrowings were converted into rupee loan in earlier years.





The company has recognized the following amounts in the Profit and Loss Account for the year:

Particulars	Rs. In Lacs	
	Year ended 31 <sup>st</sup> March 2009	Period ended 31 <sup>st</sup> March 2008
(i) Employees Superannuation Fund	22.94	35.59
(ii) Provident Fund	15.91	21.23
(iii) Family Pension Fund	10.09	14.65

**(b) Defined Benefit Plan**

(i) Gratuity Plan:

The Company offers its employees defined-benefit plan in the form of a gratuity scheme. The gratuity scheme is administered by Gratuity Trust through Life Insurance Corporation of India. The Company contributes funds to the Gratuity Trust.

(ii) Leave Encashment:

The Company permits encashment of leave accumulated by their employees on retirement, separation and during the course of service. The liability for encashment of such leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at the balance sheet date.

The net value of the defined-benefit commitment is detailed below:

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount Rate	8%	7.75%
Salary Escalation Rate	7%	6%
Rate of return on plan Assets	9.25%	NA
Average age	34.64 Years	34 Years

Particulars	Year ended 31 <sup>st</sup> March, 2009	
	Gratuity Rs. In Lacs	Leave Encashment Rs. In Lacs
<b>(i) Changes in the Present Value of Obligation</b>		
(a) Present value of Obligation (opening)	30.93	83.66
(b) Interest Cost	2.47	1.66
(c) Past Service Cost	0.00	0.00
(d) Current Service Cost	6.07	3.45
(e) Curtailment Cost/(Credit)	0.00	0.00
(f) Settlement Cost/(Credit)	0.00	0.00
(g) Benefits Paid	(8.89)	(13.54)
(h) Actuarial (Gain)/Loss	4.35	(54.83)
(i) Present value of Obligation (Closing)	34.94	20.41
<b>(ii) Changes in the Fair Value of Plan Assets</b>		
(a) Present value of Plan Assets (opening)	21.45	0.00
(b) Expected return on Plan Assets	2.24	0.00
(c) Actuarial (Gain)/Loss	0.00	0.00
(d) Employers Contribution	14.80	0.00
(e) Employees Contributions	0.00	0.00
(f) Benefits Paid	(8.89)	0.00
(g) Fair Value of Plan Assets (Closing)	29.60	0.00



Particulars	Year ended 31st March, 2009	
	Gratuity Rs. In Lacs	Leave Encashment Rs. In Lacs
<b>(iii) Percentage of each Category of plan Assets to total Fair Value of plan Assets at the year end</b>		
(a) Bank Deposits (special Deposit Scheme, 1975)	0.00	0.00
(b) Debt instruments	0.00	0.00
(c) Administered by Life Insurance Corporation of India	100%	0.00
(d) Others	0.00	0.00
<b>(iv) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>		
(a) Present value of Funded Obligation as at the year end	34.94	0.00
(b) Fair Value of plan Assets as at the year end	29.60	0.00
(c) Funded Assets/(Liability) recognized in the Balance Sheet	(5.34)	0.00
(d) Present Value of Unfunded Obligation as at the year end	0.00	0.00
(e) Unrecognized Past service Cost	0.00	0.00
(f) Unrecognized Actuarial (Gain)/Losses	0.00	0.00
(g) Unfunded Net Liability recognized in the Balance Sheet	0.00	20.41
<b>(v) Amount recognized in the Balance Sheet</b>		
(a) Present value of Funded Obligation as at the year end	34.94	0.00
(b) Fair Value of Plan Assets as the year end	29.60	0.00
(c) Asset/(Liability) recognized in the Balance Sheet	(5.34)	(20.41)
<b>(vi) Expenses recognized in the Profit and Loss Account</b>		
(a) Current Service Cost	6.07	3.45
(b) Past Service Cost	0.00	0.00
(c) Interest Cost	2.47	1.66
(d) Expected return on Plan Assets	(2.24)	0.00
(e) Curtailment Cost/(Credit)	0.00	0.00
(f) Settlement Cost/(Credit)	0.00	0.00
(g) Net Actuarial (Gain)/Loss	(13.66)	(54.83)
(h) Employers Contribution	0.00	0.00
(i) Total Expenses recognized in the Profit and Loss Account	(7.35)	(49.72)

17. The Company has only one business segment viz. Copper Cathodes and hence, segment reporting, as per AS 17 is not applicable to the company.

18. In absence of profit, Debenture Redemption Reserve is not created.



**19. Additional information pursuant to paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 (As amended):**

Class of goods: -

(1) Copper Cathode

Installed Capacity: 50,000 MT (per annum) of Copper Cathode

Particulars	Year ended 31 <sup>st</sup> March 2009		Period ended 31 <sup>st</sup> March 2008	
	Quantity (MT)	Value (Rs.In Lacs)	Quantity (MT)	Value (Rs.In Lacs)
Production*	12,674.55	-	16,908.40	-
Opening Stock	509.25	1,978.87	336.18	1355.90
Closing Stock	395.79	760.75	509.25	1,978.87
Sales	12,788.01	35404.18	16,463.35	35347.70
Raw Material Consumed	10658.08	28527.42	15,419.00	36497.09

- Production reported for the year includes 1585.94 MT (Previous period 4721.54 MT) on tolling basis. Turnover (Sales) includes tolling income.

(2) Anode Slime (By Product):

Particulars	Year ended 31 <sup>st</sup> March 2009		Period ended 31 <sup>st</sup> March 2008	
	Quantity (MT)	Value (Rs.In Lacs)	Quantity (MT)	Value (Rs.In Lacs)
Production	69.57	-	90.91	-
Opening Stock	0.53	6.00	11.04	189.88
Closing Stock	2.95	35.10	0.53	6.00
Sales	67.15	651.72	101.42	1233.00

Installed capacity is as certified by the Management and Licensed Capacity: Not applicable to the abolition of Industrial Licenses as per notification issued under the Industries (Development and Regulation) Act, 1951.

**20. Value of Imports on CIF basis:**

Rs. in Lacs

Particulars	Year ended 31 <sup>st</sup> March 2009	Period ended 31 <sup>st</sup> March 2008
Raw Materials-Imported	32593.73	33752.84
Stores & Spare Parts-Imported	95.68	81.45
<b>Total</b>	<b>32689.41</b>	<b>33834.29</b>

**21. Value of Imported and indigenous Raw Material, Fuel and other consumables consumed:**

Rs. in Lacs

Particulars	Year ended 31 <sup>st</sup> March 2009	% of Total Consumption	Period ended 31 <sup>st</sup> March 2008	% of Total Consumption
Raw Materials-Imported	28,081.07	98.43%	36162.49	99.08%
Raw Materials-Indigenous	446.35	1.57%	334.60	0.92%
<b>Total</b>	<b>28,527.42</b>	<b>100.00%</b>	<b>36497.09</b>	<b>100%</b>
Fuel & other consumables -Imported	53.03	2.44%	3.00	0.13%
Fuel & other consumables -Indigenous	2,118.73	97.56%	2347.53	99.87%
<b>Total</b>	<b>2,171.76</b>	<b>100.00%</b>	<b>2350.53</b>	<b>100%</b>



**22. Details of expenditure in foreign currency:**

Rs. in Lacs

Particulars	Year ended 31 <sup>st</sup> March 2009	Period ended 31 <sup>st</sup> March 2008
Remuneration to Foreign Technician	0.00	9.98
Foreign Traveling	7.12	5.74
Interest	804.55	3822.76
Testing Charges	8.00	14.73
Loss on Hedging	557.55	1075.53
Legal Expense	16.88	0.00
Others	2.76	10.68
<b>Total</b>	<b>1396.86</b>	<b>4939.42</b>

**23. Details of earnings in foreign currency:**

Rs. in Lacs

Particulars	Year ended 31 <sup>st</sup> March 2009	Period ended 31 <sup>st</sup> March 2008
FOB value of Exports	21994.19	32864.94
Gain on Hedging	10292.99	1144.28
Others	0.00	337.82
<b>Total</b>	<b>32287.18</b>	<b>34347.04</b>

**24. As on the Balance Sheet date, the company has outstanding forward contracts for sale of copper cathode designated for hedging of highly probable sale transactions.**

The following are outstanding forward contracts as at 31<sup>st</sup> March 2009

No. of Contracts	Position	Quantity of Copper Cathode	Value of Open Contracts in Rupee
10	Sell	1450 MT	Rs. 2579.22 Lacs

**25. Earning Per Share:**

The details of earning per share for the period is calculated below:-

Particulars	Year ended 31 <sup>st</sup> March 2009	Period ended 31 <sup>st</sup> March 2008
Net loss after tax (Rs. In Lacs)	25785.91	27001.78
Preference share dividend (including distribution tax) (Rs. In Lacs)	4646.56	6887.75
Net loss for equity share holders (A) (Rs. In Lacs)	30432.47	33889.53
Number of equity shares outstanding during the period (B)	124166101	124166101
Earnings per share in Rupees (Basic and Dilutive)* - not annualised (Face Value Rs.10/-per share) (A/B)	(24.51)	(27.29)

\*Diluted earning share is same as basic earning per share on account of negative EPS.



26. The current year accounts are for the period of 12 months from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009 and previous year accounts are for the period of 18 months from 1<sup>st</sup> October, 2006 to 31<sup>st</sup> March, 2008 and hence previous period figures are not strictly comparable.

27. Figures for the previous period have been regrouped and rearranged/reclassified wherever necessary.

As per our report of even date attached

For N M RAIJI & CO.  
*Chartered Accountants*

J M Gandhi  
*Partner*  
Membership No:- 37924  
Mumbai, 29th July, 2009

For and on behalf of the Board

R.K.Sukhdevsinhji  
*Chairman*

Jaydev R Betail  
*General Manager*  
*(Corporate Affairs)*  
*& Company Secretary*

Mumbai, 29th July, 2009

O.P.Chugh  
*Managing Director & CEO*

Debal K Dasgupta  
*Financial Advisor*

Ashok Kumar Nenawati  
*Chief Financial Officer*



**Information as required as per Part IV of Schedule VI of Companies Act, 1956.**

**Balance Sheet Abstract and Company's General Profiles :**

<b>1</b>	<b>Registration No. :</b>	40548
	State Code	04
	Balance Sheet Date	31-Mar-09
<b>2</b>	<b>Capital raised during the period :</b>	(Rs.in Lacs)
	Public Issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
<b>3</b>	<b>Position of mobilisation and deployment of Funds :</b>	
	Total Liabilities	167,585.10
	Total Assets	167,585.10
	Sources of Funds :	
	Paid-up Capital	78,610.03
	Reserves & Surplus	3,243.13
	Secured Loans	82,835.23
	Unsecured Loans	2,896.71
	Application of Funds:	
	Net Fixed Assets	120,757.32
	Investments	2.63
	Net Current Assets	(11,620.17)
	Accumulated Losses	58,445.32
<b>4</b>	<b>Performance of Company :</b>	
	Turnover (Including Other Income)	36,422.70
	Total Expenditure	62,161.27
	Profit/(Loss) before Extraordinary Items and Taxation	(25,738.57)
	Profit/(Loss) before Tax	(25,738.57)
	Profit/(Loss) after Tax	(25,785.91)
	Earning per Equity Share (Rs.)	(24.51)
	Dividend Rate	0.00
<b>5</b>	<b>Generic Name of three principal products of Company</b>	
	Item Code No.	74031100
	Product Description	Copper Cathode

For and on behalf of the Board

R.K. Sukhdevsinhji  
Chairman

O.P.Chugh  
*Managing Director & CEO*

Debal K Dasgupta  
*Financial Advisor*

Jaydev R Betai  
*General Manager  
(Corporate Affairs)  
& Company Secretary*

Ashok Kumar Nenawati  
*Chief Financial Officer*

Mumbai, 29th July, 2009

Mumbai, 29th July, 2009



**Cash Flow Statement pursuant to Clause 32 of the Listing Agreement**

(Rs.in Lacs)

	<u>01.04.08 to 31.03.09</u>	<u>01.10.06 to 31.03.08</u>
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit / (Loss) as per Profit & Loss A/c before Tax	<b>(25,785.91)</b>	(27,001.78)
Adjustments for -		
Depreciation	<b>7,246.06</b>	10,876.30
ESOP Amortized	<b>9.40</b>	(11.53)
Profit on Sale of Asset	<b>(0.09)</b>	(0.06)
Loss on sale of Fixed Assets	<b>0.00</b>	1.11
Hedging Reserve created	<b>0.00</b>	(611.70)
Dividend Income	<b>(0.53)</b>	(0.53)
Interest Income	<b>(25.81)</b>	(129.65)
Sundry Balance Written off	<b>(11.66)</b>	0.00
Interest Expenses	<b>11,213.42</b>	11,268.11
Operating profit before working capital changes	<b>(7,355.12)</b>	(5,609.74)
Adjustment for -		
Trade & Other Receivables	<b>1,139.65</b>	1,671.61
Inventories	<b>5,930.22</b>	1,239.37
Trade and Other Payables	<b>7,248.99</b>	4,009.64
Cash generated from Operations	<b>6,963.74</b>	1,310.88
Taxes Paid (Fringe Benefit Tax+Wealth Tax)	<b>47.34</b>	11.52
Net Cash from Operating Activities (A)	<b>6,916.40</b>	1,299.36
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets (incl.Capital Work in Progress)	<b>(34.26)</b>	(443.73)
Sales Proceeds of Fixed Assets	<b>0.25</b>	3.32
Net Cash from Investing Activities (B)	<b>(34.01)</b>	(440.41)
<b>C. Cash Flow from Financing Activities:-</b>		
Repayment from Optionally Fully Convertible Debentures	<b>0.00</b>	(125.33)
Proceeds from Opt. Con. Cum. Red. Preference Shares	<b>0.00</b>	6,475.32
(Repayment)/Proceeds from Long Term Borrowings (net)	<b>0.00</b>	38.71
Receipt of Short Term Loans (EPC/PCFC)	<b>2,169.94</b>	995.66
Utilization of Cash Credit Limits (net)	<b>(1,966.17)</b>	(420.05)
Proceeds from Buyer's Credit	<b>(3,948.43)</b>	(151.28)
Proceeds from Right Issue	<b>0.00</b>	0.00
Proceeds from Calls In Arrears	<b>0.00</b>	0.00
Dividend Income	<b>0.53</b>	0.53
Interest Income	<b>25.81</b>	129.65
Demerger,Right & Share issue written off	<b>0.00</b>	0.00
Interest and Finance Charges	<b>(2,995.56)</b>	(7,859.57)
Net Cash Flow from Financing Activities (C)	<b>(6,713.88)</b>	(916.38)
<b>Net Increase in cash &amp; cash equivalents (A+B+C)</b>	<b>168.51</b>	(57.43)
Opening Balance of cash & cash equivalents	<b>7.98</b>	65.41
Closing Balance of cash & cash equivalents	<b>176.49</b>	7.98
<b>Net Increase / (Decrease)</b>	<b>168.51</b>	(57.43)

Notes : 1 Figures in brackets indicate decrease / deduction.

2 Previous year figures have been re-arranged / re-grouped wherever considered necessary.

For and on behalf of the Board

R.K.Sukhdevsinhji  
Chairman

O.P.Chugh  
Managing Director & CEO

Debal K Dasgupta  
Financial Advisor

Jaydev R Betai  
General Manager  
(Corporate Affairs)  
& Company Secretary

Ashok Kumar Nenawati  
Chief Financial Officer

Mumbai, 29th July, 2009

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Jhagaida Copper Limited for the period from 1st April, 2008 to 31st March, 2009. We certify that the statement has been prepared by the company in accordance with the requirements of Clause 32 of the Company's Listing Agreement with Stock Exchange and is based on and in agreement corresponding Balance Sheet of the Company covered by our report of even date to the members of the company.

**For N. M. RAIJI & CO.**  
Chartered Accountants  
J. M. Gandhi  
Partner

Mumbai, 29th July, 2009

Membership No:- 37924

## Jhagadia Copper Limited

Regd. Office : 747, GIDC Industrial Estate, P.O. Box No. 14, Jhagadia 393 110.  
Dist. Bharuch, Gujarat, INDIA.

### **ENTRANCE PASS**

to be presented at the entrance

D.P. Id*	
----------	--

Registered Folio No.	
----------------------	--

Client Id*	
------------	--

I / We hereby record my / our presence at the 45th Annual General Meeting of the Company to be held at 747, GIDC Industrial Estate, P.O. Box No. 14, Jhagadia 393 110, Dist. Bharuch, Gujarat, INDIA, on Monday, 7th September, 2009 at 11.30 a.m.

Member/s' / Proxy's Signature .....

\* Applicable for investors holding shares in electronic form.

----- CUT HERE -----

### **PROXY FORM**

## Jhagadia Copper Limited

Regd. Office : 747, GIDC Industrial Estate, P.O. Box No. 14, Jhagadia 393 110.  
Dist. Bharuch, Gujarat, INDIA.

D.P. Id*	
----------	--

Registered Folio No.	
----------------------	--

Client Id*	
------------	--

No. of Shares held	
--------------------	--

I/We.....of.....  
in the district of .....being a Member(s) of the above named Company, hereby  
appoint..... of .....  
in the district of .....or failing him .....of.....  
in the district of .....as my / our proxy to vote for me / us on my / our  
behalf at the 45th Annual General Meeting of the Company to be held on 7th September, 2009 and at any  
adjournment thereof.

Signed this .....day of.....2009.

Affix a  
Re. 1  
Revenue  
Stamp here

\* Applicable for investors holding shares in electronic form

Signature

**Note :** The Proxy Form duly completed should be deposited at the Registered Office of the Company at 747, GIDC Industrial Estate, P.O. Box No. 14, Jhagadia 393 110, Dist: Bharuch, Gujarat, INDIA, not less than 48 hours before the time fixed for holding the meeting.