October 8, 2025

Hindustan Copper Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	200.00	200.00	[ICRA]AA+ (Stable); reaffirmed
Long-term fund based – Cash credit	350.00	350.00	[ICRA]AA+ (Stable); reaffirmed
Short term non-fund based - Others	150.00	150.00	[ICRA]A1+; reaffirmed
Long term/Short term - Unallocated limits	1,400.00	1,400.00	[ICRA]AA+ (Stable)/[ICRA]A1+; reaffirmed
Commercial paper	100.00	100.00	[ICRA]A1+; reaffirmed
Total	**2,200.00**	**2,200.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation factors in ICRA's expectation that Hindustan Copper Limited (HCL) will sustain a healthy financial performance in FY2026 on the back of a considerable improvement seen in FY2025. The average copper prices on the London Metal Exchange (LME) remained firm at $9,663/MT in the current fiscal till date from the $9367/MT levels of FY2025 and are expected to remain steady in the near term amid supply constraints in the global market. Healthy copper prices, negative Tc/rc coupled with HCL's improving operating performance are expected to support its earnings in FY2026. In Q1 FY2026, HCL reported healthy profits with an OPBDITA of ~Rs. 212 crore compared to ~Rs. 189 crore in the corresponding period of the previous year.

The sales volume of metal in concentrate (MIC) is also expected to improve in the current fiscal, aided by higher production from the Malanjkhand mine as well as resumption of a few other mines. Consequently, with improved profits and lower total debt position, the leverage and coverage metrics are also expected to remain healthy. The liquidity position is also expected to remain strong with healthy cash flow from operations and considerable cushion in the working capital limits.

Although HCL has ongoing capital expenditure plans of Rs. 2,000 crore over the next 3-4 years to increase its mine capacity to 12 million metric tonnes (mmt) from 4 mmt, its healthy internal cash flows are likely to limit the requirements for additional long-term borrowings, thereby supporting its capital structure even during periods of lower copper prices. Moreover, after the stabilisation of the recently commenced mines, the company will benefit from the increase in its scale of operation and better grade of underground mined ores, which would support its efforts to reduce the production cost. However, the MIC sales volume has remained range-bound at 24,000MT-26,000MT in the last four fiscals and any substantial increase in the same would remain a key monitorable.

ICRA also continues to view HCL's status as the only copper miner in India and a public sector undertaking (PSU) positively. Its established relationships with banks provide financial flexibility, enabling access to competitively priced debt for funding the ongoing capex, if required.

However, the company remains exposed to fluctuations in copper prices, which can lead to volatility in profitability and cash flows. ICRA has also taken note of HCL's large contingent liabilities, which, if they materialise significantly, could negatively impact its liquidity and financial position. Further, the smelting and refining operations at the integrated unit in Jharkhand remain suspended, given the cost disadvantages arising from the plant's vintage and lack of economies of scale. At present, the company is focusing on MIC sales as it is most remunerative and helps mitigate the impact of the adverse cost structure.

The Stable outlook on the [ICRA]AA+ rating reflects ICRA's opinion that HCL will generate healthy cash flows, going forward, and will continue to benefit from its strong position in the domestic market, having access to quality copper mines.

Key rating drivers and their description

Credit strengths

Financial performance expected to remain healthy in FY2026 amid resilient copper prices - HCL's operating income, profits and cash flows are expected to remain strong in the current financial year with firm copper prices. The average copper price on the London Metal Exchange (LME) remained firm at ~$9,663/MT in the current fiscal (till date) from the ~$9,367/MT levels in end-March-2025, thus supporting the overall financial performance of the entity.

Healthy capital structure and liquidity position; comfortable debt coverage indicators - The healthy cash accruals from operations helped deleverage HCL's balance sheet with a significant reduction in the debt level. The total debt reduced to Rs. 166.5 crore as of March 2025 from Rs. 1,137.4 crore in March 2021. Consequently, the debt coverage indicators remained comfortable with an interest cover of 102.7 times, total debt/OPBITDA of 0.2 times and DSCR of 14.2 times in FY2025. The company's plan to fund the capex via internal accruals will limit the long-term debt requirement, going forward.

Only copper miner in the country with access to large copper ore reserves - HCL is the only copper miner in India with captive mines, beneficiation plants and rod manufacturing facilities. HCL is producing only MIC, the most profitable product for the company. The reported reserve and resources as on April 1, 2024 is 755.32 million tonnes.

Thrust on developing mines to increase in-house ore production capacity - HCL's thrust on developing new copper mines would significantly increase its ore production capacity in the next few years to 12 mmt from 4 mmt, leading to economies of scale, strengthening its position in the domestic copper industry. The MIC sales volume has remained range-bound at 24,000MT-26,000MT in the last four fiscals and any substantial increase in the same would remain a key monitorable.

Credit challenges

Exposure to commodity cycle - HCL remains exposed to the movement in international copper prices, resulting in volatility in profitability and cash flows. In the past, HCL's profitability was impacted by a decline in copper prices.

Large, planned capital expenditure - HCL has lined up a large capital expenditure plan of Rs. 2,000 crore over the next 4-5 years to expand its mines. The phasing of the balance capex and the exact funding pattern would remain the key rating sensitivities. However, the capital structure is likely to remain comfortable because of regular accruals from the business and the equity infusion in FY2022, which would limit its long-term debt requirement.

Adverse cost structure in smelting and refining operations and contingent liabilities - HCL has an adverse cost structure at its copper smelter and refinery at Ghatsila because of the vintage of the plant and lack of economies of scale. Thus, HCL is now focussing on producing and selling MIC only, and production at its smelting and refinery facilities remains suspended. ICRA also take cognisance of the large contingent liabilities of the company.

Liquidity position: Strong

HCL's liquidity is strong, given the healthy cash flow from operations, cash and bank balance of Rs. 80 crore and Rs. 350-crore buffer in undrawn working capital limits as on March 31, 2025. HCL's cash flows would be more than sufficient to meet its debt repayment obligations. ICRA also notes that the company has regular capex plans of Rs. 400-450 crore on an annual basis, which would be primarily funded through healthy cash accruals, thus limiting the long-term debt requirement.

Rating sensitivities

Positive factors – A significant ramp-up and stabilisation of the mining operations, leading to an improvement in HCL's scale and profits, along with a sustenance of healthy debt protection metrics, could be a trigger for an upgrade.

Negative factors – The company's ratings may be downgraded in case of a significant deterioration in its earnings and liquidity, pushing up the total debt/OPBDITA to above 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Mining Non-Ferrous Metals (Primary Producers)
Parent/Group support	Parent – Government of India (GoI) ICRA does not envisage the requirement of any support from the GoI in the near term. However, given its sovereign ownership, ICRA expects the GoI to extend financial support to HCL, should there be a need
Consolidation/Standalone	Standalone financials have been considered

About the company

HCL is a public sector undertaking under the administrative control of the Ministry of Mines, the Government of India (GoI). The GoI holds 66.14% paid-up equity capital of the company. HCL has five units, viz. Malanjkhand Copper Project (MCP) in Madhya Pradesh, Khetri Copper Complex (KCC) in Rajasthan, Indian Copper Complex (ICC) in Jharkhand, Taloja Copper Project (TCP) in Maharashtra and Gujarat Copper Project (GCP) in Gujarat. While ICC is a fully integrated unit (mining, ore beneficiation, smelting and refining), MCP and KCC have mining and ore beneficiation facilities. GCP, as on date, has a secondary smelting and refining unit and Taloja has a wire rod manufacturing facility. Operations at the smelting and refining units of ICC and GCP are suspended at present. TCP's facility is used for tolling of cathodes for third parties. As on date, HCL is principally producing and selling only MIC, and production from the other facilities is marginal.

Key financial indicators (audited)

HCL	FY2024	FY2025	Q1 FY2026*
Operating income	1717.0	2071.0	516.4
PAT	295.8	468.5	134.3
OPBDIT/OI	33.2%	38.5%	41.1%
PAT/OI	17.2%	22.6%	26.0%
Total outside liabilities/Tangible net worth (times)	0.4	0.3	
Total debt/OPBDIT (times)	0.4	0.2	
Interest coverage (times)	34.4	102.7	129.3

*Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct 08, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	200.0	[ICRA]AA+ (Stable)	Oct 30, 2024	[ICRA]AA+ (Stable)	Sep 29, 2023	[ICRA]AA+ (Stable)	Oct 26, 2022	[ICRA]AA+ (Stable)
			-	-	-	Oct 11, 2023	[ICRA]AA+ (Stable)	-	-
Cash credit	Long term	350.0	[ICRA]AA+ (Stable)	Oct 30, 2024	[ICRA]AA+ (Stable)	Sep 29, 2023	[ICRA]AA+ (Stable)	Oct 26, 2022	[ICRA]AA+ (Stable)
			-	-	-	Oct 11, 2023	[ICRA]AA+ (Stable)	-	-
Fund based facilities	Long term/Short term	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
Fund based facilities	Long term	-	-	-	-	-	-	-	-
			-	-	-	Oct 11, 2023	[ICRA]AA+ (Stable)	-	-
Fund based facilities	Short term	-	-	-	-	-	-	-	-
			-	-	-	Sep 29, 2023	[ICRA]A1+	-	-
Non-fund based Facilities	Short term	150.0	[ICRA]A1+	Oct 30, 2024	[ICRA]A1+	Sep 29, 2023	[ICRA]A1+	Oct 26, 2022	[ICRA]A1+
						Oct 11, 2023	[ICRA]A1+		
Commercial paper#	Short term	100.0	[ICRA]A1+	Oct 30, 2024	[ICRA]A1+	Sep 29, 2023	[ICRA]A1+	Oct 26, 2022	[ICRA]A1+
						Oct 11, 2023	[ICRA]A1+		
Unallocated Limits	Long term/short term	1400.0	[ICRA]AA+ (Stable)/ [ICRA]A1+	Oct 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Sep 29, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	Oct 26, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+
						Oct 11, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+		

#Commercial paper is not placed yet

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund based – Term loan	Simple
Long term fund based – Cash credit	Simple
Short term non-fund based facilities	Very Simple
Commercial paper	Very Simple
Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	NA	7.39% pa-7.60% pa	FY2026, FY2027	200.00	[ICRA]AA+(Stable)
NA	Cash credit	NA	NA	NA	350.0	[ICRA]AA+(Stable)
NA	Non-fund based facilities	NA	NA	NA	150.00	[ICRA]A1+
NA	Commercial paper#	NA	NA	NA	100.0	[ICRA]A1+
NA	Unallocated	NA	NA	NA	1400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: Company, #Commercial Paper is not placed yet; pa – per annum

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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