

PRIMARY NON-FERROUS METAL INDUSTRY

**Firm metal prices and sustained
demand underpin earnings outlook
for base metal entities in FY2027**

JUNE 2026



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Margins are expected to remain healthy at 29-30% in FY2027, supported by firm metal prices



- **Earnings outlook of domestic primary non-ferrous entities¹ is expected to demonstrate resilience through FY2027**, supported by the expected improvement in metal prices. Modest input costs and healthy volume growth also support the industry's operating margins, which are expected to remain healthy at 29-30% in FY2027, in line with FY2026 levels.
- **Base metal prices rebounded through FY2026 and are expected to remain firm into FY2027**. Aluminium rose around 9.7% YoY in FY2026 and strengthened further in Q1 FY2027 (~\$3,616/MT²) amid West Asia disruptions and China's capacity cap. Copper increased rose about 15% YoY in FY2026 and surged almost 40% YoY in Q1 FY2027 (~\$13,364/MT), driven by concentrate shortages and delayed mine restarts. Zinc rose nearly 3% YoY in FY2026 and about 31% YoY in Q1 FY2027 (~\$3,457/MT), supported by tight supply and low inventories.
- **Global base metal demand growth is estimated to remain muted at 1-2% in CY2026**, 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 – 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 is projected to remain strong at 8-10% in FY2027** underpinned by infrastructure, power, and EV³-related sectors. This sustained momentum far exceeds muted global base metal demand growth (about 1-2% in CY2026).
- **Alumina costs have eased to \$335/MT in FY2026**, 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 expected to remain stable⁴**, with debt/OPBITDA at 0.9 times and interest coverage at 12.6 times in FY2026, and likely to strengthen to around 0.8 times and around 12.8 times, respectively, in FY2027.

¹ Entities of aluminium, copper and zinc; ²MT: metric ton; ³EV: Electric Vehicle; ⁴Reported financial metrics reflect the impact of the demerger of a large non-ferrous player in FY2026, resulting in changes in earnings, leverage, and coverage metrics



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