

KSL Sector Report: India Metals & Mining - August 2025

India's Metals & Mining sector is undergoing a significant structural transformation, backed by robust reserves, strong government policy, growing infrastructure demand, and global ambitions. As the world's second-largest producer of crude steel and aluminium, and among the top five for iron ore and coal, the sector is poised for multi-decade structural growth. With India aiming for USD 5 Tn GDP and major capacity additions across steel, aluminium, and mineral processing, the metals & mining sector offers attractive investment opportunities, especially in integrated and cost-efficient players.

Market Overview: India's Global Position in Mining & Metals

- **Crude Steel:** 2nd largest globally; FY24 production 144.04 MT; Target: 330 MT by 2030 and 500 MT by 2050.
- **Aluminium:** 2nd largest producer; FY25 (till Dec): 3.15 MT.
- **Coal:** 3rd largest consumer; FY24 production at 997.25 MT (+11.65% YoY); FY25 target 1,111 MT.
- **Iron Ore:** 4th globally; FY24 production: 275 MT (+6.6% YoY).
- **Lime:** 3rd largest producer.
- **Mineral Production (FY24P):** INR 1.41 lakh Cr; Metallic: USD 14.69 Bn, Non-metallic: USD 1.57 Bn.
- **GVA from Mining:** FY24: INR 3.37 lakh Cr; Q3FY24: INR 82,680 Cr (+9.95% YoY).

Demand Drivers & Consumption Trends

Steel: Demand growing 7-10% YoY driven by infra, construction, housing; 60-65% used in infra.

Aluminium: CAGR >10% expected; used in EVs, renewables, packaging, aerospace.

Copper: FY24 demand +13% YoY; infra + real estate = 43% demand.

Coal: FY24 dispatch to power sector 678.54 MT (+5.97% YoY).

Zinc & Minerals: Zinc demand to double in 5-10 years; 3% growth in mineral demand projected.

Policy & Regulatory Support

MMDR Amendments (2021/2023): Sale of 50% production in open market allowed for captive miners.

PLI Scheme for Specialty Steel: INR 6,322 Cr outlay; targets 25 MT capacity, 17,000 jobs.

FDI: 100% under automatic route; Metallurgical FDI till Sep 2024: USD 18.06 Bn.

Critical Minerals Mission: INR 16,300 Cr sanctioned; key push for lithium, cobalt, REE.

National Steel Policy 2017: Steel capacity of 300 MT by FY31.

Growth Enablers

Infra Push: INR 11.2 lakh Cr Capex in Union Budget FY26 (+11.1% YoY).

Power Demand: Installed capacity 466.25 GW; non-fossil share rising to >64% by 2030.

Auto & Real Estate: Major demand anchors.

Tech Investments: Smart mining, AI/ML, and automation driving productivity.

Strategic Trends & Industry Shifts

Captive Mining: Allowed to sell 50% of output.

Tech & Automation: AI, drone surveying, GIS-based planning.

M&A Boom: JSW-BPSL, Tata-Bhushan, AMNS-Essar value creation via consolidation.

Overseas Forays: JV with Argentina for lithium blocks; India-Australia MoUs.

R&D Collaboration: IITs, CSIR, and industry partnerships (JSW, Tata, Hindalco).

Outlook to 2035: Structural Bull Cycle for India's Mining Sector

Urbanization + Energy Transition = Exponential mineral demand.

Policy-Industry Alignment: Critical to ensure capital flows, tech adoption, and ESG compliance.

Automation & AI: Enhancing safety, productivity & global competitiveness.

Global Collaborations: Key to secure mineral supply & integrate with EV/renewable supply chains.

View

The Indian metals & mining sector is structurally poised for multi-decade growth driven by infrastructure capex, urbanization, digital and renewable energy transitions, and policy tailwinds. With domestic self-reliance (Aatmanirbhar Bharat) and energy security as key themes, companies with cost efficiency, backward integration, and balance sheet strength will command premium valuations. Investors can ride this megatrend via diversified exposure to steel, non-ferrous, mining PSUs, and upstream critical mineral players.

Nifty Metal Index – Technical Overview



Nifty Metal Index Technical Outlook

The Nifty Metal index is currently trading around **9,267** and has recently given a breakout from a **Falling Wedge** pattern on the **weekly timeframe**—a bullish reversal setup. The breakout was followed by a successful **retest**, during which a **Bullish Engulfing candlestick** pattern formed, signalling strong buying interest at the breakout zone.

Importantly, the breakout is well-supported by the **50-week Simple Moving Average (SMA)**, reinforcing the strength and sustainability of the move. A **weekly close above 9,605** will further confirm bullish momentum and open the path for an upside move toward the next major resistance zone near **10,180**.

On the downside, **9,010** acts as a critical support level. A sustained **weekly close below 9,010** would invalidate the current bullish setup and shift the outlook to neutral-to-negative.

Source: KSL Research

DXY - Technical Overview



U.S. Dollar Index (DXY) – Weekly Technical Outlook

The U.S. Dollar Index (DXY) is currently trading near **98.526** and has witnessed a **breakdown below the key support level of 99.580** on the **weekly timeframe**, signalling a shift in trend. Additionally, a **bearish crossover** between the **21-week and 200-week SMAs** further confirms the weakening momentum, indicating a **negative long-term outlook** for the index.

On the upside, **99.600** now acts as a crucial resistance level. Failure to reclaim this zone could keep the index under pressure. On the downside, **94.680** is the next key support; a **weekly close below this level** may trigger a deeper correction towards the **89.600** zone in the coming weeks. The overall bias remains bearish unless the index reclaims and sustains above the 99.600 resistance.

Source: KSL Research



Key Visual Observations:

Blue Line (Nifty Metal Index): Displaying a **strong uptrend**, up **~20.86%** on a relative basis.

Pink Line (DXY Index): In a **downward trend**, showing **-4.86%**, indicating dollar weakness.

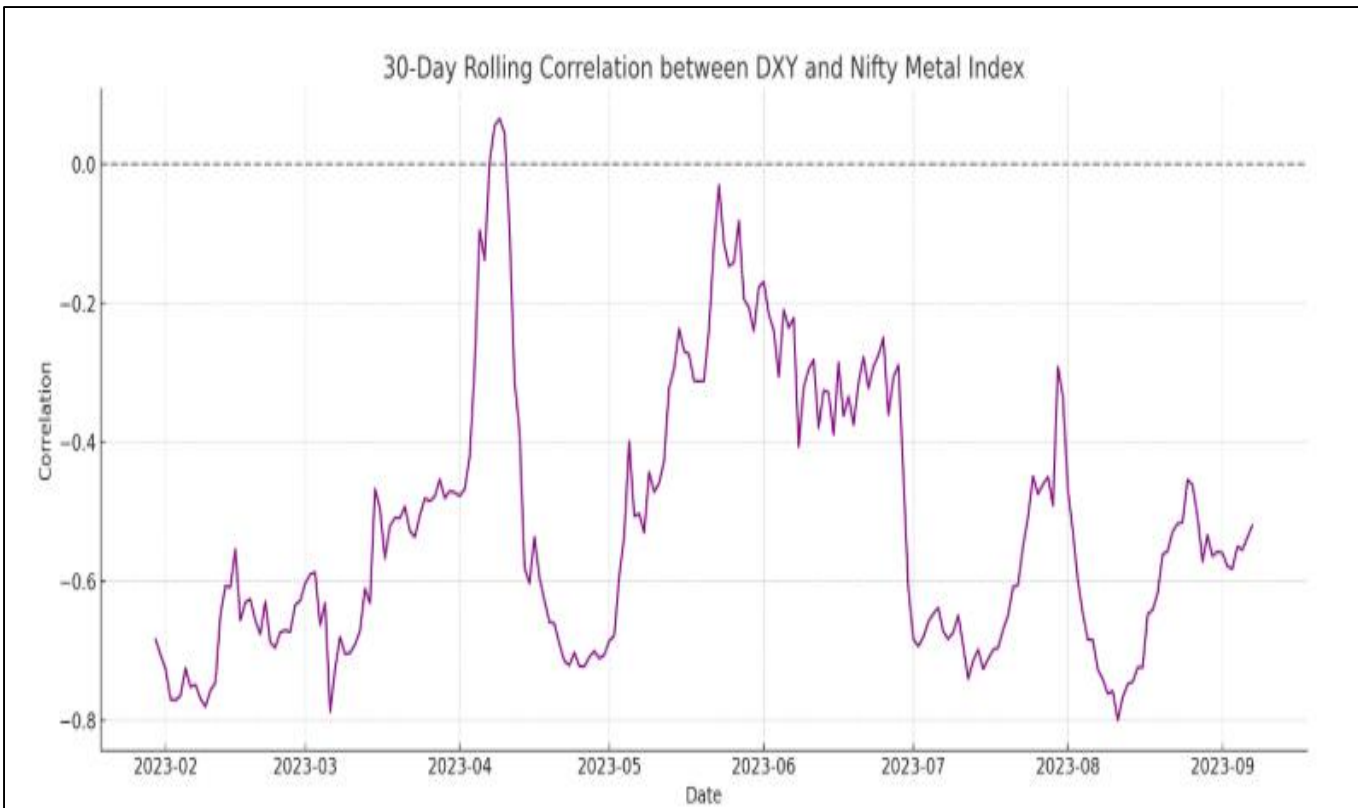
Divergence Periods: When DXY weakens sharply (e.g., mid-left section of the chart), the Nifty Metal Index shows strong gains. This validates the **inverse relationship**.

Correlation Interpretation (Qualitative + Visual)

Strong Negative Correlation: The current chart reaffirms a **clear inverse correlation**.

Every **dip in DXY** is **mirrored by a rise in Nifty Metal Index**, suggesting that USD depreciation is **supportive of metal stocks** in India.

30-day rolling correlation between DXY and Nifty Metal



Key Insights from the Rolling Correlation Chart:

1. Consistently Negative Correlation:

1. The correlation consistently stays in the **-0.4 to -0.8** range, confirming a **strong inverse relationship**.
2. When DXY drops, the Nifty Metal Index tends to rise, and vice versa.

2. Temporary Deviations:

1. A few periods show weaker or near-zero correlation. These could be due to **intervening macro events** (like Fed policy, China demand data, etc.).
2. However, the broader trend remains clearly **negative**, indicating reliability of this inverse play.

Source: KSL Research

Scenario Analysis: What if DXY Breaks Down?

Bearish DXY Scenario:

If DXY breaks key support zones (e.g., falling below recent swing lows), it would amplify dollar weakness.

Implications:

Base Metal Prices (Copper, Zinc, Aluminium) rally globally.

Export-oriented Indian metal companies (Tata Steel, Hindalco, JSW Steel) see margin tailwinds.

Nifty Metal Index could see a continuation of its outperformance, possibly testing previous highs or entering a momentum breakout phase.

Bullish DXY Reversal Scenario:

If DXY rebounds from support or due to hawkish Fed rhetoric, we could see:

Implications:

Global metal prices could come under pressure.

Indian metal exporters face margin compression due to a stronger dollar + costlier imports.

Nifty Metal Index may cool off, potentially reverting toward the 200 SMA (~mean reversion).

Scenario Analysis:

Scenario	DXY Trend	Metal Price Reaction	Impact on Nifty Metal
Bullish DXY	Dollar rebounds	Metals become expensive	Metal stocks face pressure
Bearish DXY (base case)	Dollar weakens	Metals become attractive	Metal stocks rally

Strategic Takeaway:

The ongoing weakness in the US Dollar Index is fueling a structural tailwind for Indian metal stocks. With the Nifty Metal Index comfortably above its 200-day moving average and showing relative strength, any further breakdown in DXY could act as a **catalyst** for a continued rally in the metal space. Traders should track DXY's critical support levels closely as they could signal the next leg in metals.

Source: KSL Research

CMP	BUY	TARGET	SL(Weekly Close)
238	225-228	275/300/325	190

Hindustan Copper Ltd (HCL) is India’s only fully integrated copper producer, managing the entire value chain from mining to manufacturing. With active mining operations in Malanjkhand, Khetri, and Ghatsila, and downstream facilities at ICC and Taloja, the company also produces valuable by-products like sulphuric acid and nickel cathode. HCL is expanding ore capacity from 4 MTPA to 12.2 MTPA and has entered strategic partnerships, including an MoU with Chile’s CODELCO. In FY25, revenue rose 21% YoY to INR 2,071 Cr with PAT at INR 469 Cr (+42%). Expansion is funded via internal accruals, while strong demand from EVs, renewables, and infrastructure sectors, along with government support for import substitution, is expected to sustain long-term growth.

Financial Snapshot

Particulars (INR in Cr)	FY23	FY24	FY25
Revenue	1,677	1,717	2,071
Operating Profit	492	547	738
EBITDA Margin (%)	29%	32%	36%
Net Profit	295	295	469
PAT Margin (%)	17.6%	17.2%	22.6%
Return on Equity (%)	17%	16%	19%
Cash Flow from Ops	674	292	544

EBITDA and PAT margin expansion in FY25 supported by operational efficiency and improved scale indicate continuation of momentum with record profits and margin resilience.

Technical Overview



Hindustan Copper has broken out of a Falling Wedge pattern on the weekly chart, signalling a potential trend reversal. A Bullish Engulfing candle post-breakout, supported by rising volumes, indicates strong buying interest and momentum. The stock appears poised for further upside.

Source: KSL Research

CMP	BUY	TARGET	SL(Weekly Close)
120	116-118	150/175/200	100

Sambhv Steel Tubes Ltd. (SSTL) is a fully backward-integrated manufacturer of ERW pipes, structural tubes, and specialty steel products, operating from a single plant in Raipur. It caters to infrastructure, solar, housing, and irrigation sectors. Key segments include ERW pipes (with captive sponge iron and HR coils), stainless and specialty steel products, and value-added items like galvanized structures and corten pipes. The company is expanding capacity with a new 1.2 MMTPA unit and a greenfield project at Kesda. It invested INR 1,595 million in FY24 and INR 910 million in 9M FY25 towards expansion. In FY24, it reported revenue of INR 1,285.8 crore and PAT of INR 82.4 crore. After IPO-led debt repayment, SSTL is nearly debt-free, and aims for strong long-term growth driven by stainless steel margins, higher volumes, and scale benefits.

Financial Snapshot

Particulars (INR in Cr)	FY23	FY24	FY25
Revenue	937	1,286	1,511
Operating Profit (EBITDA)	117	160	155
EBITDA Margin (%)	13%	12%	10%
Net Profit	60	82	58
Net Profit Margin (%)	6.4%	6.4%	3.8%
Cash Flow from Operations	66	142	127
Return on Equity (%)	28.6%	18.7%	11.7%

Financials indicate consistent topline growth with recent margin pressure due to expansion-led cost increases.

Technical Overview



Sambhv Steel Tubes Ltd is in an uptrend, forming higher highs and lows. A recent falling wedge pattern and bullish RSI divergence suggest a potential upside reversal. The stock is also holding above its 21-day SMA, indicating strength.

CMP	BUY	TARGET	SL(Weekly Close)
71.3	70-70.5	77/82/89	60

NMDC Limited is India’s largest iron ore producer and a Navratna PSU under the Ministry of Steel, aiming to become a diversified mining and metals conglomerate by 2030. Its core business is iron ore (FY25 output: 44.04 MMT), with expansions into pellets, steel (via NMDC Steel Ltd.), and strategic minerals like lithium, copper, and nickel. NMDC is executing its highest-ever standalone capex of INR 3,707 Cr in FY25, with INR 40,000 Cr in sanctioned projects. FY25 revenue stood at INR 23,905 Cr (+12% YoY), PAT at INR 6,531 Cr (+17%), and iron ore sales are guided to surpass 50 MMT in FY26. The company is investing in slurry pipelines, index-based pricing, and plans to scale capacity to 100 MMT by 2030.

Financial Snapshot

Particulars (INR in Cr)	FY23	FY24	FY25
Revenue	17,667	21,308	23,906
Operating Profit	6,054	7,294	8,149
EBITDA Margin (%)	34%	34%	34%
Net Profi	5,601	5,575	6,531
ROE (%)	22%	24%	24%
Net Cash from Ops	1,838	7,395	1,894
Dividend Payout (%)	35%	38%	44%

Strong financial performance in FY25 with consistent EBITDA margin at 34%, robust PAT growth of 17% YoY, and improving balance sheet strength backed by record capex investments.

Technical Overview



NMDC Ltd has broken out of a Falling Wedge pattern on the weekly chart, indicating a potential trend reversal. The breakout is supported by the 50-week SMA, which is sustaining above the breakout level adding strength to the bullish setup. The stock is currently facing resistance near 73.80; a sustained move and weekly close above this level could trigger fresh upside momentum

Source: KSL Research

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