For steel & base metal firms, fourth quarter to be stronger sequentially

B S SHIRSAT
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Profitability of steel and base metal companies is expected to improve during the March quarter, compared to the previous quarter, on the back of decreasing prices of key inputs and stable domestic prices. Operating margin may go up by 50 basis points (bps) for base metal and 350 bps for steel companies.

Steel demand improved sequentially, with companies raising prices by ₹1,000-2,000 a tonne. Globally, steel prices rose during the three months to March, including increases in the Commonwealth of Independent States (10 per cent) and China (four per cent), according to analysts. Base metal prices rose modestly due to a status quo in the euro zone.

However, analysts at Motilal Oswal Securities believe the recovery in steel prices was a result of restocking and production cuts, rather than an improvement in the underlying demand scene. Prices have already started correcting in North America, as restocking demand seems to be over. Similarly, steel demand in China was also a function of restocking, rather than actual consumption.

On a year-on-year basis, base metal companies are expected to report a decline in net profit and flat to single-digit growth in sales for the second consecutive quarter. Sales growth of steel companies is expected to slip to single digit, while net profit may decline by over 25 per cent.

Among base metal companies, Hindalco may see a marginal improvement in domestic sales, while its consolidated sales may decline by over three per cent. Net profit may fall by 50 per cent on a stand-alone basis and by 20 per cent on a consolidated basis.

For the first time in 2011-12, Tata Steel is expected to report a fall in consolidated net sales. But it may post a net profit of ₹886 crore, against a net loss of ₹602 crore in the third quarter. State-run Steel Authority of India is likely to post single-digit growth in sales, but its net profit may decline.

For steel companies, the January-March period would be strong on a quarter-on-quarter (q-o-q) basis, as coking coal of lower cost will come on stream for most companies. Tata Steel’s European operations are expected to improve due to inventory write-down during the third quarter. JSW Steel will also benefit from lower coking coal cost and improved utilisation levels.

Analysts at Kotak Securities say steel companies’ earnings would see a relief rebound in the fourth quarter, primarily helped by strong seasonality. Steel prices rose by six-eight per cent q-o-q, while iron ore prices remained flat and coking coal spot prices further corrected. They believe due to a decline in domestic steel demand growth, there would be pressure on steel prices in the coming months.

However, depreciation of the rupee by four per cent in the fourth quarter is expected to affect price realisation of base metal companies. So, the positive q-o-q gain would be minimal for zinc and aluminium companies. Also, aluminium and zinc prices corrected by 10 per cent over last month or so, as reflected by the piling up of London Metal Exchange inventory and that does not augur well for next quarter results.
खनन की कामआई

भारत के सुरक्षित वन्यजीवन के मंत्री एवं गृहमंत्री एवं राजनीतिक नेता श्री नीतीश कुमार की संबंधित योजनाओं के अंतर्गत वन्य जीवन एवं वन्यजीवन के लिए स्थानीय जनता से अभियान की खुशी है। इस अभियान का लक्ष्य ऐसी प्राकृतिक वन्य जीवन की बनावट को बनाने के लिए स्थापित है। इस अभियान का लक्ष्य ऐसी प्राकृतिक वन्य जीवन की बनावट को बनाने के लिए स्थापित है।

अधिकांश अभियानों के लिए स्थापित है। इस अभियान का लक्ष्य ऐसी प्राकृतिक वन्य जीवन की बनावट को बनाने के लिए स्थापित है।
खड़न की कमाई

अल्माह ऑक्स प्रोमोक्स और एकादी जाने पर सिस्टम का चार ने सब कुल एक साथ कई चीजों को नुकसान पहुंचा है रही। वहाँ तक सार्वजनिक पुलिस की भी नहीं जूझ रहा खड़न माफिया। ऑली प्रेमी के कहीं नाग जिले के हृदय मंडल का एक छोटा सा गांव पैरा से है जहाँ हरसरी पुलिस में घोषणा केन्द्र चालू मिली है।

पुलिस विभाग की एक विभागीय मिली कि बैनल में आया तो माफिया को देखा है मुंटे पार्क की हालत को पूरीत करने लगी है। रेलरोड पुलिस चालू रही है। वहाँ नौकरी पुलिस सरकार और सरकारी विभाग के बैनल में आया है।

अधिकारियों ने वह जानकारी पुलिस विभाग को दी। दुरारंग विभाग के निर्देश पर एक नाम सदस्य दल ने फेडरल को देखा किया और पड़ोसी पर उन्हें दस माह माफिया करने लगी, जिन्हें उन्होंने चार्ट अवैध रूप से संकेत बनाने के लिए खड़ा रखा था। इस पुलिस के बैनल 100 पुलिस और 33 पुलिस की बारी बिंदु पुलिस पर गंभीर बात कर दिया गया है।

सिद्धांत है कि माफिया की विभाग में उन पुलिस को कई ही नहीं है। लोकसत्स राज्य और समाज के लिए तो वे मूल बात चीजों हैं। उनकी तरह उन पुलिस के इलाकों का अलौकिक है। इलाकों के भीतर और भीतरी भी लिंग बात चीजों अन्य राज्यों और गुजरात के लिए प्रभावित है। वहाँ पुलिस पुस्तक के अंतर्गत अज भी सुझाव है। लोकसत्स राज्य माफिया के लिए बताया जा रहा है कि वह विभाग कराया और पढ़ गया है। पड़ोस के जनमानद जिले में दिखा बाबर गांवों के साथ भी कुछ समय ही सुरक्षा कर दी है।

गुजरात में दर्जा पढ़ा रहा है। ये गुजरात मोबाइल को शासन विषयक लिखा है। गतिविधि के पूर्व लोकाधिकार विभाग की गृह में वह नियुक्ति की राजनीतिक दलों की सहायता के खड़न माफिया काम नहीं कर सकता।

दिलचस्प बताया कि कमली- जो कि बाहर के कावित चाल से खड़न पूर्व पर अवश्य करने के लिए खड़न बाहर रहे हैं और भी यहं खड़न के माफिया में उनकी कामयाबी पुराण माफिया सबसे खड़ा है। इसका है आखिर खड़न में अलग है हिस्सा लेने से अवश्य उनकी जीत नहीं है।

अवश्य खड़न में वैकल्पिक नुकसान नहीं होता अवश्य प्रतिबंध, समाज, संस्कृति और मानवीय शिक्षा भी होती है। जल, उष्णकटिबंध, जलवायु और मानव का सहसंबंध भी प्रभावित है। भारत पूर्व में के लिए आखिर खड़न ने हासिल भी में भारतीय राजनीतिक प्रतिभाओं का अलग-अलग सुनाम चेहरा समने लाए दिया है। यह पूरा फूल है। उस पन्नी अधिक जानकारी की तह नहीं है। राजस्थान राज्य के लिए भारतीय जानकारी लगभग संबंध और उनके विभाजन को इसकी राजनीति में एक दिन दिखाने देता है। जो कुछ पहलन का है यह अवश्य, लोकी और तेलुगु प्रभावित संस्थाओं की भी भारतीय। राजस्थान उपर नायक ने जनुवरी-जानवर में लाए के लिए वैकल्पिक सीटों के साथ खड़न निष्कासन और जानकारी को इसके लिए दिखाया गया है। वह अपने दिन दिखाया गया है। राजस्थान उपर नायक ने सबसे में कहा कि ‘अपर राजस्थान’ नहीं हो सकता। ये राजस्थान एक भी खड़ा दिखाई देगा।

'लोक सीट' कहा चुका है कि विधिन माफिया में अवश्य खड़न जाती है। खड़न के लिए अवश्य मुख्य है। लोकसत्स भी बाहर उनके सतर्क से उन्हें उच से रखना जाता है। समाज की जड़ से आर्थिक माफिया है। उसी सीट दिखाया गया है। अपनी सीट दिखाया है। नायक ने कहा कि ‘अपर राजस्थान’ नहीं हो सकता। उसी सीट दिखाया है।
Investment Focus

Hindustan Zinc — Buy

Investors with a long-term view can pick up shares in Hindustan Zinc. The company is among the largest domestic producers of zinc, lead and silver. Growing capacity and demand for galvanised steel products and favourable economics of primary lead smelters over recyclers will provide the company with plenty of growth potential over the next five years. At 9.6 times FY12 earnings, the company’s price earnings multiple is lower than global peers such as Nyrstar and Xstrata. With one of the lowest conversion costs for zinc and lead; and high margins, Hindustan Zinc is a good option in the metals space.

Both lead and zinc consumption have grown at a compounded pace of 13 per cent and 15 per cent respectively between 2007 and 2011. Working in favour of Hindustan Zinc are two trends. Increasing consumption of galvanised steel (sheet coated by zinc) by flat steel producers and for construction points to strong zinc demand. Flat steel producers are expected to add over 10 million tonnes of capacity in the next two years. Galvanised steel consumption is expected to increase 30 per cent in the next two years. With over 90 per cent market share in the refined zinc space, Hindustan Zinc is expected to be a beneficiary of both of the above trends.

The quarter ended March 2012 saw Hindustan Zinc’s sales slip by 3.2 per cent to Rs 3000 crore, after a fall in lead and zinc realisations. The prices of both metals averaged 20 per cent and 15 per cent lower than in the same period a year ago. Reining in the potentially sharper dip in sales was the ramped-up output of lead and silver.

Lower prices of lead and zinc during the quarter led operating profit margins to slip by eight percentage points to 52 per cent. Net profits dipped by 20 per cent to Rs 1,419 crore. Other income of Rs 380 (up 23 per cent) on cash and current investments of Rs 18,000 crore played a major role in stemming the dip in profits. The massive cash holding and current investments translate into Rs 42 per share.

While the International Lead and Zinc Study Group indicates a surplus in the zinc market over the next two years, zinc prices may not come under further pressure. Estimates indicate that it would take 25 per cent higher zinc prices to incentivise the opening of new mines and smelters in high-cost locations in Europe and China. With oversupply in check and zinc prices hovering at close to the cost of production, the downside in zinc prices appears limited. A very steep correction in prices can cause some producers to shut smelters, thus supporting prices.

Adarsh Gopalakrishnan
BL Research Bureau
Toxicity of river blamed for fish death

By Our Reporter

SHILLONG: The preliminary report conducted by the Mining and Geology department has ruled out that uranium exploration is the cause of the mysterious death of thousand of fishes along Ranikor River.

The preliminary report has in fact blamed that the mass death of fish to the toxicity of the river where local people use toxic substances for catching fish for commercial purposes.

The preliminary report revealed that water flowing from the Rilang river was crystal clear whereas water flowing from Kynshi was muddy, reddish-brown with lot of impurities and the dead fish were found floating on water coming from Kynshi river and not from Rilang.

Revealing the preliminary report submitted by Assistant Geologists (KB Surong and Ms E Nongibri) who conducted investigations on the Kynshi and Rilang Rivers (the two tributaries of Ranikor River), on the cause of the death of the fish, Deputy Chief Minister in charge, Mining and Geology said the two geologists who visited the site on April 17 have ruled out, "the possibility of fish dying due to uranium exploration around the area."

Stating that the place where the firm (Maheshwari & Maheshwari Mining Pvt Ltd) which was the task of exploratory mining by the Atomic Energy Department (AED) is located on the opposite side of the Kynshi River. Lanong said that the geologists found a small stream near the site where uranium is being explored which leads to the river.

But the two geologists noticed that the dead fish have no lesion marks on their body, Lanong said, "If the cause of death is due to radiation from uranium the dead fish should have lesion marks on their body."

The Deputy Chief Minister said that the preliminary report also mentioned that the death of fish occurred in Kynshi river as the water is highly contaminated and the contamination is due to the presence of a number of tributaries flowing from places having coal mines, coal depot from villages like Mawiet, Diengngan, Mawhar, Nongjri and others.

He said the two geologists posed an interesting question in their report. They argued that if the death of the fish is due to coal mining then this should be a regular phenomenon and not a one-off epidemic.

"The impact should not be only on April 12 where a large number of fish died along the river," Lanong said while quoting the geologists.

"According to reports, the fishes appeared to have died due to toxicity where local people throw toxic substances into the river for catching fish for commercial purposes," the Deputy Chief Minister said.

Meanwhile, Lanong also said that the preliminary report suggested that there be a detailed investigation like analysis of the water and post mortem of the fish.

Lanong further said that the geologists have suggested the need for a detailed investigation to ascertain the main cause of river poisoning by analyzing the water, and post mortem of the dead fish besides other necessary examinations by using proper and well (Contd on P-10)
Toxicity of rivers....

(Cont'd from P-1) equipped laboratories to get to the root cause of the death of fish in Ranikor.

The Deputy Chief Minister also informed that the deputy commissioner of West Khasi Hills S Kharlyngdoh has submitted the report of the investigation conducted on April 14 by the extra assistant commissioner from Mawkyrwat civil sub division and BDO of Ranikor block along with a fisheries officer based at Mawkyrwat.

Lanong said that the report mentions that there was no fresh death of fishes.

Meanwhile, PHE Minister Shilang Pale said that such an incident of fishes dying in the rivers of the state is happening for the first time and so it has to be ascertained as to what is the real reason behind the same.

When his attention was drawn to recent incidents of fish dying in Jaintia Hills, Pale said "I am yet to receive any report from the MSPCB in this context."
Brazen Balco flouting rules in power plant construction

VEDANTA controlled Bharat Aluminium Company Ltd (Balco) in Chhattisgarh apparently didn’t bother to seek “mandatory” permission from the Korba Municipal Corporation (KMC) for its projects in the area. Documents obtained from the KMC under the right to information (RTI) have revealed that despite several notices having been served to Balco in the last few years to halt construction, it continued with the work without the necessary permits.

Some of the major projects are being carried out in the industrial town of Korba, including a couple of thermal power plants. Balco has not only completed the construction of a 540 MW plant in Korba, a case against which is pending in the court, it has also begun constructing another 1,200 MW power plant, 80 per cent of which is complete. No permission was reportedly taken for an under-construction chimney at the 1,200 MW plant, which collapsed in September 2009, killing 46 workers.

**Notices were served to Balco to stop work**

Interestingly, even as the judicial investigation into the mishap is still on, Balco has started constructing another chimney close to the accident site. “Eleven notices, the last one on October 3, 2011, were served to Balco to stop work on the 1,200 MW plant,” the documents revealed. But the company didn’t respond to a single notice.

KMC mayor Jogesh Lamba said it is mandatory to take permission for any construction work falling within the jurisdiction of a civic body even though the firm may have entered into an agreement with the state. “We have strongly objected and sought to dismantle the illegal construction in the past. Notices have been issued to Balco repeatedly and stiff fines imposed. Better speak to the police why no action has been taken after the complaints were lodged,” Lamba said.

Balco refuted the charges. “There has been nothing illegal in our construction work. We have entered into an agreement with the government and are working accordingly,” Binod Kumar Srivastava, Balco’s spokesperson, said.