



Stock Idea Note - Hindustan Copper Ltd

Company Overview

Hindustan Copper Limited (HCL), a prestigious Miniratna Category-I Central Public Sector Enterprise under the Ministry of Mines, stands as the only vertically integrated copper producer in India. Established in 1967, the company holds a unique strategic monopoly, controlling all operating mining leases for copper ore in the country. Its operations are comprehensively integrated, spanning from the initial stages of exploration and underground mining to beneficiation, smelting, refining, and the production of downstream value-added products like continuous cast copper wire rods. Headquartered in Kolkata, HCL operates five major units: the Malanjkhand Copper Project in Madhya Pradesh (India's largest copper ore resource), the Khetri Copper Complex in Rajasthan, the Indian Copper Complex in Jharkhand, the Taloja Copper Project in Maharashtra, and the Gujarat Copper Project. With a massive resource base of approximately 632 million tonnes of ore and a government shareholding of 66.14% as of early 2026, the company serves as a vital pillar for India's "Atmanirbhar Bharat" initiative, aimed at reducing the nation's 90% dependence on imported refined copper.

Investment Rationale

Transformational Capacity Expansion Driving Operating Leverage

The most compelling long-term value driver for Hindustan Copper lies in its ambitious "Project 12.2", which aims to scale ore production capacity from 4 MTPA to 12.2 MTPA by FY31, effectively tripling its production base and repositioning the company as a materially larger player in the global copper ecosystem. This expansion is not merely volumetric but structurally margin-accretive. A key milestone in this journey is the recently approved Rs. 469.55 crore capex for a 3.0 MTPA copper concentrate plant at Malanjkhand, which represents a strategic shift toward enhancing beneficiation capacity and improving recovery rates. As capacity ramps up, Hindustan Copper is expected to benefit from strong operating leverage, given the inherently high fixed costs of mining operations (infrastructure, labour, stripping costs). Incremental production will therefore carry significantly higher contribution margins, resulting in a disproportionate expansion in EBITDA and return ratios. Additionally, higher concentrate output reduces dependence on third-party processing and enhances value capture within the chain. Over the medium term, this capacity build-out could structurally re-rate the company from a small-scale, price-taker PSU miner to a volume-driven, margin-expanding integrated player.

Structural Demand Tailwinds from AI, Energy Transition, and Defence

While the electric vehicle and renewable energy themes are well recognized demand drivers for copper, Hindustan Copper is uniquely positioned to benefit from emerging structural megatrends such as AI led data center expansion and defense indigenization. AI data centers are extremely copper-intensive, requiring 30-50 tonnes of copper per MW for power distribution, cooling systems, and high-efficiency conductivity infrastructure. As India accelerates its ambition to become a global hub for AI and digital infrastructure, demand for high-purity copper is expected to rise sharply, creating a strong domestic consumption base. Additionally, copper plays a mission-critical role in the defence and aerospace sectors, including missile systems, radar electronics, naval platforms, and advanced communication infrastructure. With India's increasing focus on indigenisation and strategic autonomy, Hindustan Copper, being the only domestic primary copper producer, occupies a strategically important position in the supply chain, effectively creating a sovereign-backed demand moat. On the global front, copper markets are widely expected to remain in a structural deficit due to constrained supply growth in key producing regions like South America and rising demand from green technologies. This backdrop enhances pricing power and supports long-term realizations for Hindustan Copper, while its domestic reserves provide insulation from global supply chain disruptions.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	496
Target Price (INR)	587
NSE Symbol	HINDCOPPER
BSE Code	513599
Bloomberg	HCP IN
Reuters	HCPR.BO

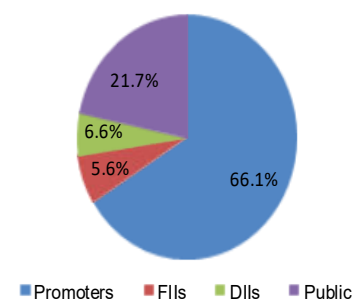
Key Data

Nifty	22,713
52WeekH/L(Rs.)	760/184
O/s Shares (Cr.)	97
Market Cap (Rs, Cr.)	47,950
Face Value (Rs.)	5

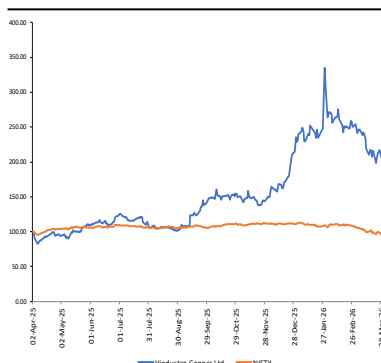
Average volume

3 months	3,18,48,321
6 months	2,74,58,815
1 year	1,75,70,559

Share Holding Pattern (%)



Relative Price Chart



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Valuation and Outlook

The outlook for Hindustan Copper Limited remains structurally strong over the medium to long term, supported by a combination of internal capacity expansion and favorable global copper dynamics, although near-term performance may remain somewhat cyclical. The company is entering a multi-year growth phase driven by its aggressive production ramp-up, which is expected to significantly improve volume visibility and earnings scalability. At the same time, the broader copper industry outlook remains constructive, with global demand projected to grow steadily on the back of electrification, renewable energy, EV adoption, and rising investments in power infrastructure and digital ecosystems, while supply growth remains constrained due to declining ore grades and project delays. In India specifically, copper demand is expected to grow at 6-7% CAGR, potentially doubling by 2030, driven by government initiatives such as infrastructure expansion, "Make in India," renewable energy targets, and defense indigenization, positioning Hindustan Copper as a key domestic beneficiary given its near-monopoly in primary copper production. Furthermore, emerging demand segments like AI data centers and grid modernization are adding incremental structural demand for copper, reinforcing the long-term bullish thesis for the metal. Overall, the company's outlook can be characterized as a transition from a price-driven cyclical PSU to a volume-led structural growth story, where sustained capacity expansion, strong domestic demand, and strategic relevance in India's resource security framework provide long-term earnings visibility, while short-term performance remains tied to copper price cycles and execution timelines. **So, valuing the company at 30x FY27E earnings, we arrive at a target price of Rs. 587, implying a 18% potential upside over a 12-month horizon.**

Key Financials						
YE March (INR. Crs.)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,822	1,677	1,717	2,071	2,675	5,896
Revenue Growth (Y-o-Y)	2.0%	(8.0%)	2.4%	20.6%	29.2%	120.4%
EBITDA	512	492	547	738	982	2,724
EBIT Growth (Y-o-Y)	24.6%	(3.9%)	11.2%	34.9%	33.1%	177.3%
Net Profit	374	295	295	469	609	1,894
Net Profit Growth (Y-o-Y)	240.0%	(21.0%)	(0.0%)	58.8%	29.8%	211.1%
Diluted EPS	3.9	3.1	3.1	4.9	6.3	19.6
Diluted EPS Growth (Y-o-Y)	225.2%	(21.2%)	0.0%	59.0%	29.8%	211.1%
Key Ratios						
EBITDA margin (%)	28.1%	29.3%	31.9%	35.6%	36.7%	46.2%
NPM (%)	20.5%	17.6%	17.2%	22.6%	22.8%	32.1%
RoE (%)	19.6%	14.2%	12.9%	17.6%	19.3%	38.3%
RoCE (%)	15.6%	14.2%	14.8%	19.9%	17.5%	37.2%
Valuation Ratios						
P/E (x)	128.2x	162.6x	162.6x	102.3x	78.8x	25.3x
EV/EBITDA (x)	94.0x	97.8x	88.0x	65.2x	49.0x	17.6x
P/BV (x)	25.1x	23.0x	21.0x	18.0x	15.2x	9.7x
Market Cap. / Sales (x)	26.3x	28.6x	27.9x	23.2x	17.9x	8.1x

Source: Bloomberg, BP Equities Research



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