

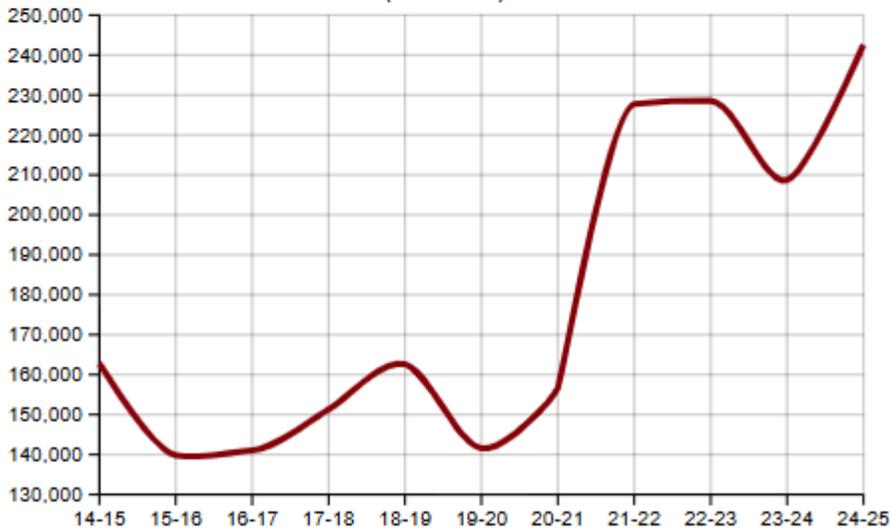


## Aluminium & aluminium products industry to witness double-digit growth in top line

### Profit margins to improve

The aluminium & aluminium products industry is expected to witness a double-digit growth in its top line in the September 2025 quarter. This will mark the fifth consecutive quarter of double-digit revenue growth for the industry. Higher aluminium prices and healthy demand for the metal are expected to drive growth in the industry's sales revenue. Higher revenues and stable input costs are likely to help increase profits and profit margins in the reporting quarter.

**Prices of Aluminium in Mumbai Market**  
(Rs./tonne)



Centre for Monitoring Indian Economy Pvt. Ltd., 22 Aug 2025

The top line of the industry has been growing since the December 2020 quarter, aided by an increase in demand from key user sectors like real estate, power transmission & distribution, automotive, electronics and packaging. Demand for aluminium and aluminium products surged after the relaxation of the Covid-19 pandemic norms, leading to the resumption of industrial and construction activities. The industry witnessed robust growth in

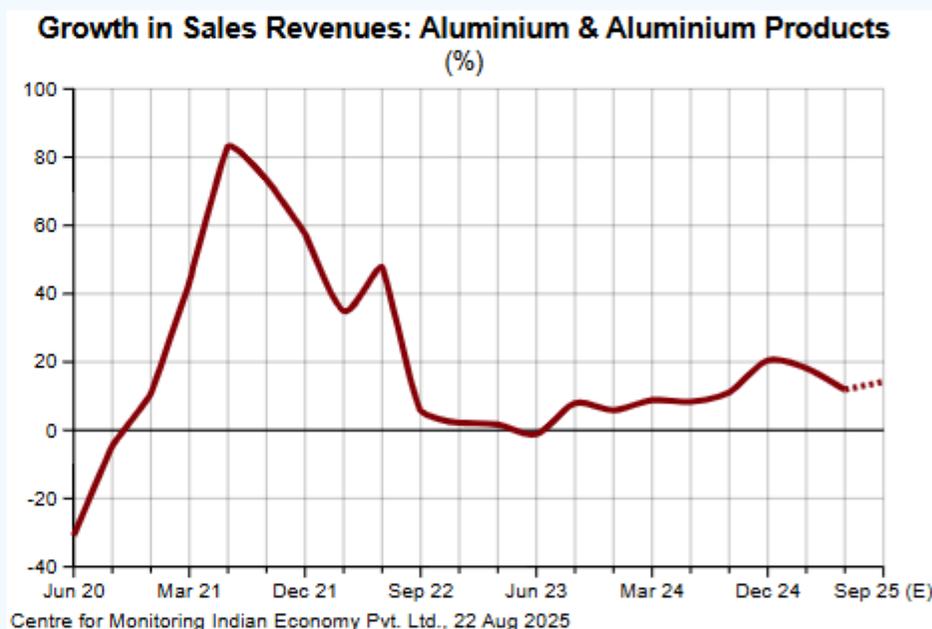
revenues in the financial year 2021-22 as domestic prices of the metal reached a multi-year high. Prices remained high in the year 2022-23 and then fell by 8.7 per cent in the following year 2023-24.

Due to weak realisations, the industry reported muted revenue growth from the September 2022 quarter till the December 2023 quarter. As prices recovered and started to rise again in the following year 2024-25, the industry saw an acceleration in sales revenue. The March 2024 quarter and June 2024 quarters recorded 8.8 per cent and 8.4 per cent top line growth, respectively. The following quarters recorded a double-digit growth in revenues. Revenues grew by 11.1 per cent in the September 2024 quarter, by 20.5 per cent in the December 2024 quarter and by 18.2 per cent in the March 2025 quarter. The June 2025 quarter, too, recorded a double-digit growth of 11.8 per cent in revenues.

## Higher realisations to drive top line growth in September 2025 quarter

In the September 2025 quarter, the aluminium & aluminium products industry's top line is likely to continue to grow due to an anticipated spike in the prices of the metal. Domestic price of aluminium ingots rose by 11 per cent year-on-year (y-o-y) in July 2025. It rose by almost 19 per cent y-o-y in the first two weeks of August 2025. The rise in aluminium prices is expected to ease in September 2025, however, they are

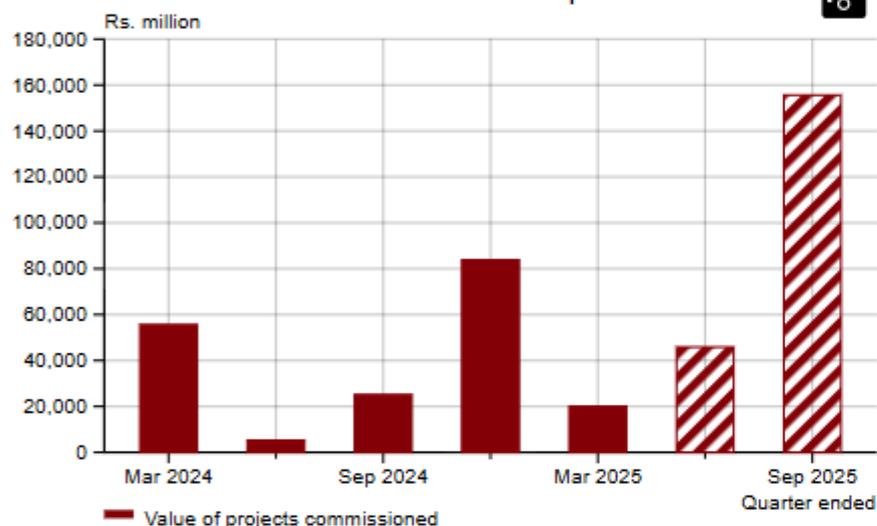
expected to be higher compared to the corresponding year-ago month. Market uncertainty over United States (US) tariffs had put upward pressure on the metal prices prior to 1 August 2025, a deadline set by the US government for trade negotiations with countries for reciprocal tariffs. As price volatility eases after the deadline, aluminium prices are likely to start declining on account of a rise in supply of metal in the international market owing to factors such as ease in alumina shortage, slowdown in China's manufacturing activity, reduced imports by the European Union and the US' steep 50 per cent import duty on the metal. As aluminium prices in the international market start to correct, it is likely to pull down the prices of the metal in the domestic market after August 2025.



Aluminium ingots price in the domestic market is expected to be higher compared to its year-ago levels during July-September 2025. Healthy demand coupled with higher realisations are projected to drive a double-digit growth in the industry's sales revenues in the September 2025 quarter.

Demand for aluminium stems from sectors such as electrical, automobile & transport, construction, consumer durables, machinery & equipment and packaging. These sectors hold 48 per cent, 15 per cent, 13 per cent, seven per cent, seven per cent and four per cent share, respectively, in the overall aluminium consumption in the domestic market, according to the Ministry of Mines.

**Projects Commissioned : Electricity Transmission & Distribution In**  
Rs. million : Mar 2024 to Sep 2025



Centre for Monitoring Indian Economy Pvt. Ltd., 22 Aug 2025

The power generation and power transmission & distribution segments are expected to record higher capacity additions during July-September 2025 when compared to the corresponding year-ago period. The power generation industry, which includes conventional as well as renewable energy, is likely to add capacities of around 5.7 gigawatts (GW) during the quarter, which is higher than 5.1 GW of capacity added in the year-ago quarter.

During the September 2025 quarter, the power transmission & distribution sector is projected to commission projects worth Rs.155.6 billion, which is more than six times the projects completed during the year-ago quarter.

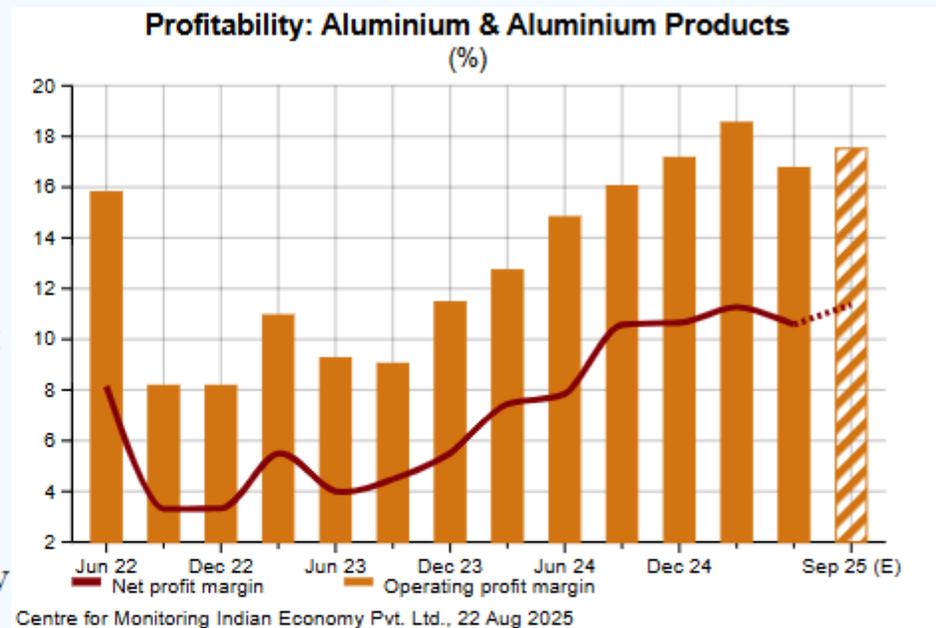
An expected traction in manufacturing, construction and economic activities during the reporting quarter is expected to keep demand for aluminium high. India's manufacturing purchasing managers index (PMI) strengthened in July 2025 to a 16-month high of 59.1, supported by faster increases in new orders and output amid favourable demand conditions. Meanwhile, increased international demand drove the services sector at an 11-month high in July 2025, as per the HSBC India Services PMI Business Activity Index. The upward trend in the manufacturing segment is expected to continue in the remaining two months of the September 2025 quarter. Momentum in the construction segment is also expected to

remain strong on account of a rise in real estate and infrastructure project completions. The real estate industry is estimated to commission projects worth around Rs.141.3 billion. Project completions in the realty sector is projected to be third-highest ever during the current financial year 2025-26.

Higher production levels and project completions in the user sectors are likely to keep demand for aluminium and aluminium products high during the reporting quarter. Sales volumes are expected to grow.

Hindalco Industries and National Aluminium Company (Nalco), which account for more than 95 per cent of the industry's total revenues, produce alumina from captive bauxite mines to produce primary aluminium. Thus, we do not expect a rise in input costs during the quarter as the top companies have access to low-cost alumina. Excess alumina is sold in the domestic as well as international markets by these companies. The unit realisation of

India's exports of aluminium oxide, also known as alumina, surged by 47.4 per cent during the year 2024-25. US tariff-induced uncertainty in the global market is expected to keep demand for alumina high during the first half of the ongoing financial year 2025-26. Anticipated higher realisations from alumina as well as aluminium business will improve the profitability of the industry in the September 2025 quarter. Profit margins at both the operating and the net level is expected to expand in the range of 50-150 basis points in the reporting quarter.

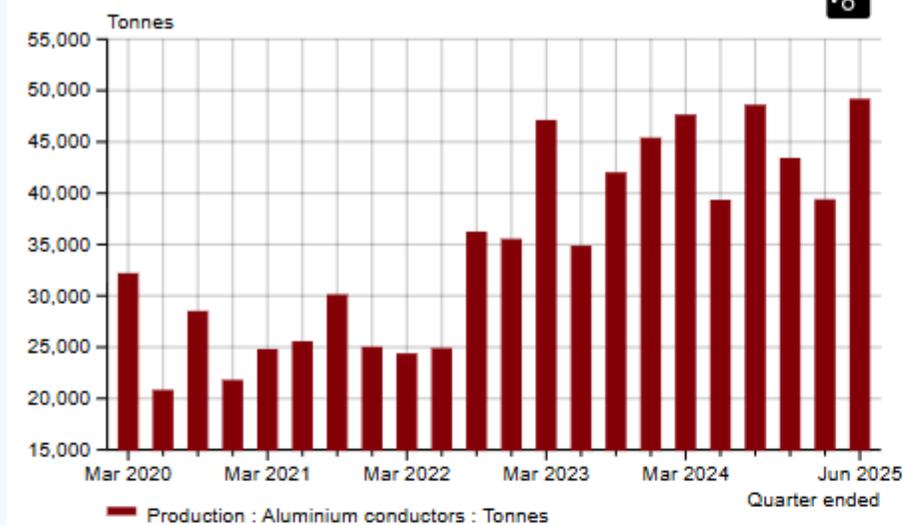


## Robust growth in revenues and profits in June 2025 quarter

In the June 2025 quarter, the aluminium & aluminium products industry registered an 11.8 per cent year-on-year top line growth. Traction in user industries kept demand for aluminium healthy. Sales realisations remained almost at year-ago levels during the quarter.

## Production of Aluminium Conductors

Tonnes : Mar 2020 to Jun 2025



Centre for Monitoring Indian Economy Pvt. Ltd., 22 Aug 2025

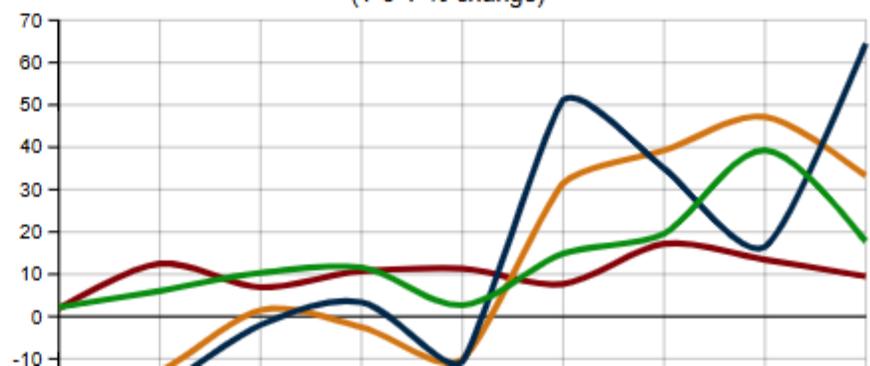
Domestic price of aluminium ingots increased marginally by 0.8 per cent y-o-y during April-June 2025. It rose by an average 16.2 per cent y-o-y in the last four quarters due to alumina shortage in the international market. Alumina is a primary input used for the production of aluminium metal. Alumina shortage eased due to the commissioning of new refinery capacities across Asia. After peaking at USD 803 per tonne in 2024, alumina prices fell from USD

672 per tonne at the beginning of the year 2025 and further down to USD 362 per tonne in June 2025, according to the data published by the London Metal Exchange (LME). As a result, primary aluminium prices fell by 2.9 per cent y-o-y during the June 2025 quarter, as per LME data.

User industries reported a rise in their capacity additions and production levels during the quarter. During the April-June 2025 quarter, the power generation and power transmission & distribution sector commissioned projects worth Rs.404.2 billion and Rs.18.3 billion, significantly higher compared to Rs.108.9 billion and Rs.5.3 billion investments seen, respectively, in the corresponding year-ago quarter. Real estate project completions are also expected to have been higher compared to the year-ago period. Aluminium conductor production rose by 25.1 per cent y-o-y to a multi-year high of 49 thousand tonnes in the June 2025 quarter. Meanwhile, automobile production increased by 1.5 per cent, on top of 16.1 per cent growth seen in the previous year's June quarter.

Hindalco Industries, which accounts for more than 80 per cent of the industry's total revenues, saw a 9.5 per cent growth in the top line in the said quarter. Nalco, another major producer of aluminium, registered revenue growth of 33.3 per cent in the June 2025 quarter. According to the company's

### Company-wise Growth in Net Sales: Aluminium & aluminium products (Y-o-Y % change)



official site, alumina exports and domestic sales soared by 209 per cent and 190 per cent in the first quarter of the year 2025-26.

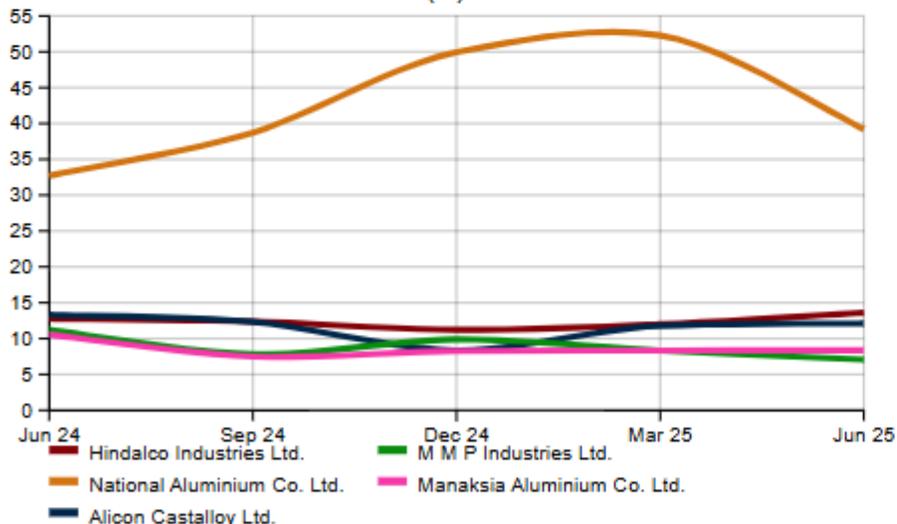
Nalco recorded its highest-ever domestic sales of both alumina and aluminium during this quarter.

MMP Industries and Manaksia Aluminium Company witnessed double-digit top line growth in the June 2025 quarter. Meanwhile, Arfin India and PG Foils reported a fall of 18.2 per cent and 36.1 per cent, respectively, in the quarter when compared to the June 2024 quarter.

Raw material expenses, the largest cost head in the industry, rose by 15 per cent y-o-y in the said quarter. Salary expenses rose by 4.3 per cent, while other operating expenses fell by 2.1 per cent. The operating expenses corresponding to the goods sold went up by 9.3 per cent y-o-y, slower compared to the 11.9 per cent rise seen in the industry's sales revenues. As a result, the operating profit of the industry grew by 26.4 per cent in the June 2025 quarter compared to the same quarter in the previous year. Operating profit margin expanded by 190 basis points to 16.7 per cent in the quarter.



### Company-wise Operating Margin: Aluminium & aluminium products (%)



Hindalco Industries' operating profit margin improved by 83 basis points to 13.6 per cent in the June 2025 quarter. Nalco's operating profit margin expanded by almost 650 basis points to 39.2 per cent. The operating profit margin of MMP Industries and Manaksia Aluminium Company contracted by 4.2 percentage points and 2.2 percentage points, respectively. Arfin India's operating profit margin shrunk by 83 basis points to six per cent in the quarter under

review.

Of the non-operating expenses, tax expenses rose by 16.8 per cent and depreciation rose by 7.5 per cent, while interest expenses fell by 18.9 per cent in the June 2025 quarter. Other income surged by almost 96 per cent y-o-y. The net profit of the industry increased by an impressive 51.7 per cent in the first quarter of the ongoing year. This growth came over a massive 111.9 per cent growth recorded in the corresponding year-ago quarter. The net profit margin expanded by 271 basis points to 10.6 per cent in the June 2025 quarter.

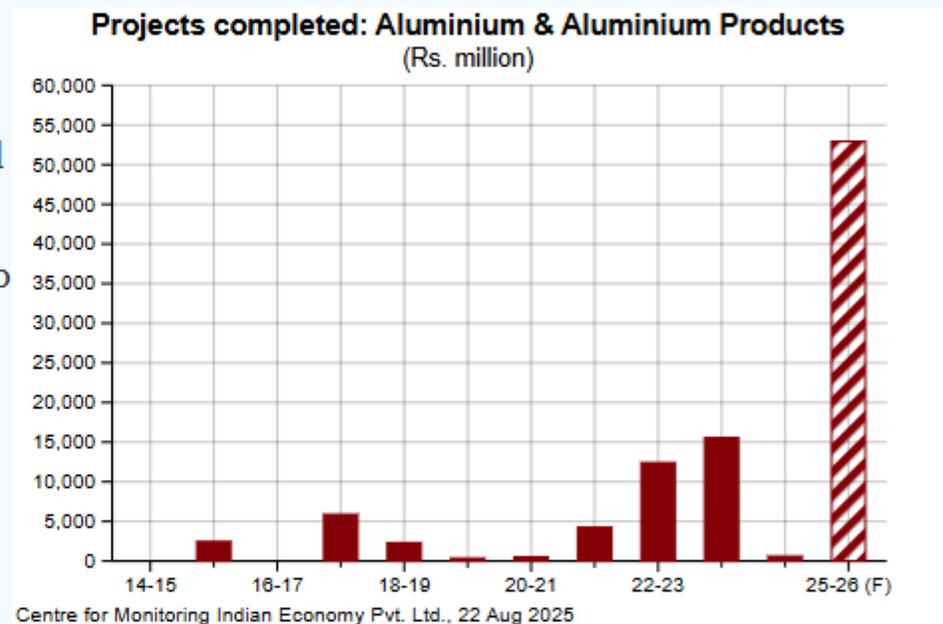
## Project completions to surge in 2025-26

The aluminium & aluminium products industry is expected to witness a jump in project completions in the ongoing financial year 2025-26. Projects entailing a total investment of Rs.52.9 billion are expected to come on stream during the year. This is significantly higher compared to the cumulative investments seen in the past 10 years. Growing consumption of aluminium products in industries such as construction, power transmission & distribution,

transportation, electronics, and packaging is expected to have compelled manufacturers to add capacities to the industry.

Six projects, with a cumulative capacity of 215 thousand tonnes, are scheduled to be commissioned this year. Details of major projects to come on stream in 2025-26 are mentioned below:

- About two-thirds of the next year's total value of investments belongs to a single project, the Hirakud Downstream Flat Rolled Products Project. This project is being built by Hindalco Industries in Hirakud, Odisha, at a total cost of Rs.37.6 billion. The plant will have a capacity to produce 170 thousand tonnes of flat-rolled aluminium products every year.



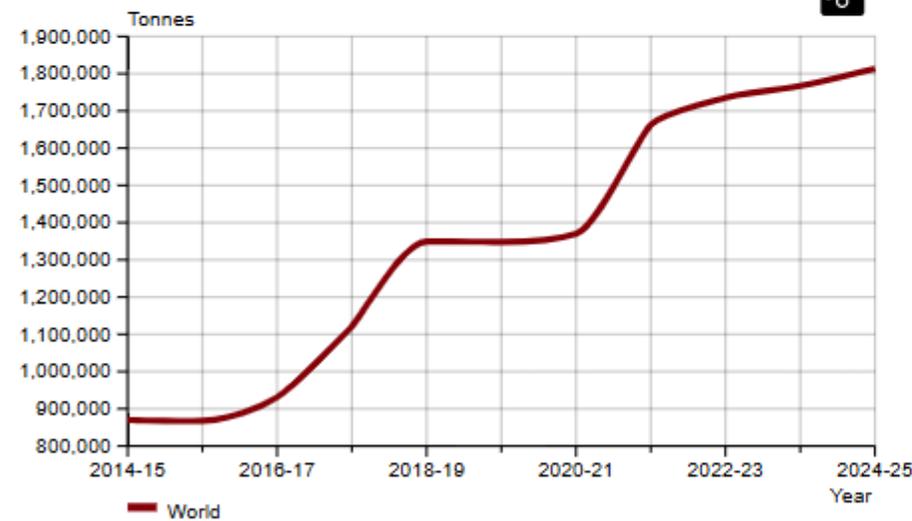
Hindalco Industries is also setting up an aluminium battery foil manufacturing unit in Jharsuguda

- Hindalco Industries has commissioned an aluminium battery enclosures plant in Chakan, Maharashtra in April 2025. It spent Rs.5 billion to build this plant, which has an annual production capacity of 80,000 aluminium battery enclosures.

All the projects likely to be completed in the current year are related to the manufacturing of aluminium products. Further, most of the projects announced in the previous year and this year are also related to aluminium products, while a handful of projects are related to the expansion of aluminium refining capacity. Despite growing demand for aluminium metal across various industries, manufacturers seem to be shying away from adding aluminium refining capacities. This is likely due to a rise in the usage of secondary aluminium in place of primary aluminium over the past couple of years.

Secondary aluminium, also known as recycled aluminium, is produced from recycled scrap materials and thus uses 95 per cent less energy than producing aluminium from raw materials. Rising prices of alumina, a key input for producing primary aluminium, further led to an increase in the usage of secondary aluminium.

**Trend in India's Aluminium Waste And Scrap Imports from World**  
Tonnes : 2014-15 to 2024-25



Centre for Monitoring Indian Economy Pvt. Ltd., 22 Aug 2025

The import quantity of aluminium waste and scrap more than doubled to 1,767 thousand tonnes in 2023-24 from 870 thousand tonnes in 2014-15. It further rose by 2.6 per cent year-on-year in the year 2024-25.

New project announcements in the industry surged on account of strong demand for aluminium downstream products such as cables, foils, frames and cans. New project announcements were at an all-time high in

the previous financial year 2024-25. The strong momentum is likely to continue this year as well. Five new projects worth a record Rs.1.2 trillion were announced in the first quarter of the ongoing financial year 2025-26. Majority of this investment comes from a single project - Dhenkanal Aluminium Smelter Project.

Vedanta announced a whopping Rs.1,280 billion investment towards building an aluminium smelter in Odisha's Dhenkanal region. The proposed aluminium smelter will have an annual production capacity of three million tonnes.

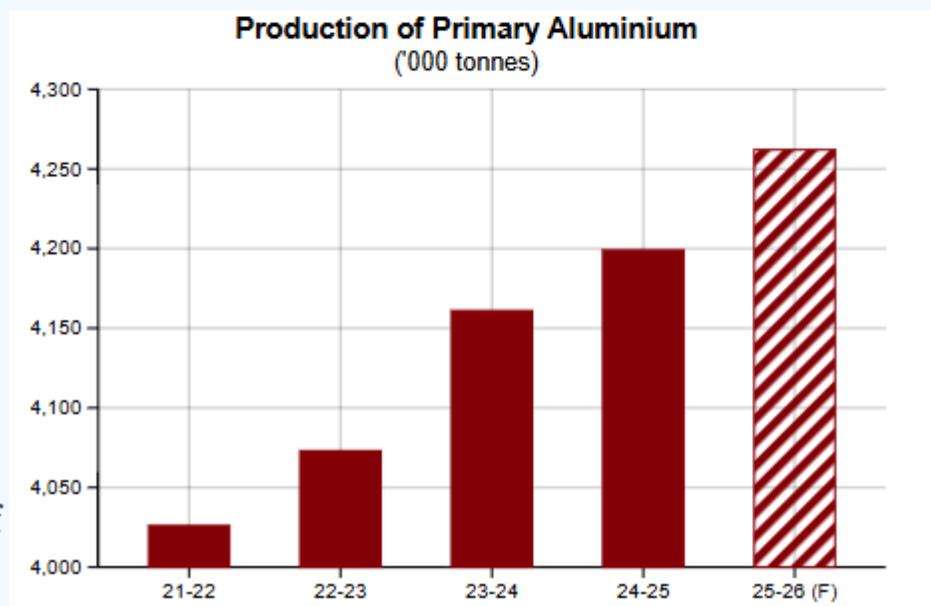
As new project announcements surged in the industry, the total outstanding projects also rose over the year. It rose from 50 projects worth Rs.1 billion in the June 2024 quarter to 68 projects worth around Rs.2.6 billion in the June 2025 quarter. We expect some of these projects to be completed within the next two to three years, thereby keeping the strong momentum in the industry's capex.

### Investments: Aluminium & Aluminium Products

Quarter	Projects announced		Projects completed		Investments stalled		Projects outstanding	
	Cost	Count	Cost	Count	Cost	Count	Cost	Count
	Rs. million	Numbers	Rs. million	Numbers	Rs. million	Numbers	Rs. million	Numbers
Jun 2024	19,424.1	4					1,027,130.9	50
Sep 2024	14,961.6	10			161.2	1	963,373.1	56
Dec 2024	416,873.1	6					1,367,746.2	61
Mar 2025	9,650.0	5	600.0	1			1,376,796.2	65
Jun 2025	1,290,000.0	5	5,000.0	1			2,661,796.2	68

### Primary aluminium production to grow slightly

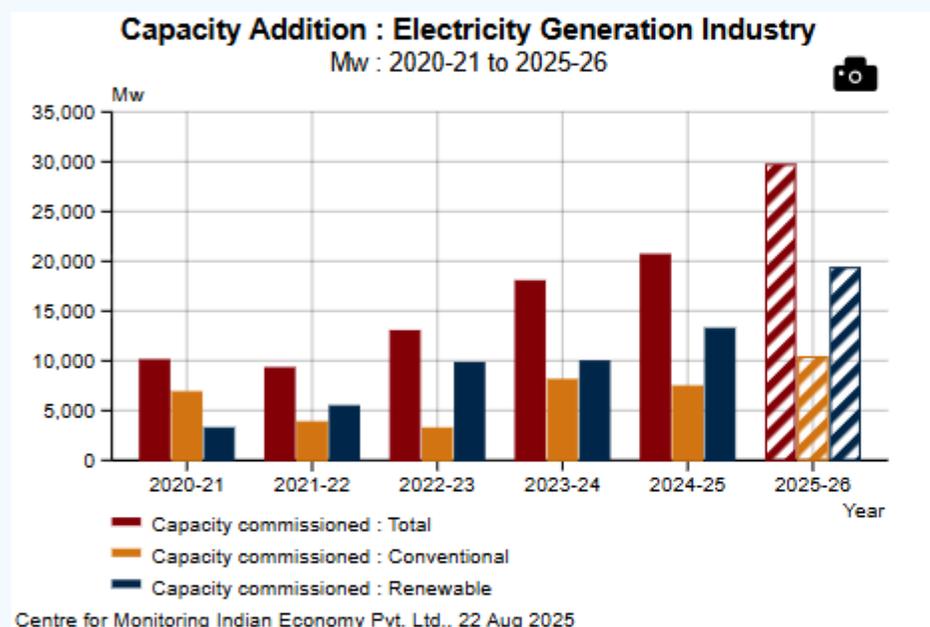
The production of primary aluminium is expected to grow at a modest pace in the current financial year. This will mark the fourth consecutive year of moderate growth in primary aluminium output. Growing demand for recycled aluminium is expected to hinder the production growth of primary aluminium. An expected drop in exports is also likely to impact the production levels of the metal during the year.



We expect primary aluminium output to

grow by a tad 1.5 per cent to 4,262 thousand tonnes in the year 2025-26. The industry produced 4,199 thousand tonnes of primary aluminium during the previous year 2024-25.

Demand for aluminium in the domestic market is expected to remain strong going forward. Demand for aluminium stems from sectors such as electrical, automobile & transport, construction, consumer durables, machinery & equipment and packaging. According to the Ministry of Mines, these sectors hold around 48 per cent, 15 per cent, 13 per cent, seven per cent, seven per cent and four per cent share, respectively, in the overall aluminium consumption in the domestic market.



Nearly half of all aluminium production is consumed by the electrical sector, which uses the metal in the making of overhead conductors, power cables, solar panels, wind turbines, capacitors and other electrical equipment. The power generation, power transmission & distribution (T&D) and electrical machinery segments are expected to witness a rise in project completions and production levels in the current financial year. In 2025-26, the power generation

industry, which includes conventional as well as renewable energy, is expected to record the highest capacity additions ever. The power T&D industry is projected to witness more than double the project completions this year compared to previous financial year. Production of wires & cables, generators & transformers and industrial machinery is likely to grow this year on the back of growing industrial, construction and economic activities in the country. Traction in the electrical sector will augur well for the aluminium market.

Other user sectors such as automobile, construction, consumer durables and packaging are also expected to record growth in their production and project completions in 2025-26. Automobile production is projected to grow by 5.3 per cent this year, on top of 9.1 per cent growth recorded in 2024-25. Consumer durables and packaging sectors, too, are likely to witness a rise in production volumes due to factors such

as growing population, a rise in income levels and increasing government initiatives to support local manufacturing.

Construction activities are likely to continue to grow this year owing to an expected rise in project commissioning under the infrastructure and real estate sectors. Railway, road and shipping transport services are expected to witness peak project completions in the current financial year. The real estate industry is likely to record its third-highest project completions this year. Real estate projects worth a whopping Rs.843.3 billion are estimated to be commissioned during 2025-26.

With user industries performing well, demand for aluminium and aluminium products is likely to continue its upward march in the year 2025-26.

Despite high demand, the output of primary aluminium is likely to grow at a modest pace this year. This is due to a rise in competition from recycled aluminium, also known as secondary aluminium. The demand for aluminium in India is either met through primary aluminium or secondary

aluminium. Primary aluminium is produced from alumina. Meanwhile, secondary aluminium is made by melting aluminium scrap, purifying the molten metal and then casting it into new forms.

Recycling needs less energy. Secondary aluminium can be produced from scrap with only five per cent of the total energy used to produce aluminium from bauxite ore. This process reduces emissions, including greenhouse gases, as reported by the International Aluminium Institute (IAI).

Secondary aluminium is produced at lower costs compared to primary aluminium, which uses coal to power smelters. Hindalco Industries, the largest listed company and also one of the few companies to incorporate recycled aluminium into their production, reported its power cost as a percentage of sales at



9.4 per cent in 2024-25. On the other hand, National Aluminium Company (Nalco) saw power cost as a percentage of sales as high as 18.9 per cent during the same year.

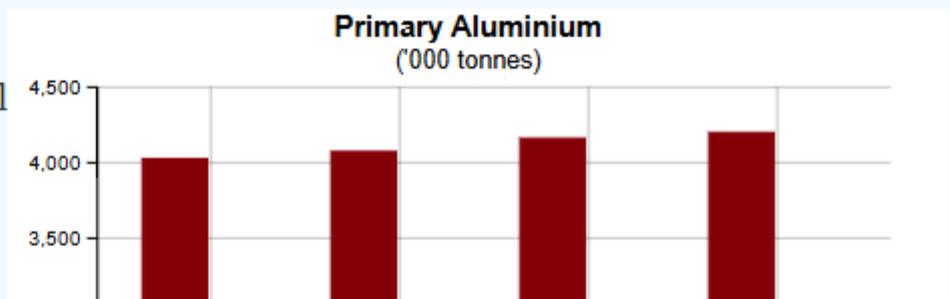
The current differential duty structure is further causing a shift from using primary aluminium to scrap aluminium. Aluminium scrap is majorly imported as it is not available sufficiently in the domestic market. The customs duty on imported aluminium scrap is 2.5 per cent, while the duty on primary aluminium stands at 7.5 per cent. As a result, it is more cost-effective to import aluminium waste and scrap rather than using primary aluminium for production.

The unit realisation of imports of aluminium waste and scrap rose by 11.8 per cent year-on-year to an average of Rs.183,200 per tonne during 2024-25. Meanwhile, the domestic price of aluminium ingots surged by 16.2 per cent in the same period to an average Rs.242,558 per tonne. Indian companies find it cost-effective to import aluminium scrap for producing aluminium and aluminium products. This will not only impact primary aluminium demand but it will also reduce additions in aluminium refining capacities.

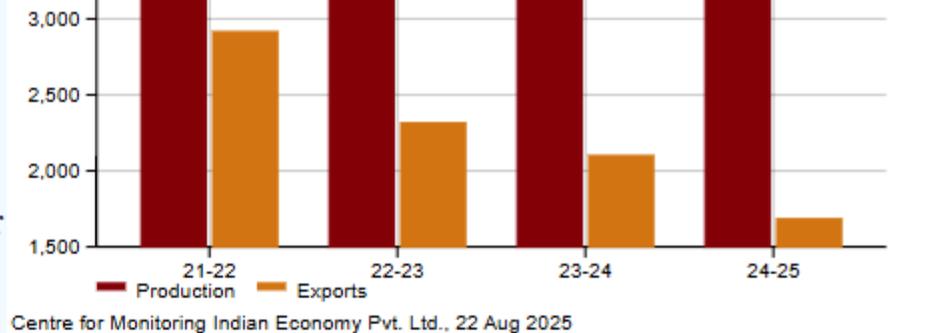
Only one aluminium smelter expansion project was commissioned in the last two financial years. Out of the 44 projects announced in the last two financial years, only seven project announcements were related to the expansion of aluminium refining capacity, according to CMIE's capex monitory machinery. The domestic industry is shying away from adding aluminium refining capacities. As a result, the aluminium & aluminium products industry is unlikely to witness any significant production growth in the next couple of years.

## Surplus in global market to reduce primary aluminium exports

India, the world's second-largest producer of aluminium, exports almost half of its total production to other countries. However, the share of exports in total primary aluminium production has declined over the past four



years. The industry exported 72.4 per cent of primary aluminium produced in the year 2021-22. The share fell to 40.1 per cent by 2024-25. Exports declined significantly over the years, while the production rose at a moderate rate. Export volumes plummeted



due to global factors such as excess supply over muted demand, sanctions on Russia following the Ukraine war in 2022, the introduction of the Carbon Border Adjustment Mechanism (CBAM) by the EU in 2023 and an increase in supply from China.

The United States (US), the European Union (EU) and other countries imposed sanctions on Russian aluminium following its invasion of Ukraine in February 2022. In 2023, the EU launched the transitional phase of CBAM, a policy wherein the importers in the EU must pay additional charges on certain goods imported from carbon-intensive producers outside the EU. As aluminium production is a carbon-intensive process, the CBAM policy reduced India's exports to EU countries such as Greece, Netherlands, Italy, Spain and France to name a few. India exported almost 28.6 per cent of its total primary aluminium shipments to EU countries in 2022-23. The share of these countries is expected to plummet as the policy's definitive phase kicks in 1 January 2026. During the definitive phase, EU importers will be required to purchase and surrender CBAM certificates to cover the embedded emissions in imported goods.

Besides reduced imports from EU countries, the US' hefty import duty on aluminium and an expected rise in primary aluminium exports from China will lead to an oversupply situation in the global market, which will reduce the need for India's aluminium. The US government has imposed a 50 per cent tariff on aluminium imports from all countries, with effect from 4 June 2025. Although India's primary aluminium exports to the US are marginal, an expected dumping of the metal from tariff-affected countries will reduce India's overall exports.

## Exports of Primary Aluminium

Year	Exports	
	'000 tonnes	% change
2021-22	2,914.6	25.40
2022-23	2,314.2	-20.60
2023-24	2,099.6	-9.27
2024-25	1,682.5	-19.87
2025-26 (F)	1,562.4	-7.14

Meanwhile, China, the world's largest exporter of the metal, is likely to increase its exports as the country is experiencing a slowdown in its manufacturing activity. These factors, along with the EU's CBAM policy and the ongoing Russia-Ukraine war are likely to affect the primary aluminium demand in the international market.

Political tensions between major global shipping hubs such as China, the US and Russia will continue to impact prominent logistics and transport routes worldwide like the Panama Canal, Red Sea and Silk Route. The supply chain disruptions will

continue to keep freight costs higher, thereby impacting the total exports of the metal going forward.

We expect the primary aluminium shipments from India to drop by 7.1 per cent in 2025-26 over and above a 19.9 per cent drop recorded in the previous year 2024-25.

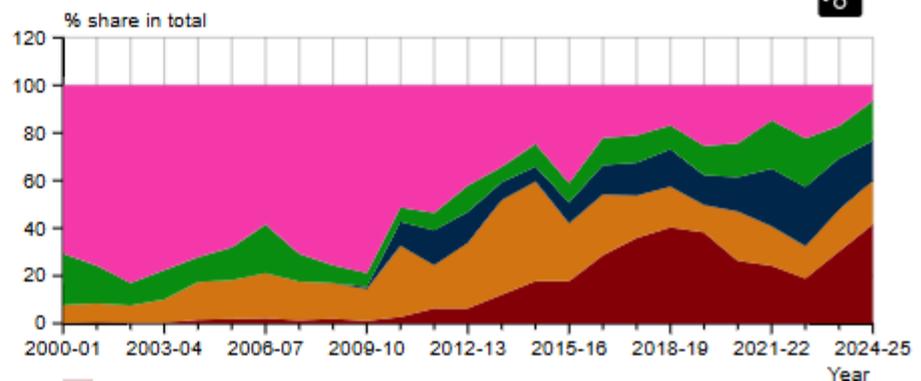
## Influx of cheaper imports to drive growth in imports

Primary aluminium imports are expected to continue to rise in the current financial year. This is likely due to the availability of metal at a cheaper rate in other markets. Domestic prices of aluminium ingots surged by 16.2 per cent in the previous year 2024-25 to an average Rs.242.5 per kg. The overall unit realisation of imports of primary aluminium rose by a slower 9.3 per cent to an average Rs.229.6 per kg in the same year.

Over one-third of the total primary aluminium shipments come from Malaysia, with which India has free-trade agreement. The unit realisation of imports of primary aluminium from Malaysia rose by 5.6 per cent to an average Rs.226.3 per kg during the previous year.

**Share of Countries in India's Primary Aluminium Imports**

% share in total : 2000-01 to 2024-25



Other than Malaysia, India is likely to increase primary aluminium shipments from other key markets such as the UAE and Bahrain, which cumulatively accounted



for more than one-fourth of India's primary aluminium imports during 2024-25. A possible dumping from these two nations is expected as the United States government imposed a steep 50 per cent tariff on aluminium imports from all countries, with effect from 4 June 2025. UAE and Bahrain were amongst the top primary aluminium suppliers to the US during 2024, accounting for nearly 10.4 per cent and 3.2 per cent share in the US total raw aluminium imports that year, according to the Observatory of Economic Complexity (OEC), an online data visualisation and distribution platform for global trade data.

Peak capacity utilisation and steady growth in demand for primary aluminium are likely to further increase imports of the metal in 2025-26. The top four aluminium producers - Vedanta, Hindalco Industries, Bharat Aluminium Company (Balco) and National Aluminium Company (Nalco) worked at almost full capacity during the previous financial year 2024-25.

### Imports of Primary Aluminium

Year	Imports	
	'000 tonnes	% change
2021-22	213.6	-19.43
2022-23	279.5	30.83
2023-24	363.0	29.89
2024-25	388.8	7.10
2025-26 (F)	398.2	2.42

Vedanta, which holds about 43 per cent of the share in the total aluminium smelting capacity, produced 1,829 thousand tonnes of primary aluminium as against a capacity of 1,800 thousand tonnes in 2024-25. Hindalco Industries produced 1,323 thousand tonnes of primary aluminium during the year, working at almost 98 per cent of its installed capacity. Balco and Nalco both worked at 100 per cent of their capacities in 2024-25. No significant capacity is scheduled to be added by these manufacturers in the near future. Thus, to meet the growing demand for aluminium in India, the domestic industry is

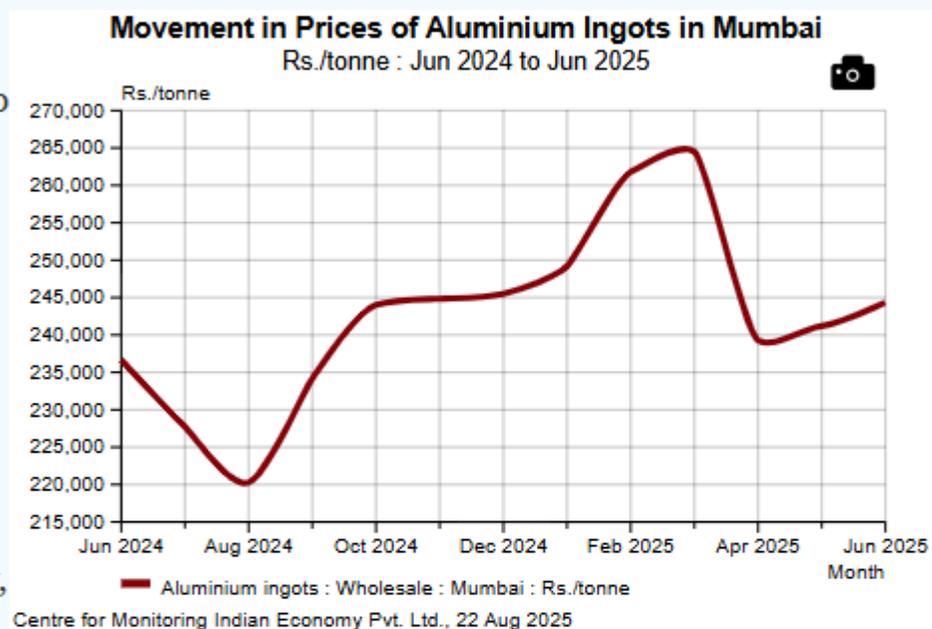
expected to increase its metal imports.

The import volumes of primary aluminium are expected to grow by 2.4 per cent in the current financial year 2025-26. This growth will come over a 7.1 per cent growth recorded in the previous year.

## Aluminium prices to fall in 2025-26

Domestic price of aluminium ingots reached one of its highest level in 2024- 25, recording a staggering 16.2 per cent rise when compared to the previous year. It reached Rs.264.5 per kg in March 2025. The metal prices have started to correct in the current financial year 2025-26. The domestic price of aluminium ingots fell by a steep 9.5 per cent y-o-y to Rs.239.3 per kg in April 2025. It remained at almost year-ago levels in May 2025 and rose by a tad 1.3 per cent y-o-y in June 2025.

Market uncertainty over US tariffs put upward pressure on the metal prices prior to 1 August 2025, a deadline set by the US government for trade negotiations with countries for reciprocal tariffs. Post August 2025, aluminium prices are likely to start declining on account of a rise in supply of metal in the international market owing to factors such as ease in alumina shortage, slowdown in China's manufacturing activity, reduced imports by the EU and the US tariffs.



Record-high prices of alumina, a key input used to produce aluminium, led to the surge in the prices of aluminium in 2024-25. After peaking at USD 803 per tonne in 2024, alumina prices fell from USD 672 per tonne at the beginning of the year 2025 and further down to USD 425 by the end of March 2025, according to the data published by the London Metal Exchange (LME). By July 2025, alumina prices fell to USD 369 due to the commissioning of new refinery capacities across Asia. Indonesia is expected to commission three alumina refinery projects during the year 2025, according to S&P Global. China's alumina refining capacity is expected to rise by 11.2 million metric tonne (mt) per year in 2025 on the back of continued expansion, bringing the country's total alumina capacity to 110 million metric tonne per year, according to China Nonferrous Metals News. An expected rise in the supply of key input, alumina, will help ease aluminium prices in the global market.

China, which accounts for nearly 60 per cent of global aluminium output, is experiencing a slowdown in manufacturing activity. The country's official manufacturing PMI has reportedly been below the 50 mark since April 2025 till July 2025, reflecting contraction rather than expansion. In spite of a slow down in manufacturing activity, primary aluminium production in the country rose. China's primary aluminium output increased by an average 2.6 per cent year-on-year in the first quarter of the year 2025-26, according to the International Aluminium Institute, a representative of the global primary aluminium market. An expected rise in the supply of aluminium will compel China, the world's largest exporter of the metal, to increase its outward shipments to other countries.

In 2023, the EU rolled out the Carbon Border Adjustment Mechanism (CBAM), a policy wherein the importers in the EU must pay additional charges on certain goods imported from carbon-intensive producers outside the EU. As primary aluminium production is a carbon-intensive process, the CBAM policy will significantly reduce EU's imports of the metal going forward, thereby increasing the metal supply in the global market.

The United States (US) government has imposed a steep 50 per cent tariff on aluminium imports from all countries, with effect from 4 June 2025. The US imports roughly half of its aluminium from other countries. The US consumed 4.9 million tonnes of primary aluminium in 2024, with 4.2 million tonnes coming from imports, according to S&P Global Market Intelligence data. Around 60 per cent of the total imports were from Canada. The UAE, Argentina, Bahrain and South Africa were the other major suppliers of raw aluminium to the US, according to the Observatory of Economic Complexity (OEC). With tariffs in place, primary aluminium importers in US are expected to reduce their shipments due to exorbitant prices of the metal.

### Prices of Aluminium in Domestic Market

Year	Mumbai Ingot Prices	
	Rs./tonne	% change
2021-22	227,703.3	45.28
2022-23	228,528.3	0.36
2023-24	208,674.1	-8.69

Post tariff announcement, the US Midwest aluminium premium surged more than 50 per cent in June 2025 to the highest since 2013, according to ING Think's report. The premium is added on top of the global benchmark prices. LME Aluminium Premium duty paid US Midwest (Platts) surged from USD 838 per tonne on 2 June 2025 to USD 1,587 per tonne on 7 August 2025. The surge in premium, which is the best indicator of tariff

2024-25	242,558.3	16.24
2025-26 (F)	233,559.3	-3.71

risk, suggest US consumers could be paying more than 50 per cent for the metal than international buyers. Due to a likely drop in order from US, aluminium exporters to the country will be left with a surplus to redirect to other countries. This will lead to an excess supply of the metal over the global demand, thereby bringing down the prices of aluminium in the international market.

A decline in global prices will exert pressure on domestic aluminium prices. Aluminium ingots price in the domestic market reached one of its highest level in 2024-25. Prices are likely to ease and drop this year. We expect to witness a 3.7 per cent fall in the domestic price of aluminium ingots in the year 2025-26.

## Index down by 2.5% in July 2025

The CMIE Aluminium & Aluminium Products index, comprising 16 companies, delivered a negative return of 2.5 per cent in July 2025 after yielding positive returns in the preceding two months. The index, however, performed slightly better compared to the benchmark indices Nifty and Sensex by 0.5 percentage points and 0.4 percentage points, respectively. It also outperformed the overall CMIE Total Returns Index (CTRI) by 0.7 percentage points in July 2025.

The index was trading at a price-to-earnings (P/E) multiple of 16.4 times in July 2025. It traded marginally lower compared to a P/E multiple of 16.6 times in June 2025. Trading volumes fell to almost Rs.100.7 billion in the reporting month from Rs.114.5 billion in June 2025. The market capitalisation of the index fell to Rs.1.93 trillion in July 2025 from around Rs.1.96 trillion in the previous month.

**Monthly returns on bourses: Aluminium & Aluminium Products (%)**

