ANAND RATHI

India I Equities

Metals

Initiating coverage

18 November 2025

Hindustan Copper

Right Place at the Right Time; initiating with a Buy

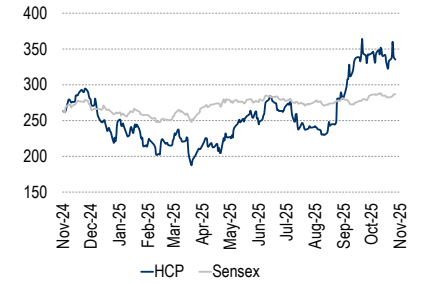
Rating: **Buy**
Target Price (12-mth): 450
Share Price: Rs.339

Production volumes for Hindustan Copper (HCP) are expected to increase more than 3.5x to 12.2m tonne by FY31 driven by extension of mining lease. Global copper supply growth on other hand is expected to be muted given operational disruptions across major copper-producing regions and rising social-environmental awareness driving lead time to develop a new copper mine to ~15-17 years. The company supplies copper concentrate (17-26% grade) to HNDL and Kutch Copper, meeting ~4% of domestic supply. As the demand for copper is expected to increase driven by new-age applications such as RE, digital infrastructure, EV, AI Data Centre and advanced manufacturing, the domestic demand is expected to more than double over the next decade. We expect 25.3%/26.8%/33% revenue/EBITDA/APAT CAGR over FY25-31 and initiate with a BUY with DCF-based TP of Rs450.

Key data	HCP IN / HCPR.BO
52-week high / low	Rs366 / 184
Sensex / Nifty	84951 / 26013
Market cap	Rs324bn
Shares outstanding	967m

Shareholding pattern (%)	Sep'25	Jun'25	Mar'25
Promoters	66.1	66.1	66.1
- of which, Pledged	-	-	-
Free float	33.9	33.9	33.9
- Foreign institutions	5.1	3.5	3.3
- Domestic institutions	6.0	8.2	8.6
- Public	22.8	22.2	22.0

Relative price performance



Source: Bloomberg

Production to surpass 12m tonne. HCP's production stood at ~3.47m tonne in FY25 (vs. R&R of >765m tonne) and was stagnant for multiple years due to multiple regulatory delays and closure of key mines in Jharkhand. However, post addressing these challenges, it is on track to surpass 12m tonne of ore production by FY31e (including MDO operations). It plans to gradually ramp-up its flagship mine (MCP) volume to rated capacity of 5m tonnes. We believe HCP has significant potential to re-open several of its previously operational mines at Jharkhand, Rajasthan and MP, which could further augment long-term production visibility.

Front-runner in global capacity addition. Rising social-environmental awareness has driven average global lead time to develop a new greenfield copper mine ~15-17 years. Further, operational disruptions across major copper-producing regions i.e., Chile, the DRC, Indonesia and others have further exacerbated the supply-side challenges and delayed recovery in global copper output. In an environment where the companies are factoring in such delays and incidents as a "disruption allowance", HCP stands out as one of the few entities globally with a clear and executable roadmap for capacity expansion which improves its strategic positioning in the global copper supply chain.

Demand to go up: India's refined copper demand is expected to surpass 2.5m tonnes over the next decade driven by transportation (~8% CAGR), urbanization (~9%), RE/clean energy (~9%), IoT (~8%) and new age sectors (~8-9%) and global copper demand is expected to increase >37m tonnes by CY35.

Valuation attractive. HCP is one of the front-runner in global copper capacity expansion and is well-placed to capitalize on this structural up-cycle in copper. Once the mines ramp-up, the revenue and EBITDA are expected to increase four-fold to Rs80.1bn and Rs30.7bn by FY31. Whilst the stock has re-rated over the last 6 months, we believe it deserves premium valuation given industry-leading EBITDA margins, RoE and high growth potential. We initiate coverage on HCP with a Buy with a DCF-based TP of Rs450 (11.2x FY28e EV/EBITDA). **Key Risks.** Commodity price volatility, delayed execution and depletion in ore quality.

Key financials (YE Mar)	FY24	FY25	FY26e	FY27e	FY28e
Revenue (Rs m)	17,170	20,710	27,665	48,580	68,347
EBITDA (Rs m)	5,470	7,376	8,808	19,186	28,578
APAT (Rs m)	2,953	4,651	5,301	13,832	19,721

Source: Company, Anand Rathi Research

Parthiv Jhonsa
Research Analyst

Prakhar Khajanchi
Research Analyst

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Prod. – excl MDO (m tonne)	3.78	3.47	3.92	6.21	8.02
MIC Sales – excl. MDO (tonne)	27,404	25,241	30,248	51,085	67,958
Revenue	***17,170***	***20,710***	***27,665***	***48,580***	***68,347***
Growth (%)	*2.4*	*20.6*	*33.6*	*75.6*	*40.7*
EBITDA	***5,470***	***7,376***	***8,808***	***19,186***	***28,578***
Growth (%)	*11.5*	*34.9*	*19.4*	*117.8*	*48.9*
EBITDA margins (%)	*31.9*	*35.6*	*31.8*	*39.5*	*41.8*
Other Income	547	773	661	2,210	810
Depreciation	1,749	1,756	2,282	2,772	3,243
Interest Expenses	161	69	59	59	41
PBT before exceptional item	4,108	6,324	7,129	18,564	26,103
PBT after exceptional item	*4,108*	*6,324*	*7,129*	*18,564*	*26,103*
Effective tax	1,150	1,650	1,796	4,678	6,578
PAT(before Asst/(Minorities)	2,957	4,674	5,332	13,886	19,525
+ Associates/(Minorities)	-4	-23	-31	-54	196
Reported PAT	2,953	4,651	5,301	13,832	19,721
APAT	***2,953***	***4,651***	***5,301***	***13,832***	***19,721***
APAT Margin (%)	*17.2*	*22.5*	*19.2*	*28.5*	*28.9*

Fig 2 – Balance sheet (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	4,835	4,835	4,835	4,835	4,835
Reserves	18,016	21,774	25,477	35,140	48,916
Net worth	***22,851***	***26,609***	***30,313***	***39,975***	***53,751***
Total debt	2,227	1,665	1,665	1,665	665
Provisions	-36	-284	-284	-284	-284
Others	3,572	2,653	2,653	2,653	2,653
Capital employed	***28,615***	***30,644***	***34,347***	***44,009***	***56,785***
Net Fixed Assets	13,909	16,989	18,869	20,102	20,822
Net CWIP	9,169	7,660	8,013	8,244	8,379
Net intangible assets	396	325	443	520	565
Investments	294	271	271	271	271
Other non-current assets	2,906	2,895	2,895	2,895	2,895
Cash balance	716	175	33	3,582	11,371
Bank balance (incl curr. Invst.)	185	624	624	624	624
Current Assets	5,126	6,069	7,954	13,697	18,891
Current Liabilities	4,086	4,364	4,754	5,925	7,033
Net current assets	***1,942***	***2,504***	***3,857***	***11,977***	***23,853***
Capital deployed	***28,615***	***30,644***	***34,347***	***44,009***	***56,785***

Fig 3 – Cash-flow statement (Rs m)

Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EBITDA	5,470	7,376	8,808	19,186	28,578
+ other Adj.	-	-	-	-	-
- Incr./(decr.) in WC	-1,946	-1,802	-1,495	-4,572	-4,086
Taxes	-1,071	-1,549	-1,796	-4,678	-6,578
Others	960	1,417	-31	-54	196
CF from Op. Activity	***3,412***	***5,442***	***5,486***	***9,882***	***18,109***
- Capex (incl mine dev.)	-2,561	-1,711	-4,632	-4,314	-4,143
Free cash-flow	851	3,732	854	5,568	13,966
Others	-2,688	-2,312	661	2,210	810
CF from Inv. Activity	***-5,249***	***-4,023***	***-3,971***	***-2,105***	***-3,333***
- Dividend (incl. buyback & taxes)	-890	-890	-1,598	-4,170	-5,945
+ Debt raised	665	-559	-	-	-1,000
Others	-162	-74	-59	-59	-41
CF from Fin. Activity	***-386***	***-1,523***	***-1,657***	***-4,229***	***-6,987***
Closing cash bal (incl bank bal.)	902	799	657	4,206	11,995

Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

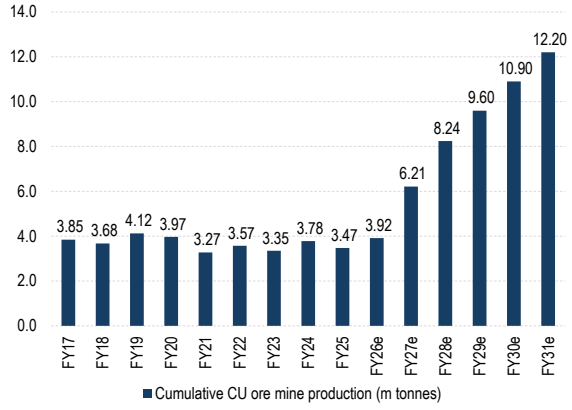
Y/E Mar	FY24	FY25	FY26e	FY27e	FY28e
EPS	3.1	4.8	5.5	14.3	20.4
BVPS	23.6	27.5	31.3	41.3	55.6
P/E (x)	112.0	71.1	62.4	23.9	16.8
EV/EBITDA (x)	60.7	45.0	37.7	17.1	11.2
P/B (x)	14.5	12.4	10.9	8.3	6.2
M-Cap/Revenue (x)	19.3	16.0	12.0	6.8	4.8
DPS (Rs per share)	0.9	1.5	1.7	4.3	6.1
Dividend payout (%)	*30*	*30*	*30*	*30*	*30*
ROE (%)	13.5	18.8	18.6	39.4	42.1
RoCE (%)	14.0	19.0	20.1	41.9	50.3
D/E	0.1	0.1	0.1	0.0	0.0
Net debt / EBITDA	0.2	0.1	0.1	-0.1	-0.4
EBITDA margin (%)	31.9	35.6	31.8	39.5	41.8
PBT margin (%)	23.9	30.5	25.8	38.2	38.2
APAT margin (%)	17.2	22.5	19.2	28.5	28.9

Source: Company, Anand Rathi Research

Fig 5 – Price movement

Source: Bloomberg

Fig 6 – Cumulative mine production likely to surpass 12m tonne by FY31e (incl. MDO volumes)



Source: Company, Anand Rathi Research

From stagnation to expansion

Production capacity to increase to 12.2m tonne by FY31e

Incorporated in 1967, HCP is the sole operator of copper mines in India and operates through a portfolio of seven mines spread across three mining complexes in Jharkhand, Rajasthan and Madhya Pradesh.

The company went through a production stagnation period as the original mine expansion plan rolled out with a vision to ramp-up volume by FY19-20 faced several regulatory delays, including FC/EC and issues relating to extension of mining leases. These challenges, coupled with mine closures across regions and regulatory bottlenecks in Jharkhand, led to prolonged production stagnation.

However, with the execution of Kendadih mining lease on October 4, 2025 (and Rakha mine in Sep'25), all major legal and regulatory hurdles are now behind. *With mining leases across operating blocks now valid for next 15-20 years, HCP has ample legroom to enhance ore production to 12.2m tonne (including MDO).* Notably, operations at Surda mine resumed in Oct'24 after four years, marking a key milestone in its turnaround journey.

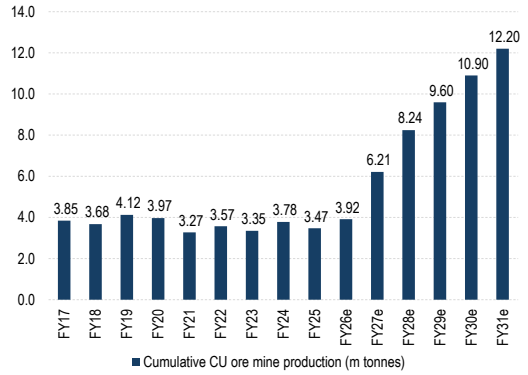
MCP is likely to remain the key contributor, accounting for ~5m tonne (~41% of consolidated targeted production). KCC in Rajasthan is likely to deliver ~3m tonne (~25%), while Rakha mine (to operate under MDO model) is expected to contribute another 3m tonne (~25%) to total output, and the balance volume will be sourced from other mines.

Fig 7 – All the existing mining lease extension has been received

Complex	Location	Unit/complex	Area (in ha)	Lease validity	R&R (m tonne)	Avg grade (% CU)	Existing capacity (m tonne)	Enhanced capacity (m tonne)	Strategy
Indian Copper Complex, Jharkhand	Ghatsila, East Singhbhum district	Surda	388.68	31/3/40	34.77	1%	0.4	0.9	Operation re-started in Oct'24
		Kendadih	1,139.6	2/6/43	116.97	1.04%	0.2	0.45	Expected to commence by Dec'25
		Rakha	785.091	28/8/41	229.26	0.85%	0.3	3	MDO appointed
Khetri Copper Complex, Rajasthan	Khetrinagar, Jhunjhununu and Neem Ka Thana District	Khetri	395.07	31/3/40	46.47	1.42%	1.5	3	-
		Kolihan	163.23		15.47	1.21%			
		Chandmari	148.45	26/12/42	13.27	0.99%			
Malanjkhand Copper Project, MP	Malanjkhand, Balaghat district	Malanjkhand	479.90	27/8/43	299.12	0.91%	2.5	5	upcoming concentrator plant

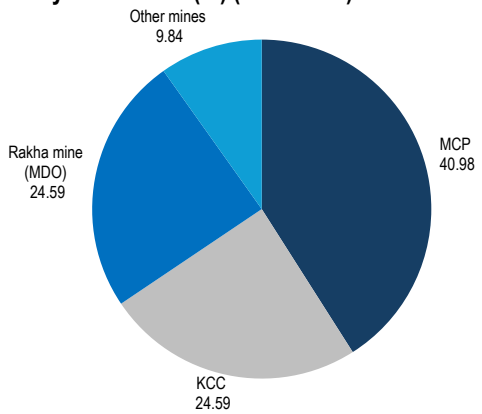
Source: Company, Anand Rathi Research

Fig 8 – Copper ore production which has remained stagnant is expected to surpass 12m tonne



Source: Company, Anand Rathi Research

Fig 9 – Key contributor (%) (mine-wise)



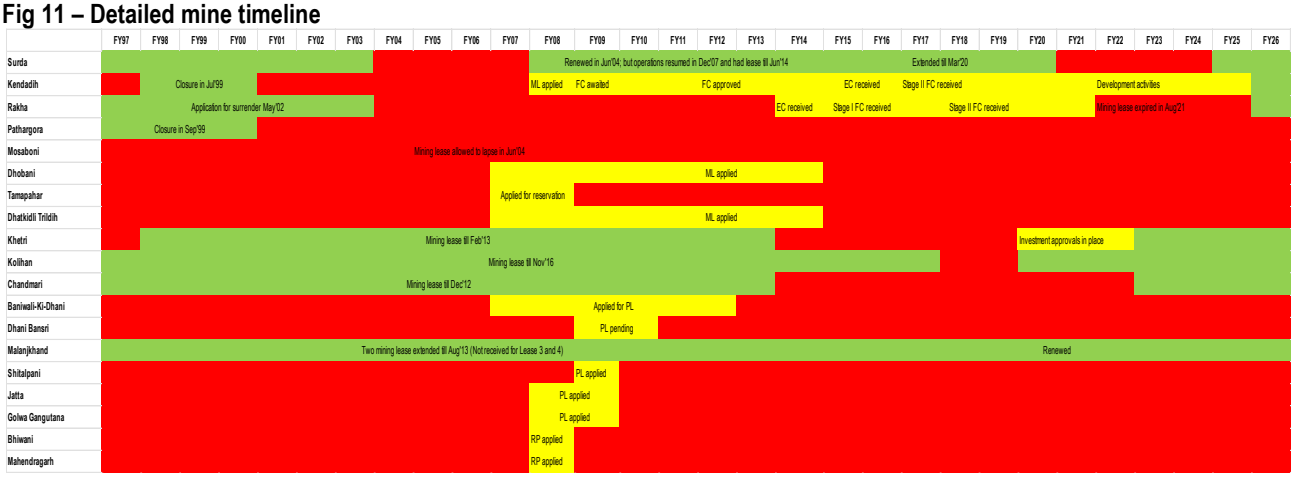
Source: Company, Anand Rathi Research

Fig 10 – Mine details and potential opportunities

Block/Mine	History	Rock formation	Potential opportunities	Remarks	Our analysis
Indian Copper Complex, Jharkhand	Established by the Britishers in 1930's Nationalized in Sep'72	Proterozoic volcano-sedimentary	Pathargora, Dhobani and Kishangharia	Rakha block has been awarded to South West Mining (part of the JSW Group) as a MDO under a 12.5% revenue-sharing model The 20-year contract, extendable by another 10 years Develop UG mine at Chapri, and commission a new concentrator plant Rakha mine is expected to commence operations by FY28 and capacity is expected to gradually ramp up-to 3m tonnes	HCP will receive a fixed 12.5%, directly recognized in its profitability, while the MDO will undertake all mining operations, development and capex
Khetri Copper Complex, Rajasthan	The complex was revived by NMDC and transferred to HCP in 1967	Proterozoic metasediments resting over basement gneiss	Dhani Bansri and Chandmari	HCP holds Baniwali-Ki-Dhani block in Sikar district, a substantial portion of this lease lies within the Aravalli forest belt, where mining activities are currently restricted as per prevailing environmental regulations.	
Malanjkhand Copper Project, MP	Flagship mine, commissioned in 1982		Setting up 3m tonnes concentrator plant; expected to commence by Oct'27	To complete the residual UG mine development aimed at doubling capacity from 2.5 to 5m tonne, MECON was appointed as the engineering consultant For underground ore production, it awarded development, production drilling, and ore extraction contract to M/s SMS in Jul'19 M/s DCS, M/s MMPL and other entities have been engaged to simultaneously advance development work from North and South Declines. 3m tonnes Paste Fill Plant commissioned in Nov'24	As its volume ramp-up strategy, it targets 2.9m tonne production in FY26e, however until the vertical shafts are fully commissioned, complete production ramp-up may remain limited Potential to ramp-up to 7.5m tonnes by FY'29-30

Source: Company, Anand Rathi Research

Fig 11 – Detailed mine timeline



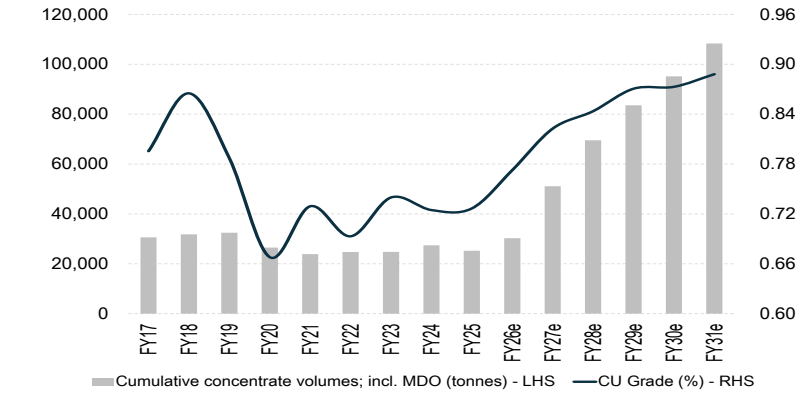
Source: Company, Anand Rathi Research

Copper yields to increase to ~0.85-0.9%

Copper is a geologically complex mineral, and in India, it primarily occurs in two forms as **(i)** Stratiform and Stratabound deposits hosted within Proterozoic volcano-sedimentary sequences, and as **(ii)** Volcanogenic Massive Sulphide (VMS), Iron Oxide Copper Gold (IOCG), or Shear Zone-type deposits.

The grade of copper ore varies significantly depending on the deposit type and geological setting. *As mining operations progress deeper UG, the ore grades generally improve relative to those extracted through opencast methods. Thus, we expect HCP's average copper grade to gradually improve to ~0.85-0.9% (from ~0.7% currently) over the next 5-6 years, driven by the transition to UG mining across key assets and the commencement of higher-grade zones at depth. Additional drilling in UG mines enhances the accuracy of ore-body mapping, which in turn strengthens the reliability of R&R estimates.*

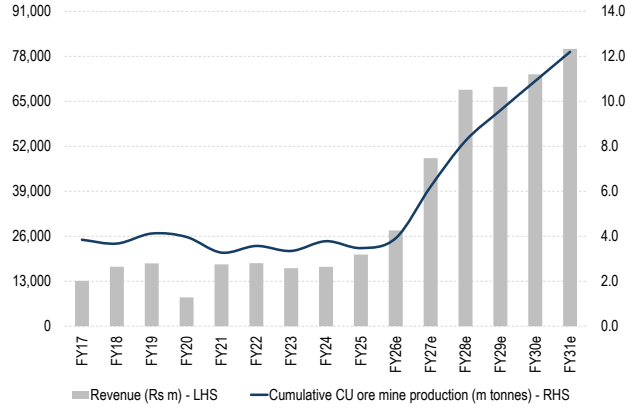
Fig 12 – MIC grade to gradually improve and surpass 0.85%



Source: Company, Anand Rathi Research

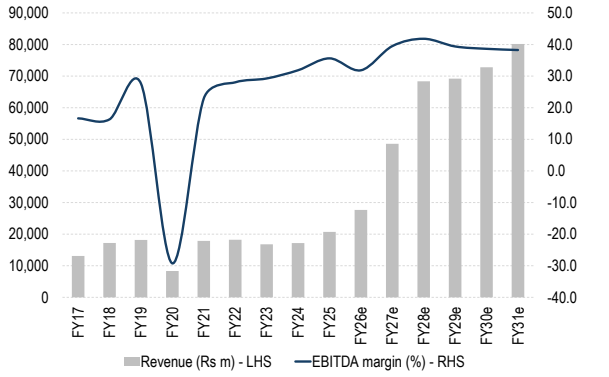
As the copper grade recovery improves, HCP stands to benefit owing to *higher revenue (aided by increased production volume) and margin expansion (supported by improved ore quality and operating leverage)*. With volume ramping up across key mines and grades are expected to trend higher, we expect a "J-curve" recovery in its operational and financial performance over the medium-term.

Fig 13 – "J-curve" recovery



Source: Company, Anand Rathi Research

Fig 14 – Despite impact from wage revision, EBITDA margins expected to remain healthy



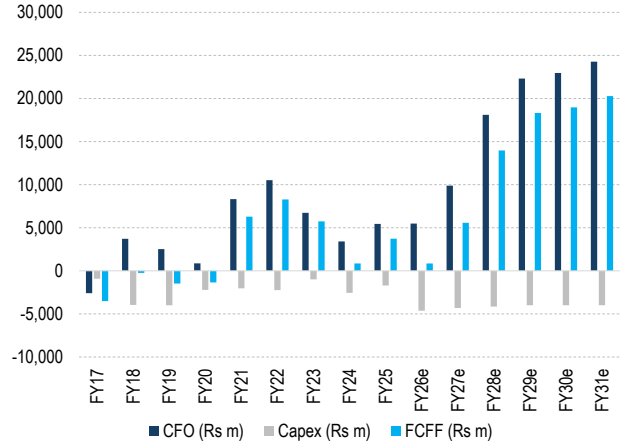
Source: Company, Anand Rathi Research

Internal accruals to fund capex

To ramp up production volume from 3.47 to 9.2m tonne (excl. MDO volumes), HCP has earmarked a Rs20bn capex over the next few years. *As the Rakha mine will be developed and operated under the MDO model, the entire capex (Rs26-27bn) for scaling production from 0.3 to 3m tonne will be borne by the operator.* Under the terms of the agreement, HCP's only obligation is to recruit 40-50 executive employees for overseeing admin and mining operations.

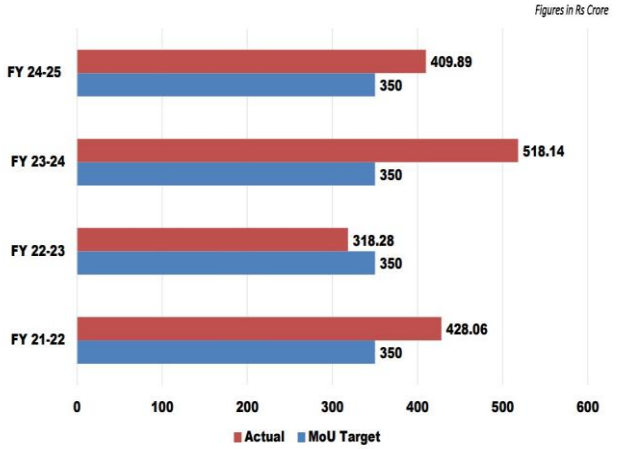
Since the pandemic, the company has demonstrated the ability to fund its capex programme through internal accruals. Whilst it has passed resolution to raise funds via debt/bonds, *we believe with multiple mines now commencing and/or resuming operations, HCP is well-placed to fund its expansion plans from internal accruals.*

Fig 15 – Capex to be funded via internal accruals



Source: Company, Anand Rathi Research

Fig 16 – Consistently surpassing yearly MoU capex target

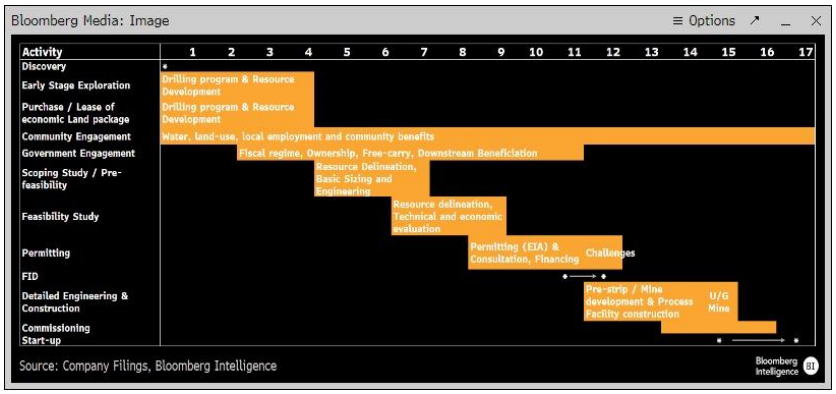


Source: Company

Matching Global Standards

As copper is getting more and more complex in nature, not only in India, but *globally as well, average lead time taken from discovery to first metal production for a greenfield mine is ~15-17 years.* Though HCP has secured all its mining leases, the overall time taken by the company has been broadly in line with global lead time.

Fig 17 – Global lead time to develop a copper mine



Source: Bloomberg

Copper crunch to continue

Over the time copper mines have gone deeper, rock has changed and risks have multi-folded, leading to supply crunch.

The global copper market has undergone a seismic shift since Q4 CY24 led by a series of supply-side disruptions. Escalating trade and tariff wars and a string of operational mishaps at major copper mines worldwide have constrained supply.

Operational Mishaps at multiple mines. Over the past few months alone, the sector has been impacted by several major events such as:

- Jun'25: Port and mill disruption at Teck Resources facility in Chile
- Jul'25: One of the worst mining accidents in decades at a Chilean copper mine
- Aug'25: Flooding at Ivanhoe's Kamoa-Kakula complex in Congo
- Sep'25: Social unrest in Peru, disrupting Hudbay's operations
- Sep'25: A mudslide at Freeport-McMoRan's Grasberg Block Cave mine in Indonesia
- Nov'25: Copper mine incident at Lualaba province, DRC (Kalando copper site)

More specifically, Grasberg incident has been a knee jerk event as it re-balances global copper supply. The mine is the second largest globally contributing ~4% to global production with an average grade of 0.99%. The disruption alone is expected to have a crunch of 0.25-0.28m tonne, which would take a minimum of 6-9 months to normalize. Bloomberg expects a $1.3bn EBITDA hit in Q4 CY25, $711m in CY26 and $1.9bn risk if restarting the mining operations slip.

These incidents show the growing vulnerability of global copper supply chains. As ore bodies deplete and operations extend deeper, mining companies are compelled to innovate and invest heavily in mine development and safety, driving higher capex intensity across the sector. Thus, *these cumulative disruptions are expected to result in global copper supply deficit of ~0.5-0.7m tonne*, reinforcing a structurally tight supply outlook in the medium-term.

Downward revision in CY25/FY26 production guidance by global copper miners.

A series of mishaps and operational setbacks has prompted several global copper miners to trim their production guidance for CY25/FY26.

- Antofagasta's expects CY25 copper output to be at lower end of its 0.6-0.7m tonne guidance.
- Monthly copper production of CODELCO (Chile's state-owned producer) slipped to 20-year low of 93,400 tonne in Aug'25. It reduced its CY25 guidance by 0.05m tonne after an incident at El Teniente mine.
- Teck Resources reduced its yearly guidance for QBII mine by ~20,000 tonne following disruptions in ramp-up.
- Ivanhoe also withdrew its yearly cost and volume guidance after the disruption at its Congo mine. Further, the ramp-up of the new smelter has also been withdrawn.

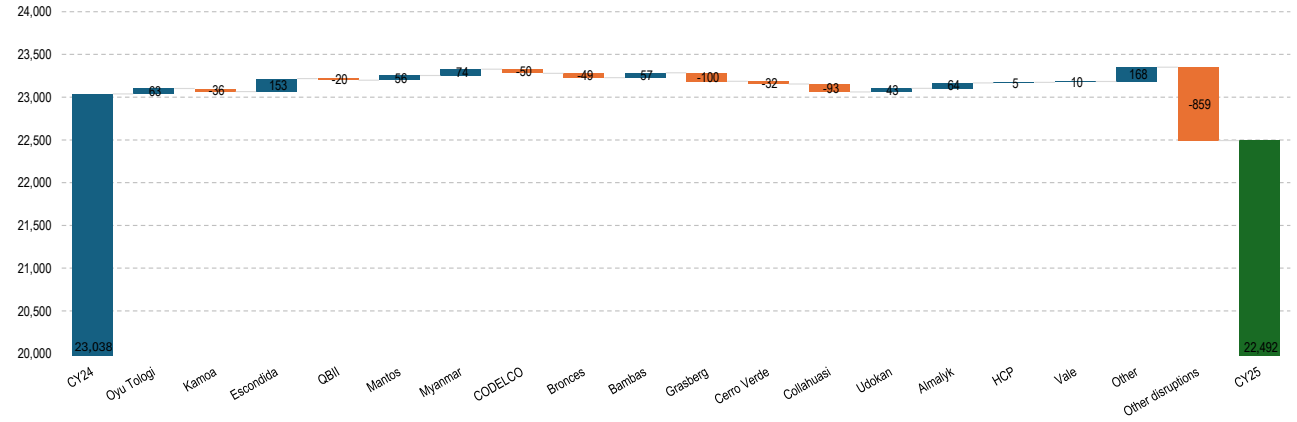
- In Sep'25, CODELCO, Collahuasi mine (Glencore) and Teck's QB, reported lower volumes y/y
- HCP's FY26 ore volume is also expected to be ~10% lower than the estimate of 4.35m tonne, mainly due to prolonged monsoons, logistical challenges and temporary labour shortages during the festive period, may have impacted its operations.

These disruptions highlight the vulnerability to global shocks and how little it takes to tighten the demand-supply dynamics.

At a time when the world is undergoing shortage of copper supply because of operational continuity issues, only a handful of mines are likely to enhance the volume, the global copper output for CY25 is expected to be lower than CY24. Though operations at El Teniente have resumed in areas unaffected, the recovery is expected to be slump.

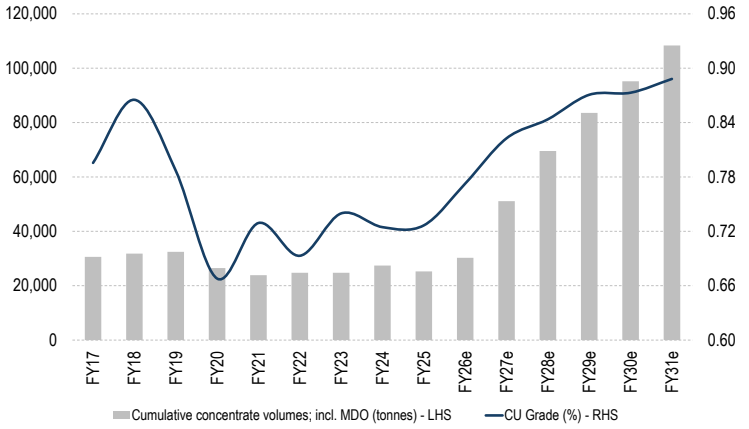
Further, falling ore grades across the globe too would reduce the CY25 output. On the backdrop of this, *despite slight reduction in its yearly guidance, HCP is one of the few companies globally which will consistently enhance the capacity over next 5-6 years taking its concentrate volume from 25,241 tonnes in FY25 to over 30,000 tonnes in FY26 and over 1,00,000 tonnes (cumulative) by FY31e.*

Fig 18 – CY25 mined copper output (tonnes)



Source: Bloomberg, SMM, Anand Rathi Research

Fig 19 – Cumulative copper concentrate volumes expected to surpass 0.1m tonne



Source: Company, Anand Rathi Research

Fig 20 – No meaningful near-term growth likely from global mining majors

Company	Future road-map
Vale	As operations at Salobo ramps up, volumes of ~0.34–0.37m tonne in CY25 and ~0.38m tonne expected by CY26. Major volume uptick is only expected once the Carajás complex in Pará becomes operational by CY30
Teck Resources	Grade improvement at QB mine and incremental volumes of 0.175m tonne is expected by CY30
South32	Q1 FY26 copper sales down ~4% to 0.0172m tonne Sierra Gorda volumes of copper eq. are expected to reduce from 0.0897m tonne in FY25 to ~0.0857m tonne in FY26
Anglo American	No major additions are expected before CY27 Grade depletion, EC delays, proximity to glaciers and smaller project scales could collectively trim volume by ~0.1m tonne over the next few years
Southern Copper	Multiple projects (Los Chancas and Michiquillay) expected to yield benefits post CY31 El Arco is likely to commence post CY32-33 (might extend to CY40)
First Quantum Minerals	Ramp-up possible once Kansanshi expansion and Cobre Panama is operationalized
Rio Tinto	Ramp-up by CY30
BHP	Grade depletion and ore hardness might impact volumes over FY27-30.
CMOC	Invest >$1bn in Congo to ramp-up Phase-II Kisanfu mine, which is expected to yield ~0.1m tonne of copper, but the complete benefit from higher volume is not expected before CY28
Antofagasta	Los Palambres expected to rebound the grade after H1 CY26
HCP	***Mines to ramp-up from Q3FY26 onwards***

Source: Company, Bloomberg, Industry, Anand Rathi Research

At a time when developing a new copper mine has become increasingly difficult due to technical complexities, protracted approvals and local opposition, *HCP stands out as one of the rare few companies actively working to expand its mining capacity and copper grades in the near-term.*

Capex rising in Global copper exploration

Copper is a deep-seated mineral, making it inherently more challenging and expensive to explore and mine compared to bulk commodities. With metallurgy becoming increasingly complex, ageing mines, and the need for accelerated technological advancements, overall mining capex requirement continues to rise.

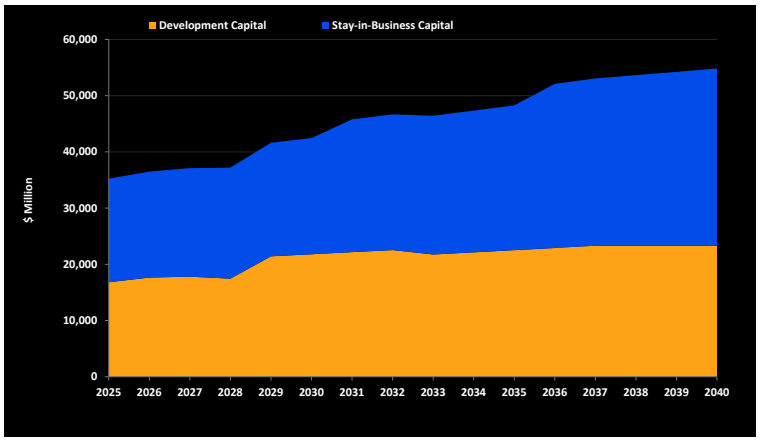
Globally, a series of greenfield, brownfield and life-extension projects is underway, which together could add **~11m tonne of copper capacity by CY30-31**. However, achieving even 75-80% of this target appears optimistic due to time taken to ramp-up the mine, ore depletion and mining imflation. Until new capacities ramp up meaningfully (~8m tonne), structural supply deficit is likely to persist. We estimate the miners would need to invest ~$15-30bn annually merely to meet rising demand and offset supply-side constraints.

Currently, ~75% of global copper ore is extracted from mines that are over two decades old, which led to a steady decline in ore grades (now averaging 0.7-1%) and lower recoveries, which have triggered capital intensity across the sector. For instance, *BHP's average capex stands at ~$23,000 per tonne, with an additional $800-1,000 per tonne required for sustaining operations*. A back-of-the-envelope estimate suggests, it would require a total investment of $350–500bn over the next 15 years. Similarly, *Teck Resources has seen significant cost escalation at its QB mine, with capex overruns of ~$4bn on an original budget of $4.7bn*, highlighting the growing cost pressures faced by the global miners. When Inmet's Cobre mine became operational, capex intensity was ~$38,285/tonne. Similarly, Quellaveco took four years to develop at ~$18,333/tonne capex. Even, Julong (China) was developed at a capex

exceeding $13,750/tonne. *HCP which is expected to spend ~Rs20-50bn over next few years to enhance the concentrate volume to >60,000 tonnes MIC (excluding MDO), which is substantially lower than global standards.*

Global copper exploration budget rose ~2% y/y to $3.2bn in CY24 with 44% being earmarked for LatAm. *As per S&P Global, out of 239 major discoveries included in their discoveries analysis, 148 are not yet in production, 121 are yet to complete feasibility studies and just 15 have begun development.* This highlights the gap between exploration budget of existing and early-stage mines. Most of the capex in future will be towards existing / stay-in-business mines rather than developing a new mine.

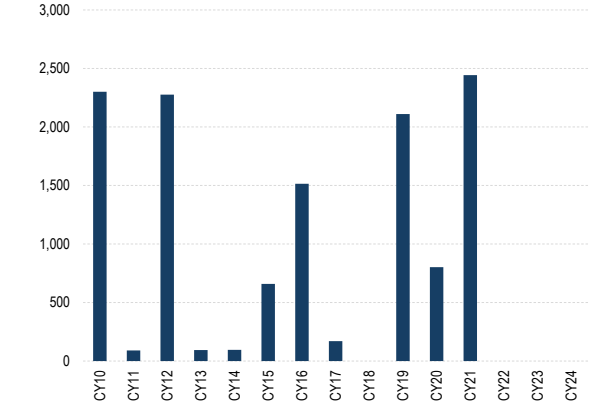
Fig 21 – Copper capex spending intensity



Source: Bloomberg

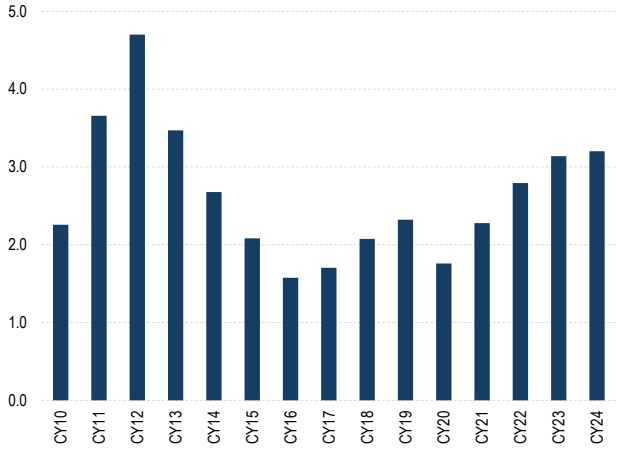
Further, the implied discovery cost/tonne of copper has sharply increased over last few years to $2,443/tonne in CY21. Despite, spending >$6bn in exploration capex over CY22 and CY23, there are no meaningful discoveries, either clearly implying the focus to develop existing mines or lack of new R&R.

Fig 22 – Implied per tonne discovery cost ($/tonne)



Note: Nil implied cost indicates, the capex towards discovery in a particular year has been negative without any positive impact
Source: S&P Global, Anand Rathi Research

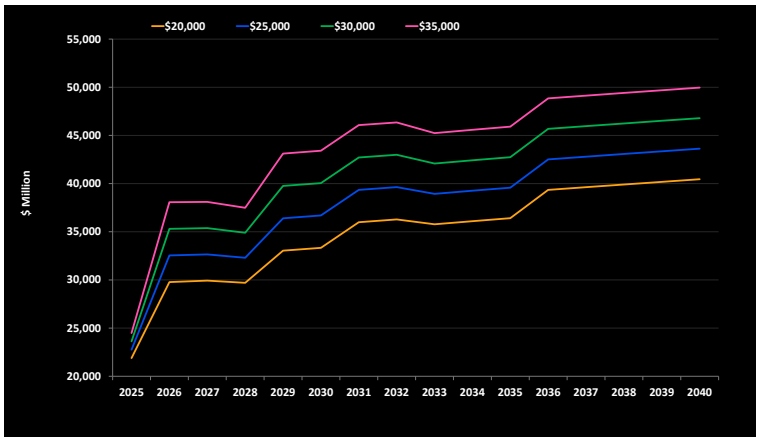
Fig 23 – Global exploration budget ($ bn)



Source: S&P Global, Anand Rathi Research

At a higher capital intensity of $30,000 per tonne, investment increases to ~$470bn over next 15 years

Fig 24 – Capex per tonne intensity scenario analysis ($ m)



Source: Bloomberg

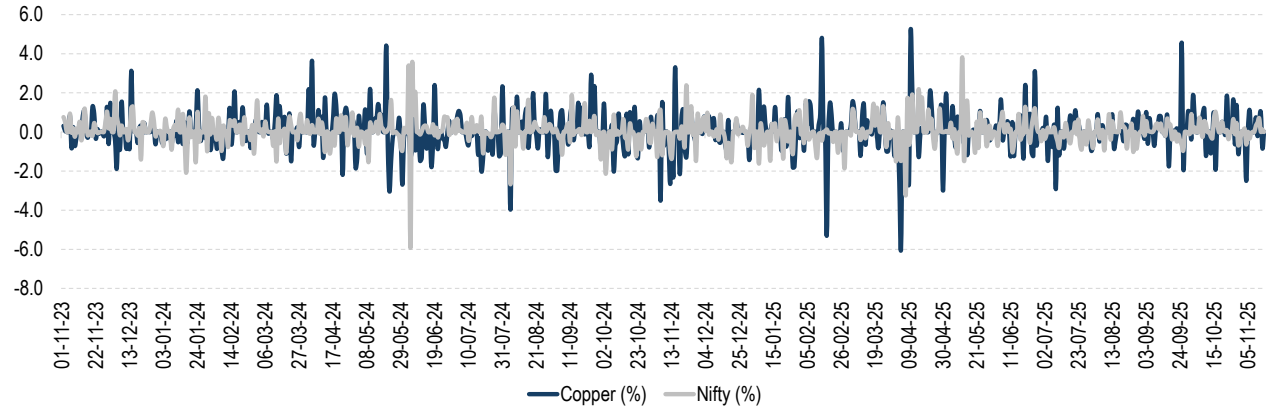
Dr. Copper

Copper demand has been on the rise due to accelerating global transition toward electrification, EVs, RE, and AI-driven infrastructure

Copper has been essential to human since pre-historic times with a true breakthrough after its use in electricity. It is known as 'Dr Copper' for its feature as proxy of the broader market. As it is omnipresent across sectors it is a reliable indicator of global economic health. It often moves ahead of other commodities. Copper futures are frequently significantly higher or lower a number of weeks or months before the broader market does.

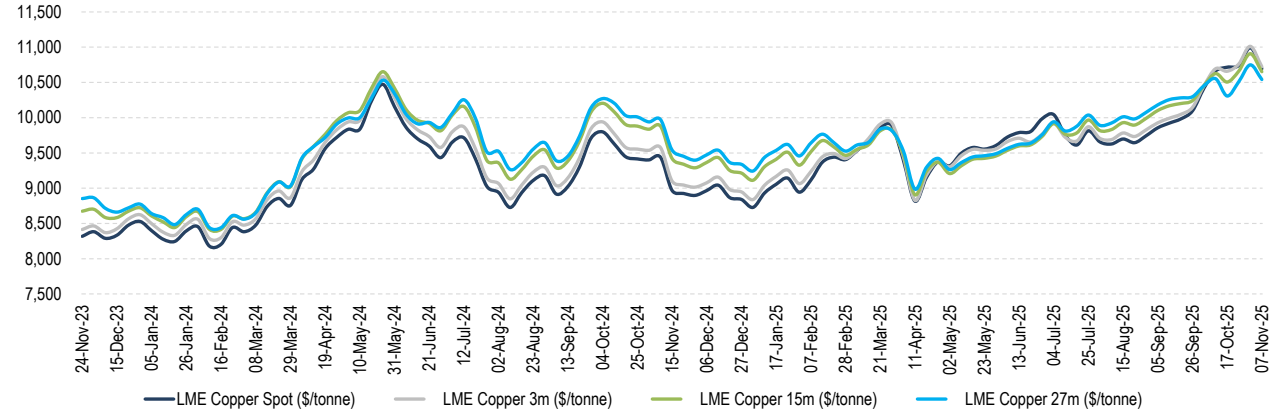
The following figure shows the number of times copper has moved before the Nifty. For instance, between the 19th and 24th Apr'24, it rose ~1.8% vs. 2.59% rise in Nifty, 2.53% rise in Sensex and >4% rise in Nifty Metals. Similarly, between the 9th and 12th Sep'25, it rose 1.96% vs. ~1.37%/1.38% rise in Nifty/Sensex. The same is also true when the metal prices correct.

Fig 25 – Dr. Copper a broader relationship between metal and benchmark



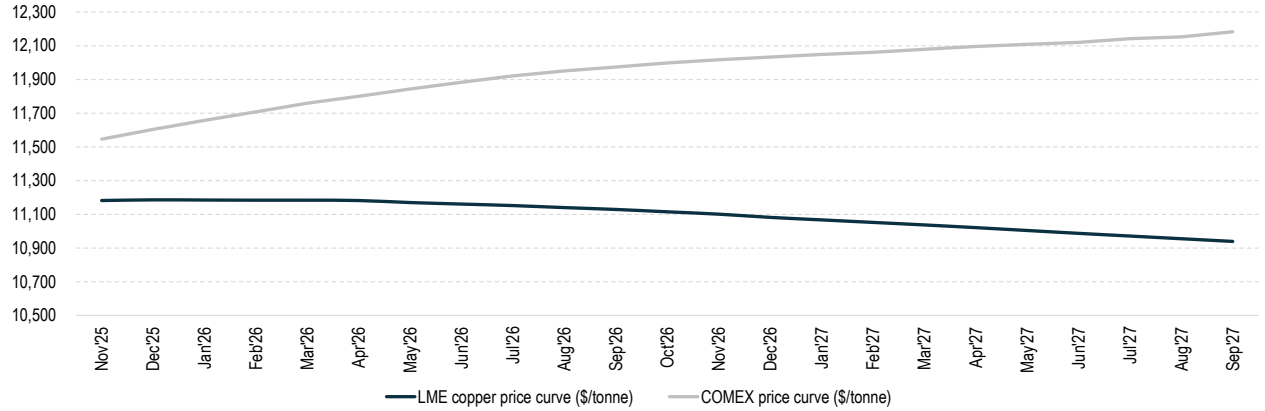
Source: NSE, Bloomberg, LME, Anand Rathi Research

Fig 26 – Though 15m forward LME prices ($/tonne) have cooled off in recent weeks…



Source: Bloomberg, Anand Rathi Research

Fig 27 – …US is still pricing in tariffs; (all being equal) – the American markets are expecting the prices to remain supportive

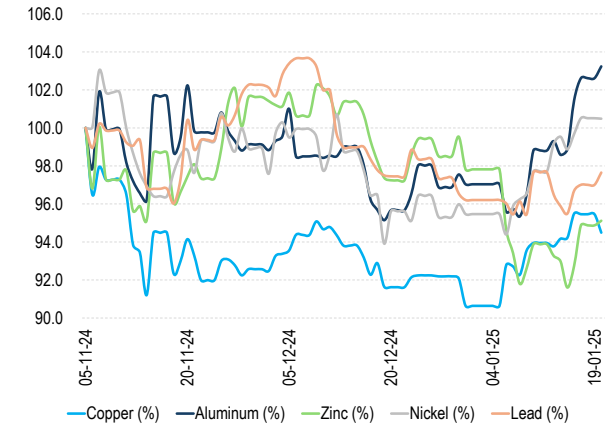


Source: Bloomberg, LME, COMEX, Anand Rathi Research

Supply crunch and robust demand to keep prices elevated

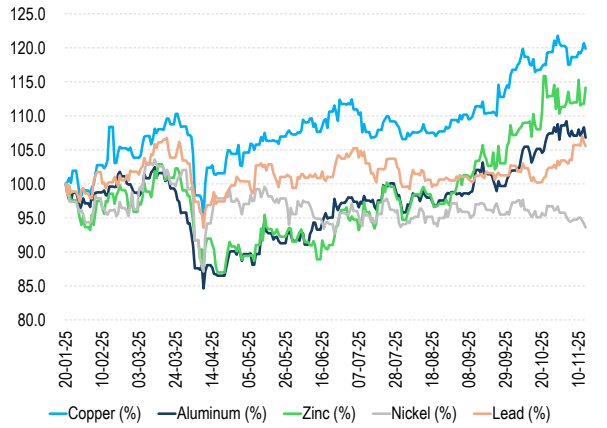
Since Trump took office in Jan'25, copper has outstripped other base metals

Fig 28 – Copper was a laggard till Trump took over office in Jan'25



Source: Bloomberg, LME, Anand Rathi Research

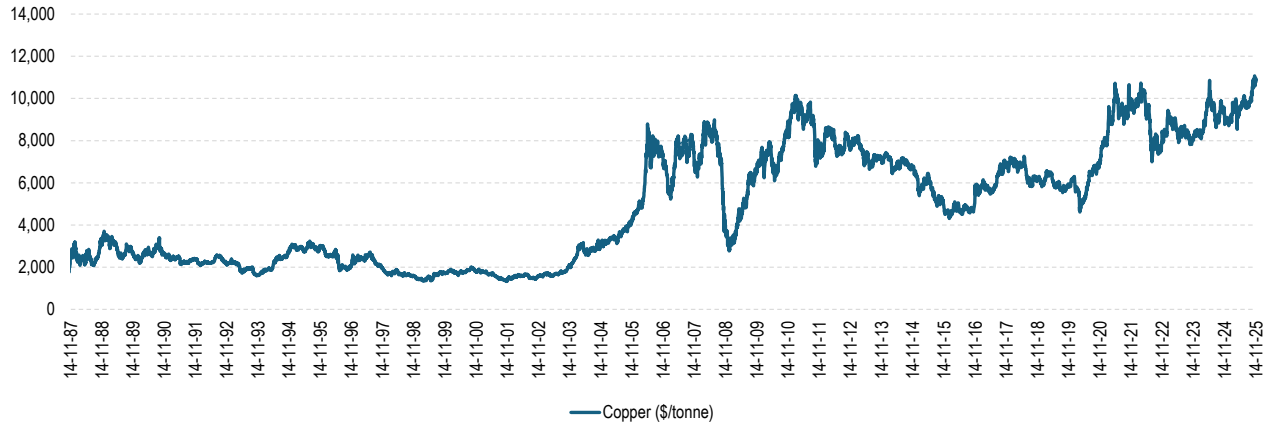
Fig 29 – Since Trump took office, copper has consistently outperformed



Source: Bloomberg, LME, Anand Rathi Research

Globally copper is traded on three exchanges; on LME (25 tonne lot and $/tonne), COMEX (25,000lbs lot and $c/lbs) and SHFE (5 tonne lot and CNY/tonne). LME is the most preferred exchange globally. LME price usually means price for refined copper (cathode), whereas copper concentrate is LME price +/-TC/RC and other adjustments.

Fig 30 – Copper prices hovering around all time high

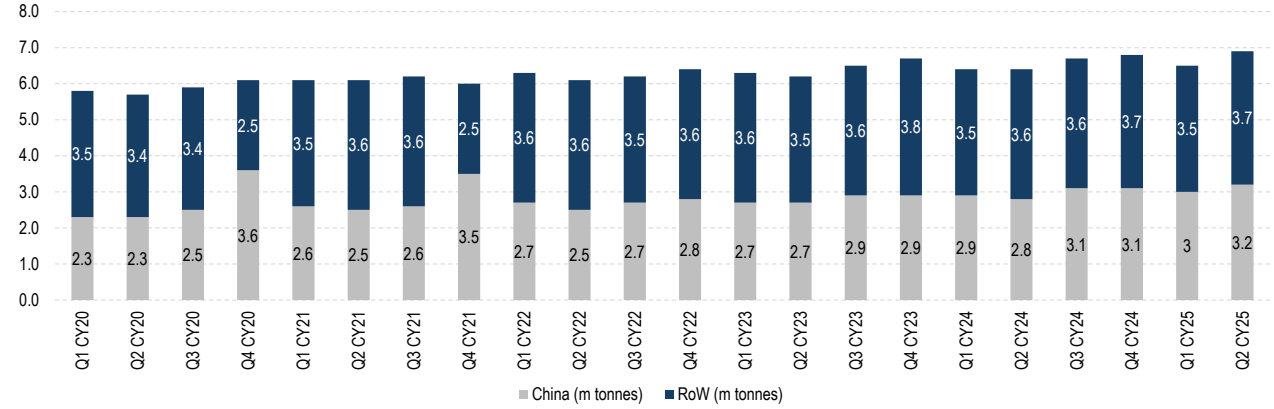


Source: Bloomberg, LME, Anand Rathi Research

As per McKinsey, a sharp rise in copper demand from new-age future-facing applications (batteries, RE, electricity T&D, etc.) is likely to create a deficit of >3.6m tonne by CY35. Global demand for refined copper (primary + secondary) is expected to reach 37.3m tonne by CY35, aided by strong demand from transportation and power sectors in critical regions like China, western EU and North America. Similarly, global primary refined copper production is likely to rise from 26.6m tonne in CY24 to 40m tonne by CY40.

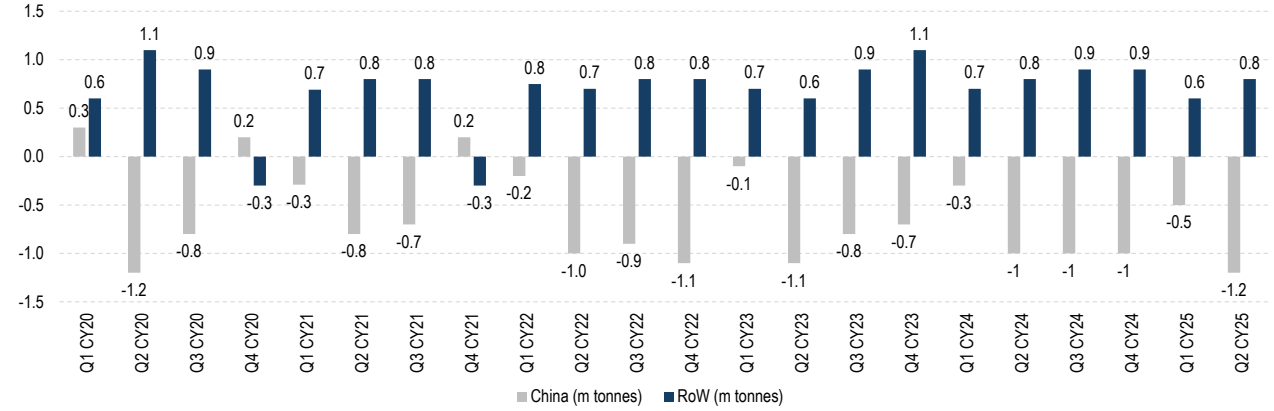
With copper demand across geographies increasing rapidly, China's share in global copper demand is expected to reduce from ~60% to 45-50% over next 15 years.

Fig 31 – Global refined copper production (m tonnes)



Source: Hindalco, Anand Rathi Research

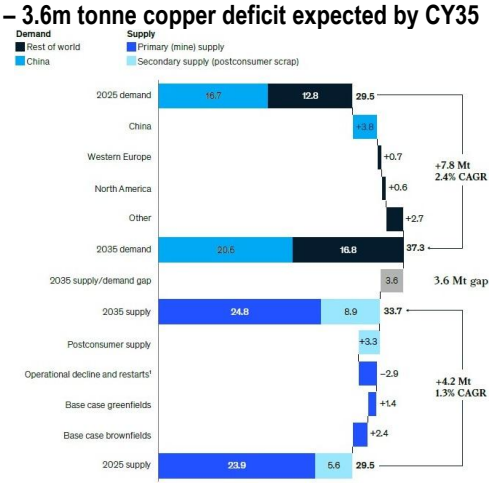
Fig 32 – Global refined copper production – consumption metal balance (m tonnes)



Source: Hindalco, Anand Rathi Research

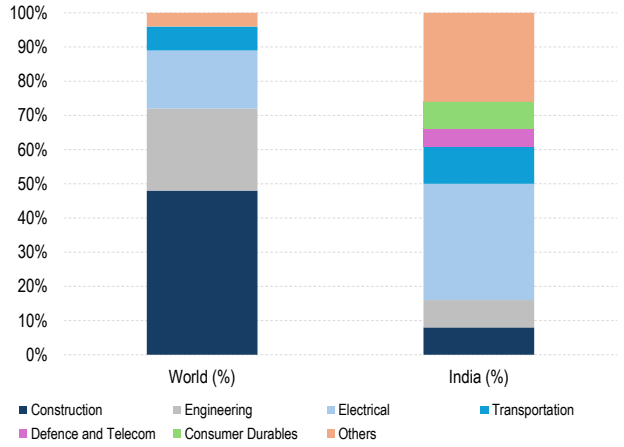
By CY31, copper scrap is expected to fall in deficit. As per multiple experts, the global scrap generation rate is expected to reach ~2-3% p.a. out of ~480m tonnes of copper in use.

Fig 33 – 3.6m tonne copper deficit expected by CY35



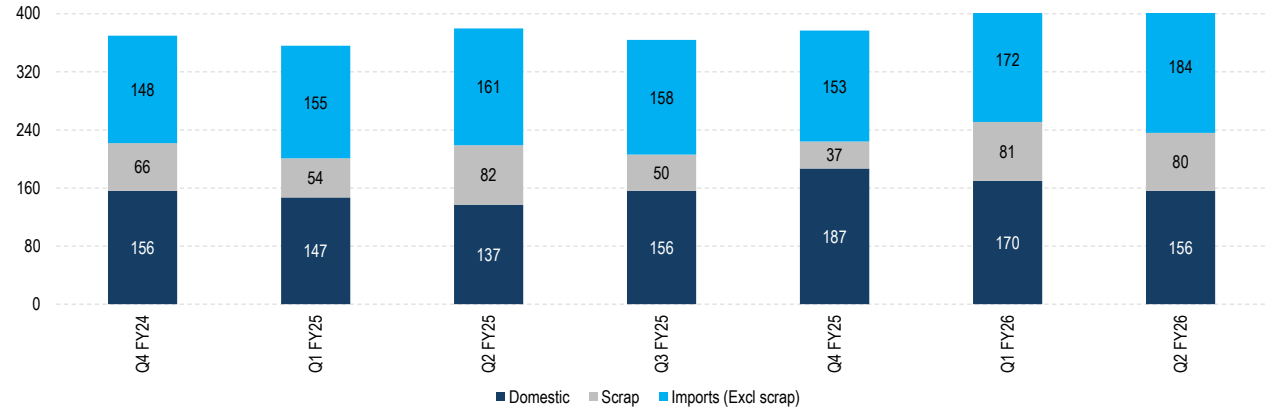
Source: McKinsey and Company

Fig 34 – Sectoral copper demand (%)



Source: International Copper Study Group (2025), Company, Anand Rathi Research

Fig 35 – Domestic copper demand ~1.5m tonne, with share of domestic companies at ~40-45%



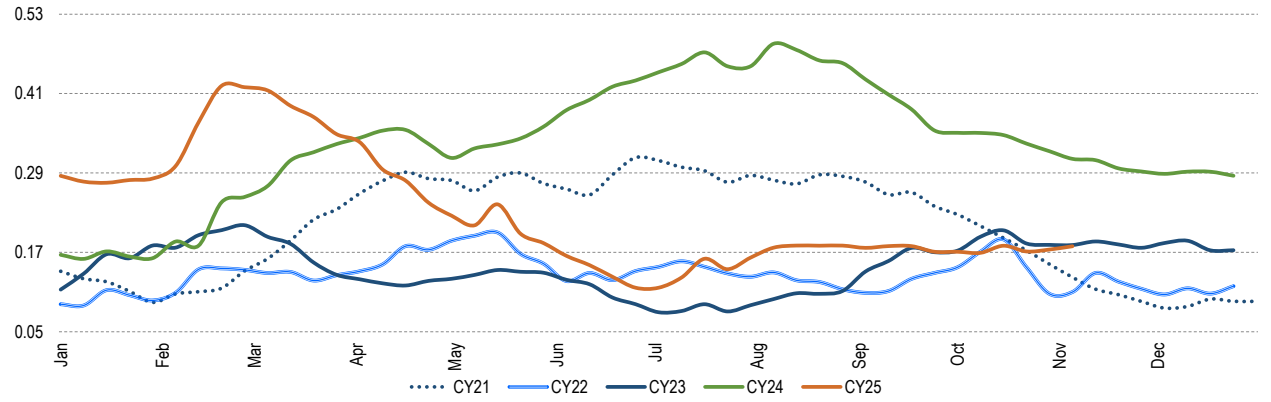
Source: Hindalco, Anand Rathi Research

Fig 36 – Domestic demand expected to increase 2.5x over next decade

Source: Hindalco

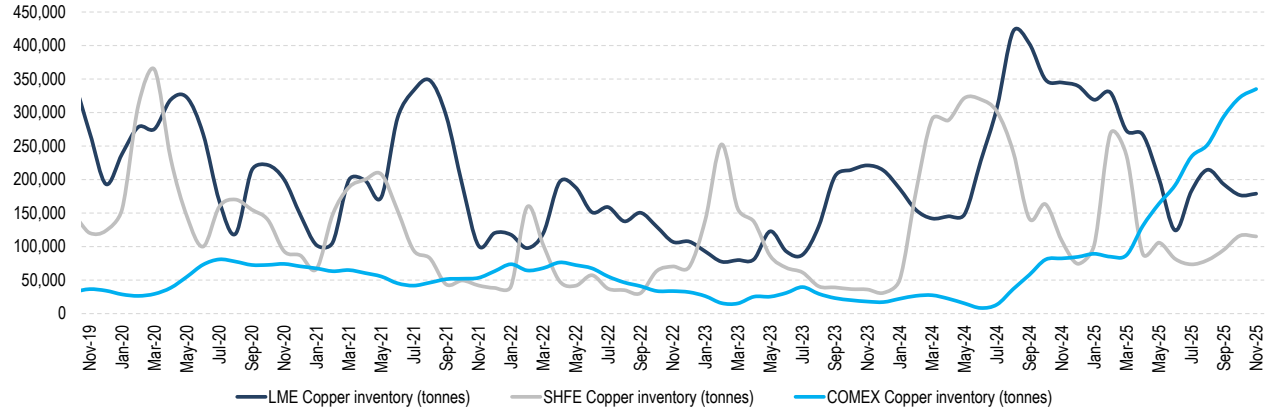
Viable copper inventories continue to remain at lower levels across LME and SHFE (compared to CPLY) signalling demand improvement. Reduction in inventory coupled with crunch from miners and strong demand across sectors is expected to keep the prices elevated.

Fig 37 – Global copper inventory; currently below CY23 and CY24 levels



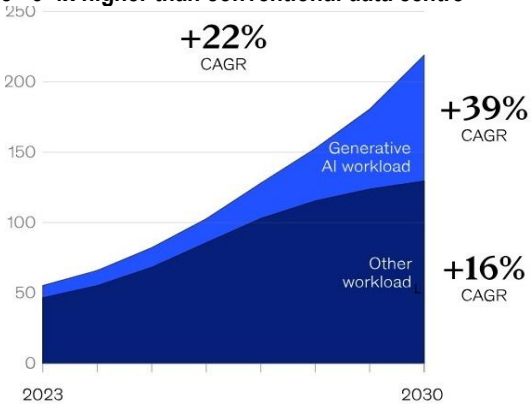
Source: Bloomberg, Anand Rathi Research

Fig 38 – Fear of additional tariffs has kept the inventory in US at record levels



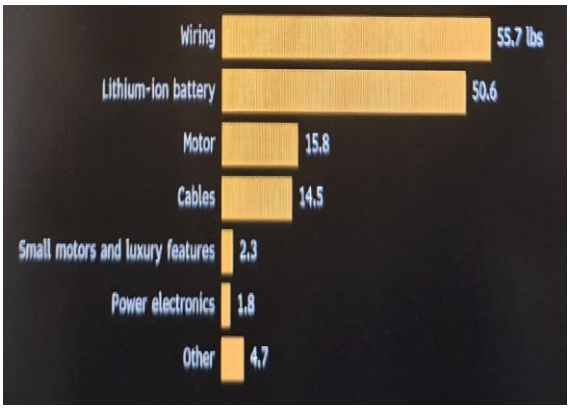
Source: Bloomberg, Anand Rathi Research

Fig 39 – Estimated global AI data centre capacity; copper usage ~3-4x higher than conventional data centre



Source: McKinsey and Company

Fig 40 – Copper used in EV (~2x ICE)



Source: Bloomberg

Valuations

While the management has guided for mine production of 4.35m tonne in FY26, we believe logistic challenges due to heavy rainfall in Q2 and extended monsoons in Oct'25, coupled with temporary labour shortages during the festive period, may have impacted its operation. Thus, we estimate FY26 ore production at ~3.9m tonne (~10% lower than management guidance), while *copper concentrate production is likely to exceed 30,000 tonne*.

HCP is the only copper miner in India which is enhancing its capacity from 3.5m tonne in FY25 to 12.2m tonne (including MDO volume) by FY31e. Further, it has a kitty of mines (operational in the past), which can be explored again with the rise in demand. Furthermore, HCP and CODELCO have entered into an MoU aimed at sharing technical knowledge and best practices across exploration, mining, and mineral beneficiation, as well as supporting employee training and capacity building. We believe that, with CODELCO's guidance, HCP is well-positioned to ramp up its volumes in line with expectations. We believe, the partnership also might enhance HCP's ability to evaluate and pursue global opportunities as they arise.

The roadblocks, which kept the volume stagnant over the last several years, have been resolved. Further, extension of lease across mines extended for another 15-20 years, gives enough headroom for the company to grow beyond CY30. Further, as it enhances its UG operations, the blended grade of 0.7% is likely to reach its rated grade of 0.95%.

In line with expected ~2.5x domestic demand growth over next decade and incremental 10m tonne of global demand to come from new age sectors amid mine crunch and global disruptions, we remain positive on its growth trajectory story. We initiate coverage on HCP with a BUY rating and a DCF-based TP of Rs450.

We estimate copper grade to gradually rise from 0.7% to 0.9% over next 5-6 years. We also remain conservative on LME prices though copper prices currently hover at ~$10,800-11,000 level. With likely ease in global disruptions over next 2-3 years, we expect the LME to hover below $10,000 levels (eventually easing off to ~$9,000/tonne). Further, we have also accounted for rise in head count and wage revision in FY28, while valuing the stock on DCF methodology. Though the PSU entities get a preference at the time of mine lease renewal, the royalty rate rise to additional 1.5x of base royalty (we have accounted royalty at 8.41%).

Fig 41 – TP calculation

	FY26e	FY27e	FY28e	FY29e	FY30e	FY31e	FY32e	FY33e	FY34e	FY35e
Revenue (Rs m)	27,665	48,580	68,347	69,208	72,803	80,162	82,616	85,381	88,706	92,204
EBIT (adj. tax) (Rs m)	4,882	12,278	18,950	17,622	17,932	19,489	18,669	18,352	18,469	18,760
+ Depreciation	2,282	2,772	3,243	3,698	4,152	4,607	4,948	5,289	5,630	5,970
- Changes in W-Cap	1,495	4,572	4,086	-195	368	1,095	41	73	148	398
- Capex	4,632	4,314	4,143	4,000	4,000	4,000	3,000	3,000	3,000	3,000
FCF	1,037	6,164	13,964	17,514	17,717	19,001	20,576	20,567	20,951	21,332
PV (WACC 12.3%)	923	4,888	9,860	11,012	9,919	9,473	9,135	8,131	7,375	6,687
Terminal value (Rs m)										**3,57,155**
EV (Rs m)										**4,34,558**
Total Eq. value (adj. to debt) (Rs m)										**4,33,692**
TP (Rs/share)										**450**

Source: Anand Rathi Research

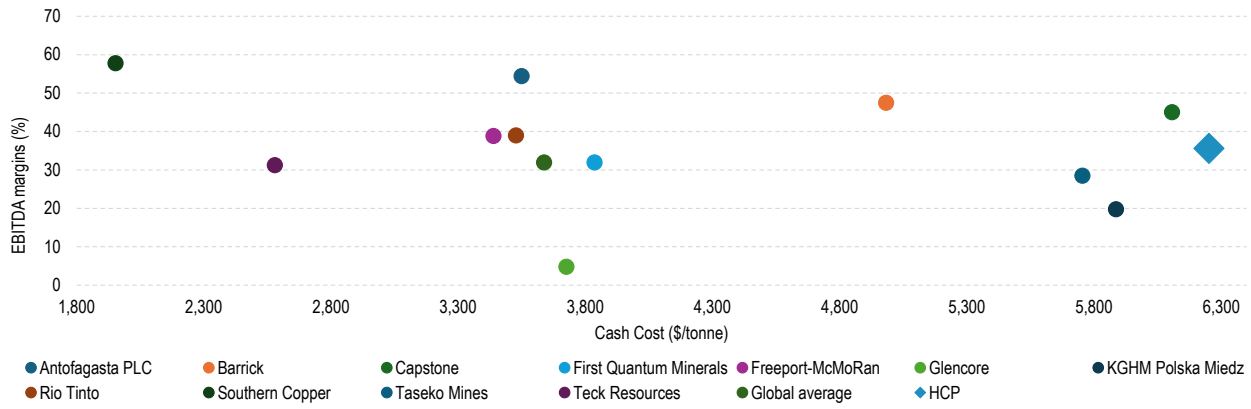
Similar to other mining sectors, the copper value chain is characterized by multiple entities holding vested interests across assets and geographies. India remains an exception, with only four entities present across the copper value chain, out of which three (excluding Sterlite Copper) are currently operational and *HCP being the sole entity in copper mining*. In contrast, global copper assets – from mines to refineries – are typically owned through multi-entity JVs, reflecting diversified equity participation.

For example, the world's largest copper mine Escondida (Chile) is a JV between BHP, Rio Tinto and Escondida (Japan). Similarly, Kamoa-Kakula mine (DRC) has four partners. Even at the smelting stage, joint ownership is common.

Further, Guixi Smelter (China) is a JV between Jiangxi Copper Group, Hong Kong Securities Clearing Co. and several other investors. Refineries also follow a similar pattern of diversified ownership. The Jinlong (Tongdu) Refinery in China is a JV between four entities, including Sumitomo Group, underscoring the collaborative and capital-intensive nature of global copper value chain.

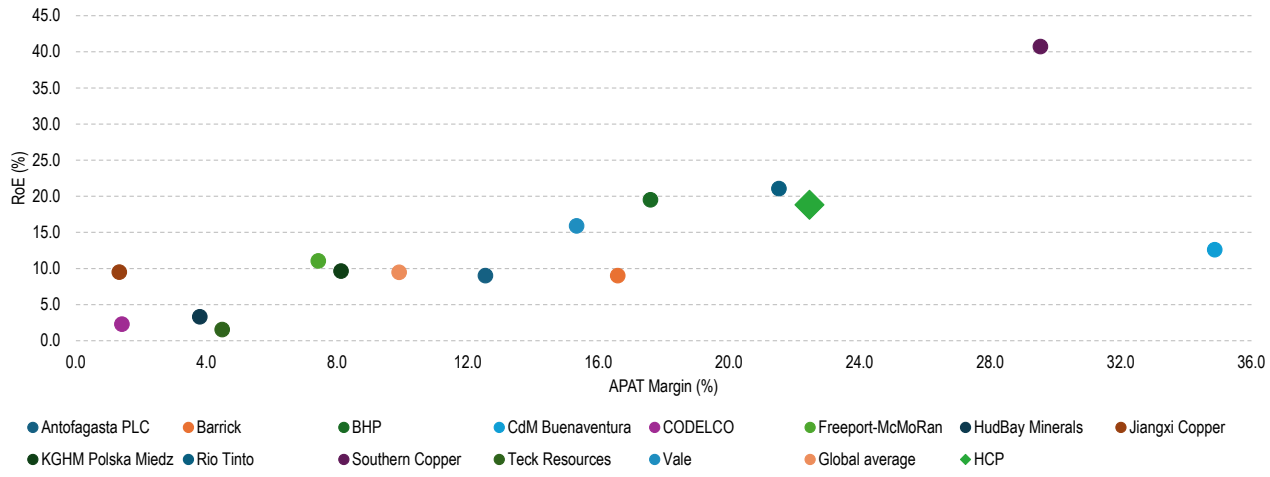
Despite HCP being a small peer in the global copper landscape, it has one of the highest EBITDA margins. During the recent media interview, *the management has guided for cost of $5,500-6,000 per tonne* and considering the ramp-up in operations and improvement in ore grades, EBITDA margins are expected to surpass 40% in next 2-3 years.

Fig 42 – Despite HCP's cash cost being one of the highest, its EBITDA margins are on par with global majors and higher than global average



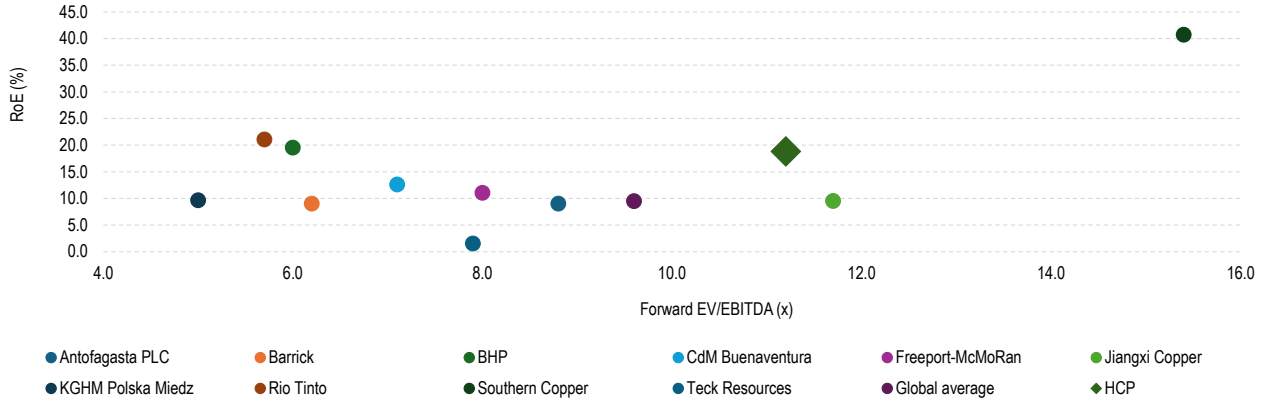
Source: Bloomberg, Company, Industry, Anand Rathi Research

Fig 43 – HCP has one of the best profitability (APAT) and return ratio amongst its global peers



Source: Bloomberg, Company, Industry, Anand Rathi Research

Fig 44 – Higher return ratios and margins justify higher multiples



Source: Bloomberg, Company, Industry, Anand Rathi Research

Over last few quarters, Chinese firms have aggressively pursued copper acquisition globally. To secure long-term supply of ore, they have undertaken deals in LatAm and Africa. Despite aggressive growth, certain countries restrict their entry and thus, we believe companies like CODELCO, Glencore and BHP would dominate the global copper sector.

Our analysis. As copper is a critical metal for future growth of any economy and considering government's tight control on domestic copper mining, we do not expect any meaningful player to enter domestic copper mining scenario. Any entity who plans to participate in domestic copper story would require support from HCP, which further strengthens its dominance in India's copper landscape.

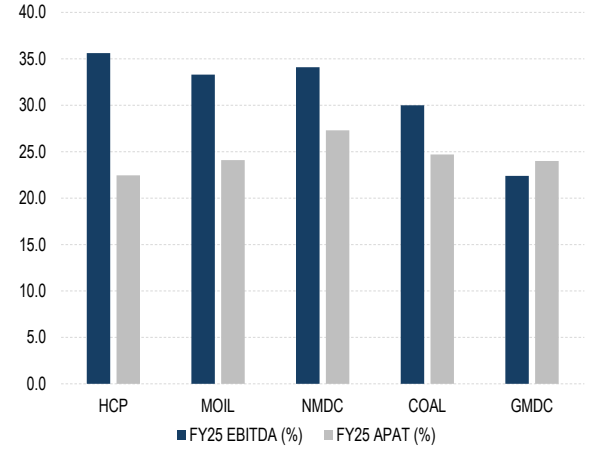
Fig 45 – Recent copper acquisitions by Chinese entities

Acquirer	Mine	Ownership (%)	Reserves (m tonne)	Grade (copper content %)	Acquisition cost/tonne ($/tonne) *Calculate on attributable reserves*
Zijin	Kamoa-Kakula, DRC	40	42.3	2.5	22
Zijin	Serbia Zijin (Bor and Timok), Serbia	63	14.3	0.2	474.9
MMG	Khoemacau, Botswana	100	13.7	2	137
Zijin	Rio Blanco, Peru	51	11.32	0.5	-
CMOC	Cangrejos, Ecuador	100	8.5	0.5	51
CMOC, Chinese PE	Tenke Fungurume, DRC	80	7.9	2.1	419
MMG	El Galeno, Peru	60	7.4	0.6	473
MMG	Las Bambas, Peru	62.5	7.4	0.7	1,514
Chinalco	Toromocho, Peru	100	7.3	0.5	107
RS, EXIM	Dikuluwa, DRC	68	8.1	3.2	1,089

Source: Bloomberg, Anand Rathi Research

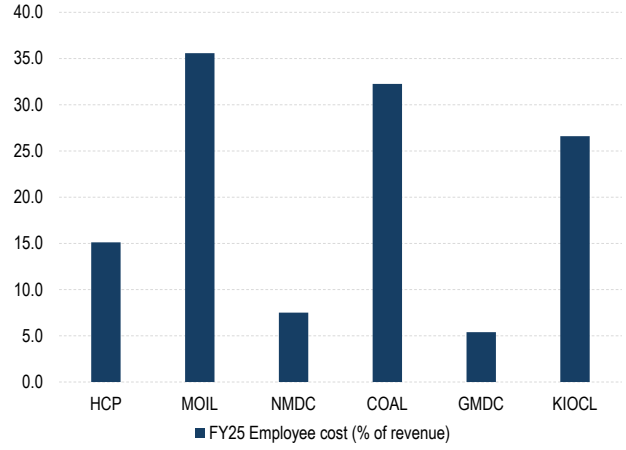
Our analysis. Except the Kamoa-Kakula acquisition which was done for ~$22/tonne, most other transactions have been >$100/tonne. MMG acquisition of Las Bambas and RS, EXIM acquisition of a mine in DRC are upwards of $1,000/tonne of attributable reserves. Hence, even if we assign an acquisition value of $100/tonne to HCP's R&R, a simple calculation yields value at >$70bn.

Fig 46 – HCP has better EBITDA margin than other PSU miners



Source: Company, Industry, Anand Rathi Research

Fig 47 – HCP has industry median employee cost

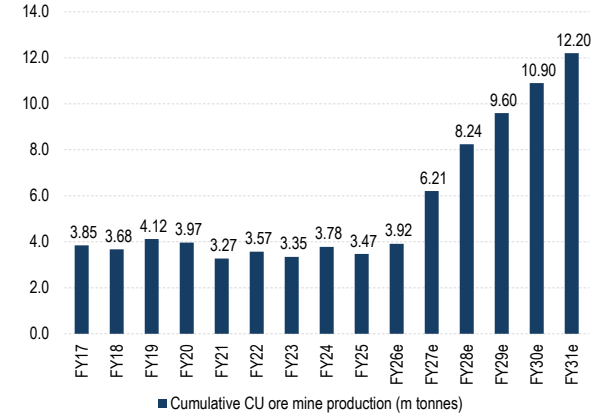


Source: Company, Industry, Anand Rathi Research

Our analysis. Compared to other PSU miners, HCP delivers significantly higher profitability, both at the EBITDA and APAT levels. In Q2 FY26, HCP reported EBITDA margins of >39% and APAT margins of 25.6%, outperforming peers such as MOIL (28.5% / 20.2%), NMDC (31.3% / 26.7%), and COAL (19.4% / 14.4%). As HCP operates in a mineral segment with critical applications across the value chain, we expect the company to continue commanding a superior valuation multiple relative to other PSU miners.

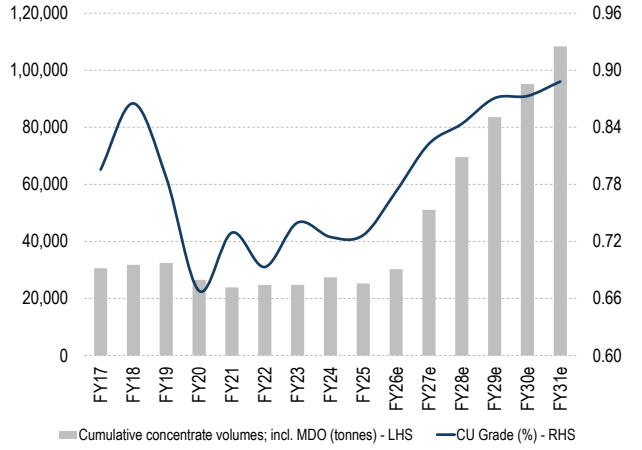
Financial charts

Fig 48 – Cumulative volumes expected to surpass 12m tonnes by FY31



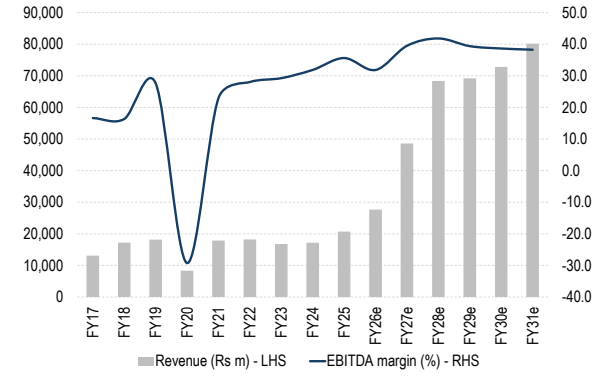
Source: Company, Anand Rathi Research

Fig 49 – … CU grades too are expected to improve



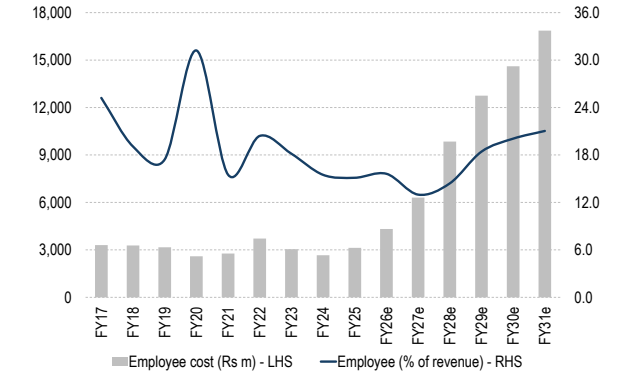
Source: Company, Anand Rathi Research

Fig 50 – Margins expected to surpass 40% in FY28; thereafter to reduce



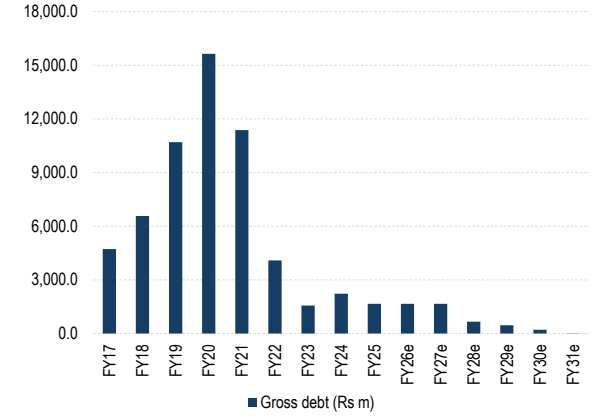
Source: Company, Anand Rathi Research

Fig 51 – … reduction in margins is due to employee wage revision in FY28



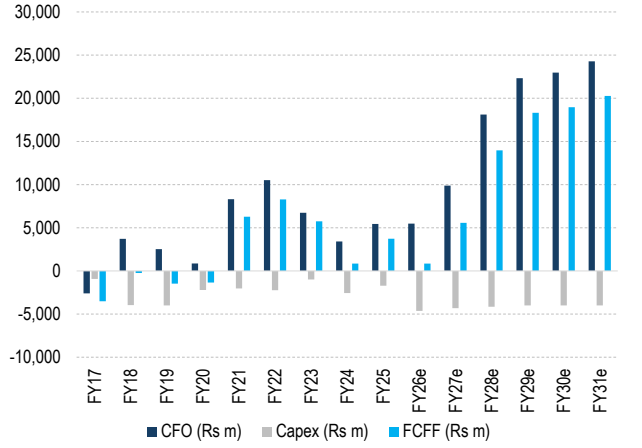
Source: Company, Anand Rathi Research

Fig 52 – Company expected to completely wind-down debt going forward



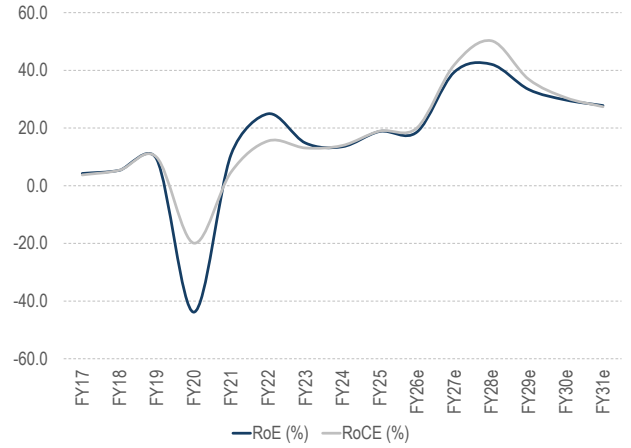
Source: Company, Anand Rathi Research

Fig 53 – Capex to be funded via internal accruals



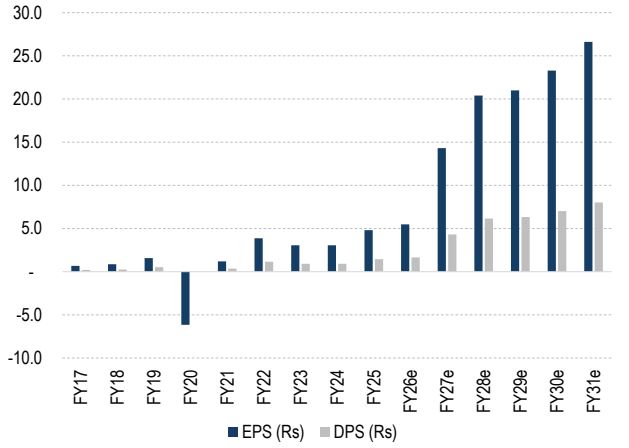
Source: Company, Anand Rathi Research

Fig 54 – RoE and RoCE (%)



Source: Company, Anand Rathi Research

Fig 55 – Dividend payout (~30% profitability)



Source: Company, Anand Rathi Research

Quarterly Performance at a Glance

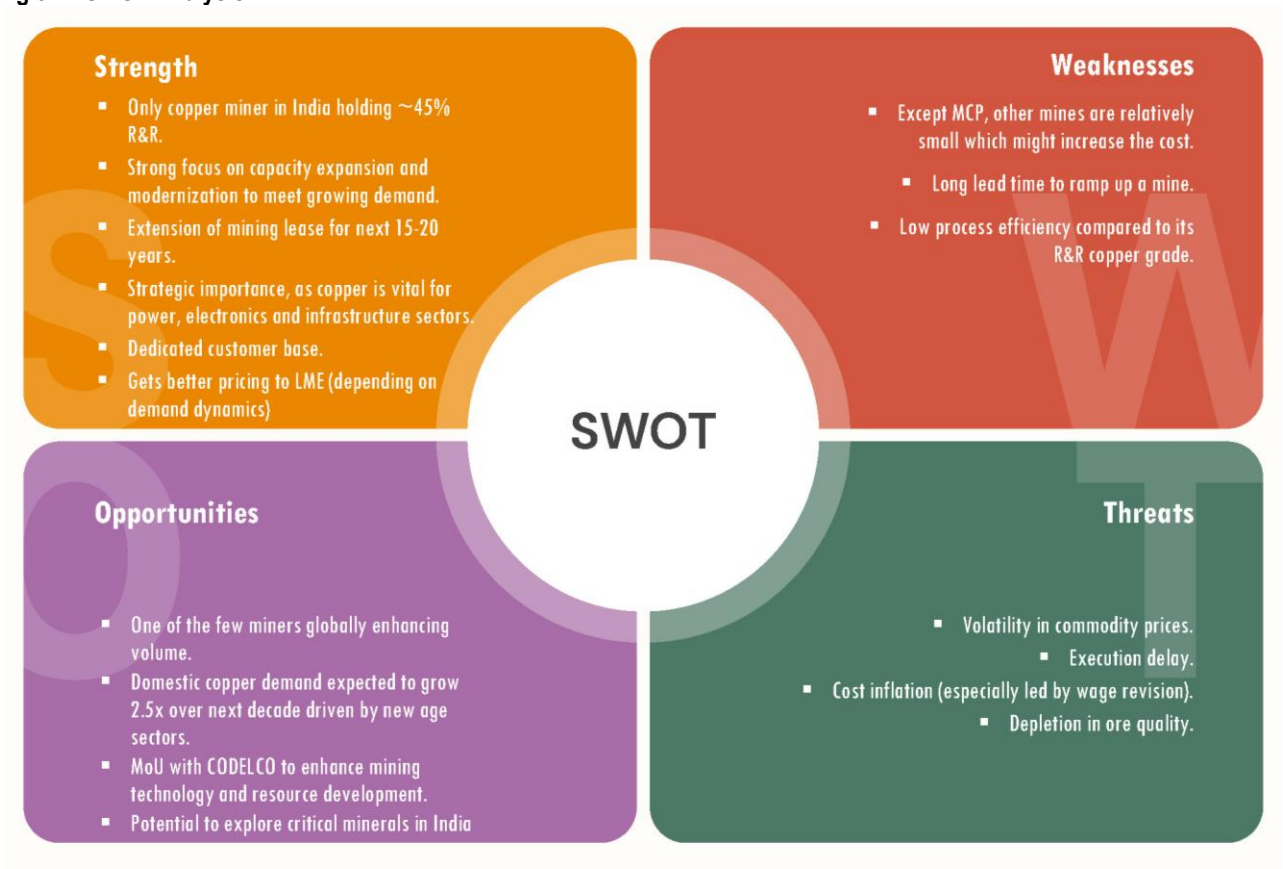
Fig 56 – Quarterly Performance (Rs m)

(Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	y/y (%)	q/q (%)
Revenue	**3,709**	**3,814**	**3,993**	**5,654**	**4,936**	**5,182**	**3,278**	**7,314**	**5,164**	**7,180**	**38.6**	**39.1**
Expenses	2,778	2,602	2,927	3,392	3,052	3,433	2,202	4,647	3,044	4,359		
EBITDA	**931**	**1,212**	**1,066**	**2,261**	**1,884**	**1,749**	**1,076**	**2,667**	**2,120**	**2,821**	**61.3**	**33.1**
EBITDA margin (%)	25.1	31.8	26.7	40.0	38.2	33.8	32.8	36.5	41.1	39.3		
Other Income	138	112	100	199	68	88	158	459	103	109		
Finance cost	40	41	45	36	31	8	13	18	16	4		
Depreciation and amortisation expense	407	456	299	586	381	476	376	523	413	440		
PBT before EO	622	826	822	1,837	1,541	1,353	844	2,585	1,794	2,486		
PBT after EO	622	826	822	1,837	1,541	1,353	844	2,585	1,794	2,486		
Tax	149	219	192	590	407	337	216	691	451	626		
PAT before Sh. Of Assoc./MI	473	607	630	1,248	1,134	1,017	629	1,895	1,343	1,860		
Reported PAT	473	607	630	1,243	1,134	1,017	629	1,872	1,343	1,838		
APAT	**473**	**607**	**630**	**1,243**	**1,134**	**1,017**	**629**	**1,872**	**1,343**	**1,838**	**80.8**	**36.9**
APAT margin (%)	12.7	15.9	15.8	22.0	23.0	19.6	19.2	25.6	26.0	25.6		

Source: Company, Anand Rathi Research

SWOT Analysis

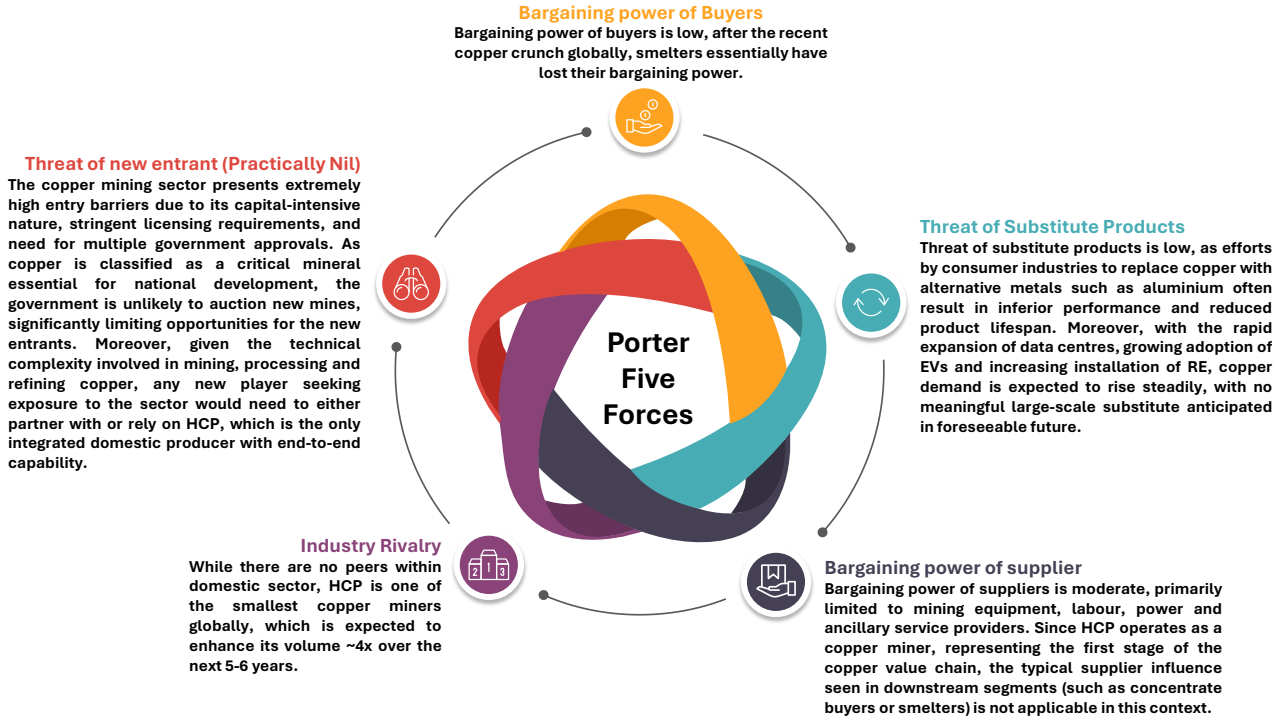
Fig 57 – SWOT Analysis



Source: Anand Rathi Research

Porter's Five Force Model

Fig 58 – Porter's Five Force Model



Source: Anand Rathi Research

How to interpret copper mine and value chain volume?

The copper sector uses multiple terminologies, understanding of which is the key to correctly interpreting production and capacity figures across value chain.

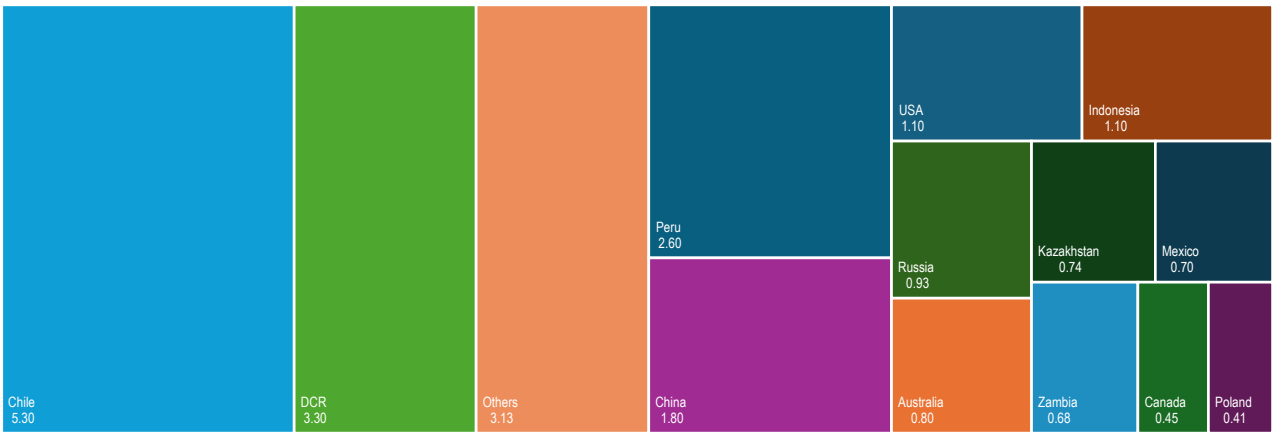
For instance, when HCP reports that its concentrate has a grade of 26% MIC, it means 26% of total concentrate weight is pure copper. So, if HCP produces 100,000 tonne of concentrate at 26% grade, this equates to 26,000 tonne of copper, similarly 50,000 tonnes of pure copper in concentrate at 26% grade means concentrate volumes ~192,300 tonnes. When global mining capacity is quoted at 32.3m tonne of copper mining capacity—this refers to 32.3m tonne of contained copper metal, not the gross tonnage of ore or concentrate.

Copper production involves several stages, with losses at each step. About 73-74% of original concentrate weight is lost during smelting and refining due to removal of impurities and gangue materials. Hence, the yield conversion can be summarized as, 1 tonne of 26% concentrate equals to ~0.25-26 tonne (~250-260 kg) of copper anode received via smelting process, which is further refined to ~249-258 kg of cathode.

Fig 59 – Global copper reserves (m tonnes) – quantity in copper (metal) terms

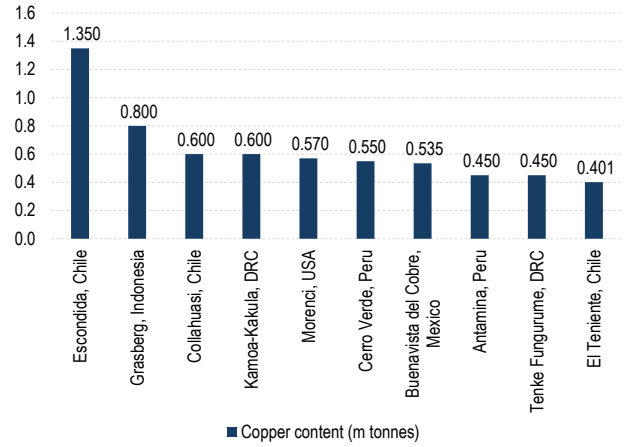
Source: U.S. Geological Survey 2025, Anand Rathi Research Note: India: 2.2m tonnes

Fig 60 – Global copper mine production (copper content); of the 28m tonne capacity, CY24 mine production stood at ~23m tonne



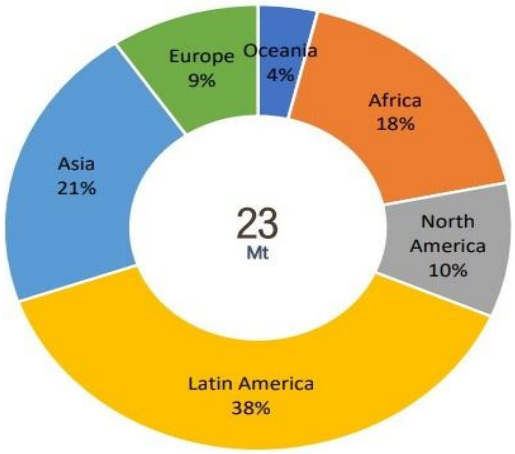
Source: U.S. Geological Survey 2025, Anand Rathi Research

Fig 61 – Top 10 copper mines globally (Apr'25)



Source: International Copper Study Group (2025), Anand Rathi Research

Fig 62 – Geography-wise copper mine production (%)

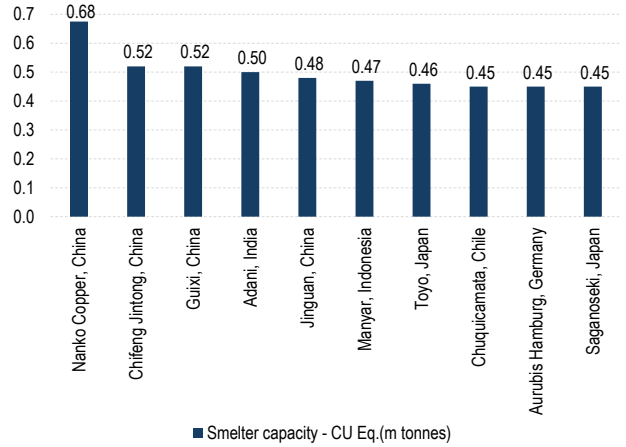


Source: International Copper Study Group (2025)

Global copper smelting (anode) has seen a sea-change during CY90-CY24. Where the American continent was the front runner in 90's contributing ~39% to global output (9.7m tonne global smelting output), its relevance has not only decreased in terms of market share to ~10% but also the volume has come off to below 2.5m tonne level. With Hayden smelter in Arizona being non-operational since CY19, the USA currently has only two operational smelter at Utah and Arizona. Despite USA producing ~1.1m tonne of copper content due to its gradual withdrawal from copper value chain, it is the only major economy globally that exports around half of its concentrates and imports ~46% of refined metal. In the growth journey from 9.7m tonne of copper content in CY90 to 23.3m tonne in CY24, Asia, especially China has emerged as the fastest growing region.

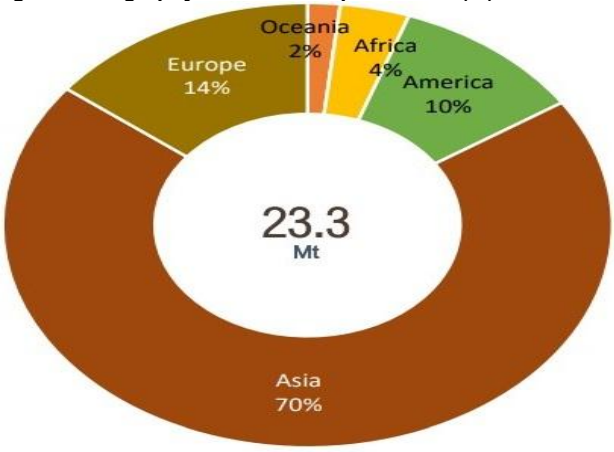
Only Kutch Copper (part of Adani Group) has made to the list and it is the only non-Chinese company amongst the Top-5. Due to ongoing crunch of concentrate globally, the vertical is currently operating ~30-40% utilization level. Once the phase-II of additional 0.5m tonne operationalise, it is expected to be the largest copper smelter globally. HNDL's Birla copper is short of 0.03m tonne from entering the Top-10 list.

Fig 63 – Four out of top 10 smelters are in China



Source: International Copper Study Group (2025), Anand Rathi Research

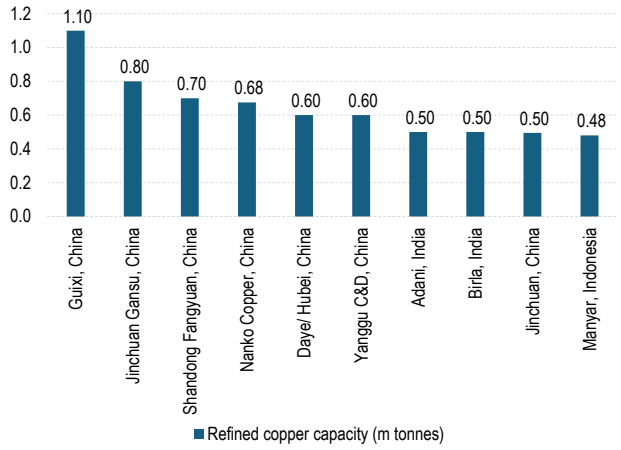
Fig 64 – Geography-wise smelter production (%)



Source: International Copper Study Group (2025)

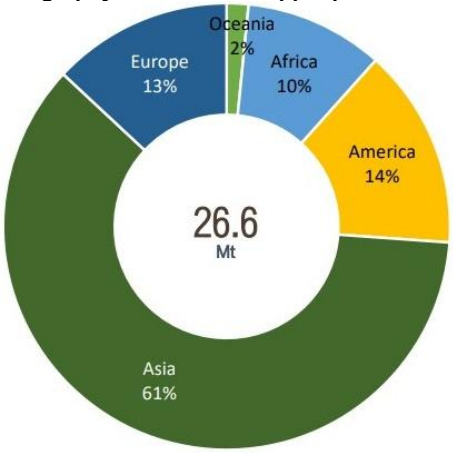
Similarly, refined copper (cathode) production also went through changes. Not only has the share of American continent come down from 39% to 14% during CY90-CY24, the volume also dropped to ~0.5m tonne. Asia's share of global refined copper production has surged dramatically, led by China.

Fig 65 – Two out of top 10 are in India



Source: International Copper Study Group (2025), Anand Rathi Research

Fig 66 – Geography-wise refined copper production (%)



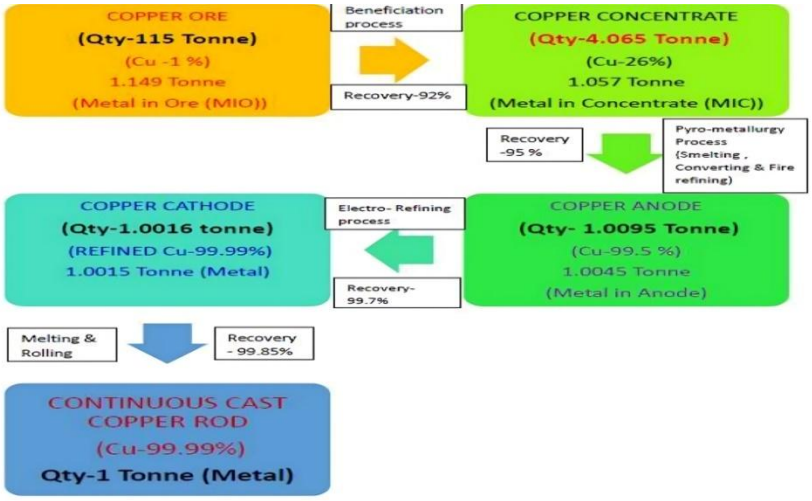
Source: International Copper Study Group (2025)

Management details

- Mr. Sanjiv Kumar Singh, CMD since Mar'25. With over 38 years of experience in mine planning, design and mining operations, he has previously held key positions at NTPC and Coal India. He is an M.Tech in Mining Engineering and an MBA in Finance. He is known for his leadership in reopening dormant mines, driving expansion plans and enhancing operational efficiency at the company.
- Dr. Sanjeev Kumar Sinha has been serving as the Director (Operations) since Mar'25. He has over 25 years of experience in mining, having worked extensively at NMDC in mine planning, production and safety. He holds a PhD in Mining Engineering and an MBA in HR. Known for his expertise in technology adoption and resource optimization, he now focuses on enhancing operational efficiency and growth at the company.
- Mr. RVN Vishweshwar is the Director (Finance) and CFO since Jul'25. He has over 32 years of experience in finance, previously serving as Executive Director (Corporate Finance & Treasury) at IOCL. He holds a B.Com (Hons), Cost and Management Accountant (CMA) qualification, and an LLB degree. He is known for his expertise in managing corporate finance, treasury, forex transactions, and driving financial digital transformation initiatives.
- Mr. Mritunjay Kumar Dev Company Secretary & Compliance Officer, is a Member of the Institute of Company Secretaries of India, B. Com (H) and LLB. He possess 16 years of experience in the field of company law, SEBI regulations, CG and other secretarial functions. He was actively involved in fund-raising of Rs5bn via QIP. He has extensive experience of convening board, committee and shareholders meeting, working with board members of various companies, drafting of agreements and formation of JVs with foreign partners etc.

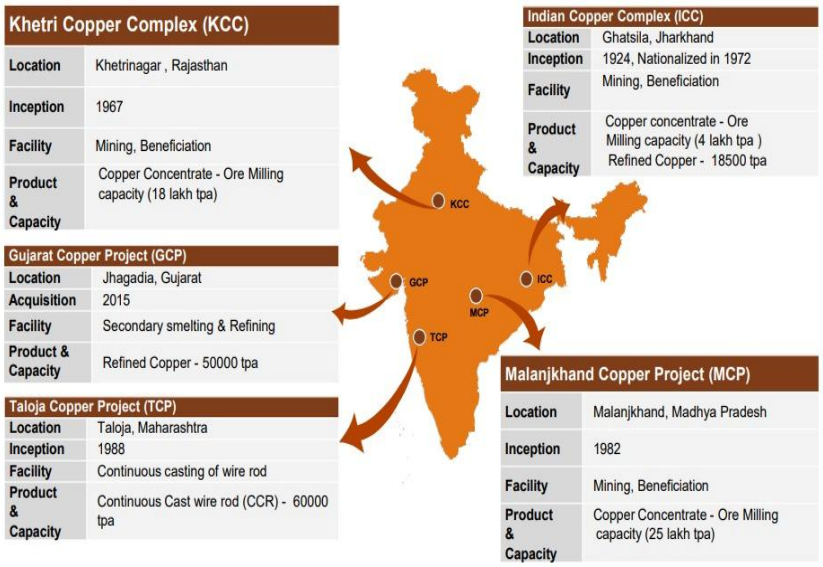
Annexure

Fig 67 – Copper ore to finished product value chain



Source: Company

Fig 68 – Company's mine and facilities at a glance



Source: Company

Previous notes on copper (non-ferrous)

- Momentum builds: bright outlook for non-ferrous in Q1 FY26: (**Click here to access the report**)
- Hindustan Copper: On the way to ramp up capacity to 12.2m tonnes by FY30-31: (**Click here to access the report**)

Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL),Multi Commodity Exchange of India Limited (MCX),National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. As of the publication of this report, ARSSBL does not make a market in the subject securities.

6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

Compliance officer: Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000. **Grievance officer:** Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.

Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.