September 29, 2026(Revised)

Hindustan Copper Limited: Long-term rating upgraded to [ICRA]AAA (Stable); short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Fund-based – Term loan	150.00	150.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)	RBI
Long-term – Fund-based – Cash Credit	350.00	350.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)	RBI
Short term – Non-fund-based – Others	300.00	300.00	[ICRA]A1+; reaffirmed	RBI
Long-term – Non-fund-based – Others	500.00	500.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)	RBI
Long-term/Short-term – Unallocated limits	800.00	800.00	[ICRA]AAA (Stable)/[ICRA]A1+; long-term rating upgraded from [ICRA]AA+ (Stable); short-term reaffirmed	RBI
Commercial paper^	100.00	100.00	[ICRA]A1+; reaffirmed	RBI
Total	**2,200.00**	**2,200.00**		

**Instrument details are provided in Annexure I; ^ Commercial Paper is not placed yet*

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Rationale

The rating action factors in ICRA's expectation that Hindustan Copper Limited (HCL) is likely to continue to benefit from healthy domestic copper demand scenario, driven by the capital expenditure (capex) cycle in renewable energy, electric mobility, power transmission, artificial intelligence and data centres. Further, ICRA also notes HCL's strategic importance as India's only copper mining company, its extensive and increasing copper resource base and the sustained strengthening in its financial profile over the last few years. The rating upgrade also factors in the company's strong financial profile, which is likely to further strengthen in FY2027, following the improvement seen in FY2026, owing to increase in MIC production along with sharp increase in copper prices globally. On the London Metal Exchange (LME), copper prices remained firm in FY2026 with an average of $10,800/MT, around 15% higher compared to the previous fiscal. Although copper prices continue to be elevated and are expected to stay firm in the near term owing to supply-side constraints and uncertainty surrounding US tariffs on refined copper, they are likely to ease moderately from the unusually elevated peak levels witnessed during the current year. Overall, the credit profile of HCL is likely to remain healthy, given the nil debt position and robust debt coverage metrics. The liquidity position also continues to be strong, with current liquid investment balance of more than Rs 1,000 crore.

While revising the ratings, ICRA also notes the company's around Rs 7,000-crore capex plans over the next four years, which are likely to increase HCL's mining capacity to 12.2 million tonnes per annum (MTPA) from the current 4.0 MTPA. It is likely to fund a significant portion of the programme through internal accruals, while retaining flexibility to access debt and capital markets, if required. Accordingly, ICRA expects HCL's financial profile to remain healthy despite the sizeable, planned investments. In addition, the ongoing capacity expansion programme provides visibility on significant growth in production volumes and scale of operations, which is likely to further strengthen the company's business profile. ICRA also takes into

account the start of production from its earlier closed mines at Surda and Kendadih which are expected to break-even which were erstwhile making huge losses. In addition, HCL has outsourced the operations at its Gujarat Copper Project (GCP) plant on revenue-sharing basis, which is likely to add revenue and profit to the company.

The company reported a robust improvement in earnings in FY2026, supported by the favourable copper prices, treatment and refining charge (TC/RC) dynamics, growth in metal-in-concentrate (MIC) volumes and healthy by-product realisations such as silver, gold, etc obtained within copper concentrate sale prices. The operating profits (OPBDITA) increased to Rs 1,495 crore in FY2026, compared to ~Rs. 796 crore reported in FY2025. In Q1 FY2027, it reported strong operating profits of ~Rs 508 crore, with an operating margin of ~54%. For the full fiscal, the operating margin is expected to remain firm at >50% with an improvement in MIC sales volume to ~30,000 MT. The ratings also derive comfort from HCL's strong liquidity profile, low leverage and negative net debt position. 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 production costs.

The ratings continue to benefit from HCL's ownership by the Government of India (GoI; stake of around 60%) and its strategic importance in the domestic copper value chain. The company remains India's only copper mining company, with access to around 45% of the country's copper ore reserves and resources. Its large resource base and ongoing capacity expansion programme are expected to support growth in production over the medium term. Further, 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 result in 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 focussing on MIC sales as they are most remunerative and help mitigate the impact of the adverse cost structure.

The Stable outlook reflects ICRA's expectation that HCL will continue to benefit from its strong business profile, sizeable copper reserves and resources as well as its healthy financial profile. The company's significant cash generation, robust liquidity position and low leverage are likely to support its ongoing expansion plans while maintaining comfortable credit metrics.

Key rating drivers and their description

Credit strengths

Healthy improvement in scale, profitability and cash flow generation, supported by favourable copper prices – HCL reported a healthy improvement in its operating performance in FY2026, supported by elevated copper prices, favourable by-product realisations, negative TC/RCs and higher MIC sales volumes. The operating income increased to Rs. 3,078 crore in FY2026 from Rs. 2,071 crore in FY2025, while OPBDITA rose to Rs. 1,496 crore from Rs. 797 crore and the operating margin grew to 48.6% from 38.5%. The strong performance sustained in Q1 FY2027, with operating income of Rs. 937 crore, OPBDITA of Rs. 508 crore and an operating margin of 54.2%. ICRA expects earnings and cash flow generation to remain healthy in the near term, supported by firm copper prices, favourable concentrate market conditions and an anticipated increase in MIC sales volumes, although some moderation from the current elevated realisations continues to be possible. The output from MDO operations is expected to begin from the end of current financial year and is likely to support company's profitability.

Healthy capital structure and liquidity position; comfortable debt coverage indicators – HCL's capital structure and debt protection metrics remain strong, supported by healthy cash accruals and a sustained reduction in borrowings. Total debt declined to Rs. 110.9 crore as on March 31, 2026 from Rs. 166.5 crore as on March 31, 2025, while free cash and bank balances stood at Rs. 809.6 crore, leading to a negative net debt position. The total debt/OPBDITA ratio improved to 0.1 times and interest coverage continued to be robust at 267.1 times in FY2026. The company also has sizeable liquid investments and substantial unutilised working capital limits. It has nil debt as on date. Given the healthy profitability, the leverage and coverage indicators are expected to remain robust over the near-to-medium term.

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. It is only producing MIC, the most profitable product for the company. The reported reserve and resources as on April 1, 2025 are 767.36 million tonnes.

Thrust on developing mines to increase in-house ore production capacity – HCL is implementing its Vision 2030 expansion programme to increase mining capacity to 12.2 MTPA from the current 4.0 MTPA through the addition of operating mines, reopening and development of closed mines, and development of new mineral blocks. The programme is expected to support a material rise in ore production and MIC sales over the medium-to-long term and improve the company's scale of operations. Timely receipt of statutory approvals, execution of mine development activities and achievement of the targeted production ramp-up will remain key monitorables.

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, its profitability was impacted by a decline in copper prices.

Large, planned capital expenditure – HCL has envisaged a sizeable capex programme of around Rs. 7,000 crore under its Vision 2030 roadmap, to be implemented in phases over the medium term. The programme includes mine expansion and development, concentrator capacity augmentation, exploration, infrastructure and equipment. Although HCL expects to fund a significant portion of the capex through internal accruals and available liquidity, the scale and timing of the programme expose the company to project execution, statutory approval, cost overrun and production ramp-up risks. The phasing of the expenditure, achievement of the targeted capacity addition and the extent of external funding, if any, will remain key monitorables. Nevertheless, HCL's strong liquidity, negative net debt position and healthy cash generation provide comfort.

Adverse cost structure in Smelting and Refining facilities and Contingent liabilities – HCL had suspended operations at its Ghatsila's copper and refinery plant due to adverse cost structure because of the plant's vintage and lack of economies of scale. Thus, it is now focussing on producing and selling MIC only. ICRA also takes cognisance of its large contingent liabilities, which, if they materialise significantly, could negatively impact its liquidity and financial position.

Environmental and social risks

HCL is exposed to environmental and social risks as mining activities could have a negative impact on local ecology and communities. However, all its operational mines are underground, which mitigates the above risk to an extent. Nonetheless, the company could face increasing regulatory oversight and tighter compliance with sustainable mining practices to limit the adverse impact on the environment. Such measures could raise compliance costs or result in penalties. An important risk which mining projects encounter frequently is related to project implementation schedules that hike up project costs.

Liquidity position: Strong

HCL's liquidity profile remains Strong, supported by healthy cash flow from operations, sizeable free cash and bank balances and low debt levels. As on March 31, 2026, the company had free cash and bank balances of Rs. 809.6 crore, compared with total debt of Rs. 110.9 crore, leading to a negative net debt position. It also has substantial unutilised working capital limits, providing additional financial flexibility. With healthy cash accruals and limited debt-servicing obligations, HCL is expected to comfortably meet its operational requirements and fund a significant portion of its planned capex programme through internal accruals.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The ratings could be unfavourably impacted in case of a sustained deterioration in HCL's business or financial risk profile, resulting in a material weakening in profitability, liquidity or debt protection metrics. A significant increase

in debt-funded capex, causing a moderation in leverage, or reduction in the GoI's stake to below 50% and/or weakening in the linkages with GoI would be additional triggers.

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	HCL's 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 60.14% 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 facilities), 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 are suspended at present. GCP has been outsourced on revenue-sharing model. 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 (standalone)	FY2025	FY2026*	Q1 FY2027*
Operating income (OI)	2071.0	3077.9	936.5
PAT	468.5	920.7	352.6
OPBDIT/OI	38.5%	48.6%	54.2%
PAT/OI	22.6%	29.9%	37.7%
Total outside liabilities/Tangible net worth (times)	0.3	0.3	-
Total debt/OPBDIT (times)	0.2	0.1	-
Interest coverage (times)	102.7	267.1	-

*Source: Company, ICRA Research; *Results 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 (FY2027)				Chronology of rating history for the past 3 years							
				FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sep 29 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	150.00	**[ICRA]AAA (Stable)**	Apr 29, 2026	[ICRA]AA+ (Stable)	Oct 08, 2025	[ICRA]AA+ (Stable)	Oct 30, 2024	[ICRA]AA+ (Stable)	Sep 29, 2023	[ICRA]AA+ (Stable)
										Oct 11, 2023	[ICRA]AA+ (Stable)
Cash credit	Long term	350.00	**[ICRA]AAA (Stable)**	Apr 29, 2026	[ICRA]AA+ (Stable)	Oct 08, 2025	[ICRA]AA+ (Stable)	Oct 30, 2024	[ICRA]AA+ (Stable)	Sep 29, 2023	[ICRA]AA+ (Stable)
										Oct 11, 2023	[ICRA]AA+ (Stable)
Non-fund based facilities	Long term	500.00	**[ICRA]AAA (Stable)**	Apr 29, 2026	[ICRA]AA+ (Stable)	-	-	-	-	-	-
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	300.00	**[ICRA]A1+**	Apr 29, 2026	[ICRA]A1+	Oct 08, 2025	[ICRA]A1+	Oct 30, 2024	[ICRA]A1+	Sep 29, 2023	[ICRA]A1+
										Oct 11, 2023	[ICRA]A1+
Commercial paper#	Short term	100.00	**[ICRA]A1+**	Apr 29, 2026	[ICRA]A1+	Oct 08, 2025	[ICRA]A1+	Oct 30, 2024	[ICRA]A1+	Sep 29, 2023	[ICRA]A1+
										Oct 11, 2023	[ICRA]A1+
Unallocated limits	Long term/ Short term	800.0	**[ICRA]AAA (Stable)/ [ICRA]A1+**	Apr 29, 2026	[ICRA]AA+ (Stable)/ [ICRA]A1+	Oct 08, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	Oct 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Sep 29, 2023	[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 – Others	Simple
Long term/Short term – Unallocated limits	Not applicable
Long term – Non-fund based – Others	Simple
Commercial paper	Simple

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	Financial Sector Regulator#
NA	**Term loans**	NA	6.39-6.60% pa	Prepaid in August 2026	150.00	[ICRA]AAA (Stable)	RBI
NA	**Cash credit**	NA	NA	NA	350.00	[ICRA]AAA (Stable)	RBI
NA	**Non-fund based facilities**	NA	NA	NA	300.00	[ICRA]A1+	RBI
NA	**Unallocated limits**	NA	NA	NA	800.00	[ICRA]AAA (Stable)/ [ICRA]A1+	RBI
NA	**Commercial paper^**	NA	NA	NA	100.00	[ICRA]A1+	RBI
NA	**Non-fund based – Others**	NA	NA	NA	500.00	[ICRA]AAA (Stable)	RBI

Source: Company; ^Commercial paper is not placed yet

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

Annexure II: List of entities considered for consolidated analysis – Not applicable

Corrigendum

Rationale dated September 29, 2026, has been corrected with revision as detailed below:

Operating income numbers revised for FY2025, FY2026 and Q1 FY2027 in Key financial indicators table on Page no. 4.

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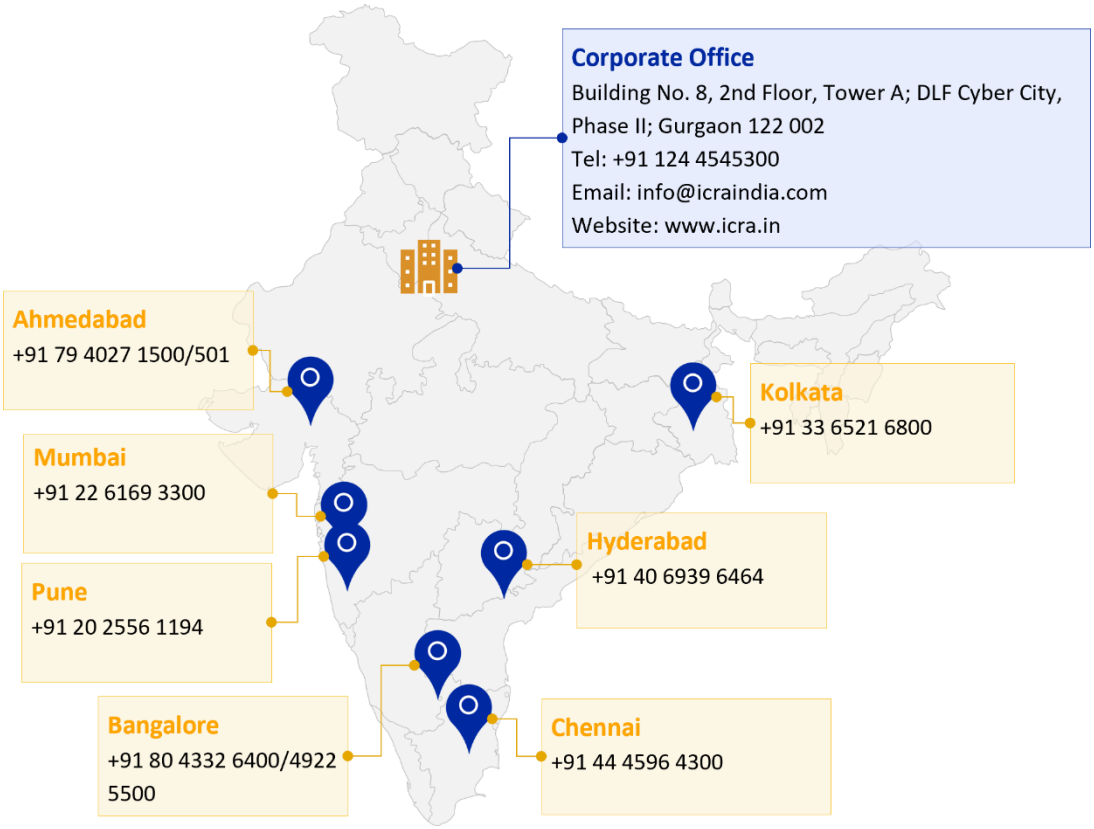
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