



PRIMARY NON-FERROUS METAL INDUSTRY

**Firm metal prices and sustained
demand underpins earnings outlook
for base metal entities in FY2026**

DECEMBER 2025





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Margins are expected to remain healthy at 24-25% in FY2026, amid firm metal prices from Q2 FY2026 onwards



- **Earnings outlook of domestic primary non-ferrous entities¹ are expected to demonstrate resilience through FY2026**, supported by an improvement in metal prices from Q2 FY2026 onwards. Modest input costs and healthy volume growth also support the industry's operating margins, which is expected to remain healthy at 24-25% in FY2026, following the sharp improvement in FY2025.
- **Base metal prices rebounded sharply in Q2 and Q3 FY2026 after an initial correction.** Aluminium prices rose by about 7-10% in each of the last two quarters, aided by supply-side constraints and a weaker US dollar. Copper prices strengthened (around 7-15%) amid shortages of copper concentrates. Even zinc, largely flat in Q2 (barely 2% growth), has begun to firm up in recent months. Overall, metal prices are entering H2 FY2026 on a firmer trend.
- **Global base metal demand growth is estimated to remain muted at 2% in CY2025**, weighed down by weak demand in the US and Europe, while Chinese demand has shown some signs of improvement. However, supply tightness – primarily in aluminium and copper – is likely to persist in FY2027, resulting in a deficit environment and, thus, providing underlying support to the metal prices.
- **India's non-ferrous metal demand grew at about 9% YoY in FY2025 and is projected to remain strong at 7-10% in FY2026** underpinned by infrastructure, power, and EV²-related sectors. This sustained momentum far exceeds muted global base metal demand growth (about 2% in 2025).
- **Alumina costs have eased to below \$350/tonne in recent months** and coal prices remain soft amid improved domestic coal linkage and rail rake availability. These favourable cost dynamics are supporting producers' profitability, especially for non-integrated players.
- **The industry's credit metrics are likely to remain stable** with a projected total debt/OPBDITA of 1.5 times and an interest cover of 7.0 times in FY2026 against a total debt/OPBDITA of 1.6 times and an interest cover of 6.4 times in FY2025.

¹ of aluminium, copper and zinc, ² EV: Electric Vehicle

1 ICRA's Outlook for the Base Metal Industry



2 Primary Aluminium Industry



3 Primary Copper Industry



4 Primary Zinc Industry



5 ICRA Ratings: Primary Non-Ferrous Metal Industry



6 Industry Peer Comparison





ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Girishkumar Kadam	Senior Vice-President & Group Head	girishkumar@icraindia.com	022 – 6114 3408
Vikram V	Vice-President & Co-Group Head	vikram.v@icraindia.com	040 – 6939 6410
Sumit Jhunjhunwala	Vice-President & Sector Head	sumit.jhunjhunwala@icraindia.com	033 – 6521 6814
Prerna Aggarwal	Senior Analyst	prerna.aggarwal1@icraindia.com	0124 – 4545 380
Devanshu Gupta	Senior Analyst	devanshu.gupta@icraindia.com	0124 – 4545 321
Shakun Singh	Lead Analyst	shakun.singh@icraindia.com	0124 – 4545 852





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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