

# PRIMARY NON-FERROUS METAL INDUSTRY

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**Domestic non-ferrous metal demand  
growth to remain healthy at ~10% in  
FY2025**

**JUNE 2024**



## 1 Outlook for the Consolidated Industry



## 2 Primary Aluminium Industry



## 3 Primary Copper Industry



## 4 Primary Zinc Industry



## 5 ICRA Ratings and Peer Comparison



## 6 Industry Peer Comparison





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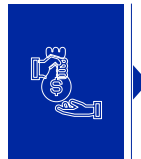
*Firm metal prices and benign costs are likely to improve the operating margin by almost ~350-400 bps in FY2025*



▪ **Earnings of domestic primary non-ferrous entities is expected to remain healthy in FY2025**, considering improvement in realisation and easing of input cost pressures. The domestic demand growth is expected to remain healthy at ~10% in FY2025 and would significantly outpace the expected rate of global demand growth. The operating margin is also likely to improve at ~23% in FY2025, compared to ~19% in FY2024.



▪ **The international prices of the three non-ferrous metals viz. aluminium, copper and zinc witnessed a strong recovery** of ~12-15% during April-June 2024 over the corresponding period in the previous year. While the downside risks to metal prices, particularly in H2 FY2025, cannot be ruled out, the current uptrend in metal prices is likely to result in ~8-9% growth in realisation for the full fiscal.



▪ **Chinese demand for non-ferrous metals remains healthy** primarily in the renewables and electric vehicle (EV) segments, thus supporting the global demand and offsetting the subpar demand growth in the US and European markets to an extent. In the US, while the manufacturing PMI expanded in March 2024, it again slipped during April and May 2024. Manufacturing in Europe continues to remain weak for the past two years. Consequently, global demand (ex-China) is likely to remain subdued in CY2024.



▪ **Domestic apparent consumption growth remained healthy at ~9-10%<sup>1</sup>** in FY2024 supported by Government's thrust on infrastructure development. The demand is expected to remain comfortable at ~10% in FY2025.



▪ **In addition, the moderation in coal costs, is expected to alleviate input cost pressures.** The domestic e-auction premia on coal eased at ~47% in May 2024 from the high levels seen in the previous year. The prices of caustic soda and calcined pet coke have also declined in the current fiscal.



▪ **With improvement in profitability, the industry's credit metrics are also expected to improve** with a projected total Debt/OPBDITA of 1.8 times and an interest cover of 6.0 times in FY2025 over a total Debt/ OPBDITA of 2.0 times and an interest cover of 4.5 times in FY2024.

<sup>1</sup>average of aluminium, copper and zinc



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