
Astra sees little scope for steel manufacturing recovery

Sunday, 15 Nov, 2009

Astra Industries Limited said that there is very little scope for steel manufacturing recovery until mining and construction start picking up again.

During the full year ended August 31st 2009, Astra reported a 55% decline in steel sales as mining and construction activity remained subdued through the first half of the financial year as a result of falling commodity demand and suspended projects. The construction industry has declined precipitously in the last 10 years, and until this year, there had not been any new project approval since 2003.

Astra said in the brief commentary accompanying its abridged financial report that "The gradual recovery of key sectors such as mining and expected construction projects, set to commence during the coming year, should see the business returning to profitability."

Murray & Roberts Zimbabwe, the country's largest construction and mining contractor, estimates the value of pipeline construction projects in the country at about USD 15 billion, but predicts a steep slowdown in construction activity until the roll out begins. The contractor says for now, projects will mostly be limited to refurbishments and related repairs, which limits the procurement of steel and other construction materials.

During the review period, the group posted an after tax profit of USD 33,441 with no comparative for the previous year. Revenue reached USD 9 920 911, with the bulk of it coming in the second half of its financial year, which started a month after the introduction of the multi currency system.

(Sourced from <http://allafrica.com>)

For more news visit at www.steelguru.com