

SARACONNECT

Volume XLVIII
Quarter
ended June
2018



In this issue

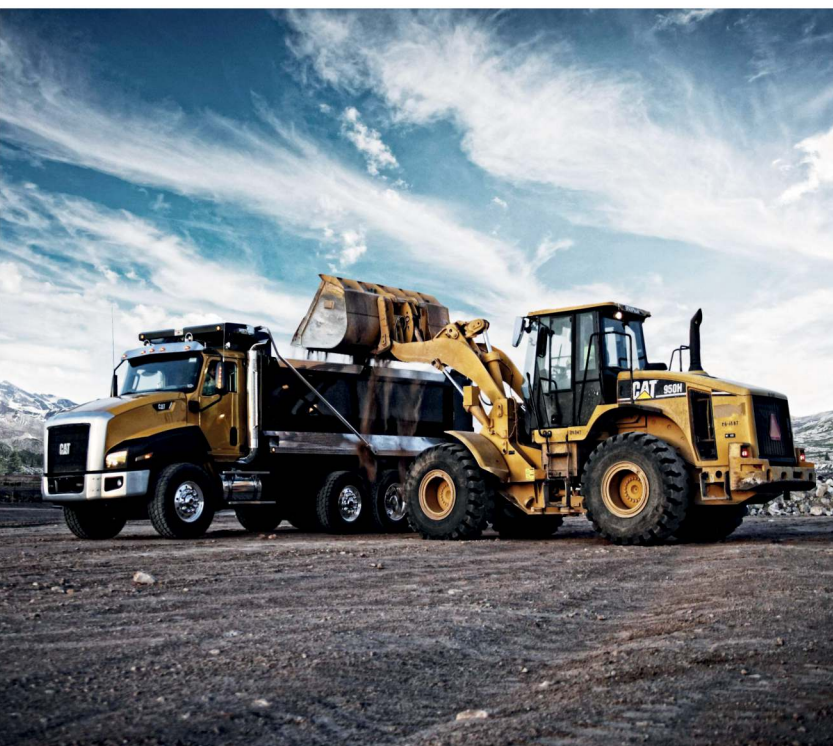
Trade war gone global...

The growing stock of chrome ore !!!

The end of the Indian iron ore export story?

MRPL focussing on strengthening the sales network.

STL leaving no stone unturned to face the head winds.



“

*Take up one idea.
Make that one idea your life –
think of it, dream of it,
live on that idea.
Let the brain, muscles, nerves,
every part of your body,
be full of that idea and just leave
every other idea alone.
This is the way to success.*

- Swami Vivekananda

”



FROM THE MD

Dear Members of the Sara family,

It has been tough for the last three months. Even though we have been working to increase and optimize our capacity, the volatility in the US Dollar-Rupee Exchange rate had made our position vulnerable. We feel that the emerging market like India will have even more forex volatility which makes our tasks difficult. As most of our business are in the international arena and even our India centric business depends on external factors specially the dollar- rupee rate, we are bound by these unforeseen changes.

Our mining and beneficiation activity in our overseas plant have doubled in June and we are further looking at investments for increasing the capacity which will enhance our top and bottom line.

There has been a bloodbath in the textile industry, with many of our competitors having become NPAs or taken to NCLT. Fortunately we are in a much better position on this account. STL's order position has been extremely good and we can look forward to a better dollar realization. The main issue is of optimizing our capacity on which the work is seriously on.

After a long wait we are foreseeing good results from some of our 'Earlier Investments' and hopefully we should be able to show excellent results from sale of one of these in the quarter July to September.

We are fortunate that all of us are well aware of the industrial scenario. We are working towards and are committed to a much better 2018-19.

With best wishes,

DP Singh

Chrome Ore container destuffing at China

SARA INTERNATIONAL PVT. LTD.

STEEL & METALS

This quarter has seen a trade war going on between the United States and several countries in Asia and Europe. The U.S. government hiked import tariff on Indian goods and in retaliation Indian government also hiked tariff on import of iron and steel products from U.S. Although India's share is less than 2% in the total steel imports into the U.S., however it will have a major impact on exports, valued to the tune of about \$200 million. In this regard, India has dragged U.S. to

the WTO's (World Trade Organisation) dispute settlement mechanism over the imposition of import duties on steel products. On the other hand, China has also imposed additional tariffs on imports from the U.S. which is worth \$50 billion. The EU has also proposed additional tariffs on imports from U.S. which is worth about \$5 billion. All this has led to a global trade war and it would be interesting to see how long the U.S. government can sustain international trade with such high tariffs.

Steel prices in China were on a roll since the start of April 2018 and have gradually stabilized in the month of May 2018 amid re-balancing between demand and supply. However, the major raw material prices, such as iron ore and coking coal, continue to surge. The overall steel market in China is likely to remain flat in the coming months with stability in raw material & steel prices in the up-coming weeks. Indian markets have witnessed a slight increase in steel prices owing to hike in iron ore prices by NDMC (India's largest state-owned Iron Ore mining company). Further, the depreciation of the INR resulted in higher landed costs of imported coal and pellets.

Scrap prices remained stable with HMS 1&2 hovering at around \$370-375/MT CFR India. Kandla and Chennai were the major ports for scrap imports into India.

IRON ORE

China saw a sharp downtrend in iron ore futures which resulted in a decline of seaborne iron ore prices. Most of the traders and steel mills were reluctant to buy seaborne cargo, as volatility in the future market was most likely to influence seaborne prices. Chinese steel mills have a high degree of dependency on imported ore and thereby the huge demand for high-grade ore is supporting international prices.

From an Indian perspective, iron ore exports have decreased by 35% in May 2018 as compared to exports in April 2018. Chinese mills have a higher demand for high-grade ore and this led to a decline of iron ore exports from Goa since the material is of low grade. Further, exports from NMDC (India's largest state-owned Iron Ore mining company) continued to remain zero for the 2nd consecutive month in May 2018. Goa miners can export iron ore, which was mined before the imposition of ban (15th Mar'18) and on which royalty has already been paid provided this was lying at the port. However, they are not allowed to export the iron ore lying at mines. This is expected to bring a reduction in exports of iron ore from Goa in the upcoming months.



Coal loading for local customers at Kandla port

Iron ore pellets exports from India remained stable with constant demand coming in from South Korea and China. Further, the increase in demand from China and depreciation of Indian currency may lead to increased interest of Indian origin pellets in near short term.

CHROME ORE

Inventories of Chrome ore at Chinese ports crossed 3 million tons this quarter. Due to such a high level of inventory at the ports, coupled with a strict clampdown on Ferro-alloy production due to environmental investigations in China, resulted in a big fall in demand for imported chrome ore in China. The gap between the import price and that of the commodity readily available at the port started getting wider. As a result, demand for imported chrome ore got hampered as the Chinese buyers preferred to buy the ready material stocked at the ports. The market has become extremely distorted with fall in Ferro-alloy production leading to a jump in prices for Ferro-alloys, but with excess stocks in China keeping chrome ore prices low.

Furthering the market disconnect has been an increase in consumption of chrome ore and Ferro-alloys within Europe, giving more room to European miners to limit price reductions in line with Chinese price moves.

Indian markets saw a low production of chrome ore early in this quarter, which could be attributed to the lackluster demand of Ferro-chrome. However, coming to the end of the quarter, Indian markets also reflected a bullish sentiment as sellers regained confidence in Ferro-chrome prices moving up in the near term. Many producers are restricting supplies in the market as they are confident of achieving higher prices in the coming weeks, giving a further boost to firming of Ferro-chrome prices.



Sample preparation of chrome concentrates

Sara recently won a tender for Low silica chrome concentrates floated by MMTC in India. The material will be shipped to our long term clients in China during the month of July 2018. We look forward to winning more tenders in future.



COAL & ENERGY

India's coal import is set to rise in the coming years as the domestic output has lagged behind in meeting the domestic demand, especially from the power industry. Coal India Ltd., which produces more than 80% of India's coal, has failed to meet its production targets and thereby is not able to quench the nation's soaring coal demand. In fact, coal demand is also rising globally, reversing the declining trend seen over the last two years. This demand growth is mainly originated from Asian countries and is almost entirely driven by an increase in coal-based electricity generation.

South African coal has been of great demand to non-power sector (like cement and sponge iron industry). However, the rising coal prices have kept Indian buyers at bay, who are now waiting for some correction in South African prices while evaluating the alternative coals. Many cement manufacturers were cutting down their dependence on South African coal, and alternatively fulfilling their demand from U.S. and Indonesian coal. However, sponge iron plants had no other option but to procure South African coal to carry out their production. Sponge iron manufacturers usually prefer South African coal as it provides better FC to VM ratio that is needed for uniform burning and temperature control in a sponge kiln. However, in the wake of the increase in coal prices from South Africa, sponge iron manufacturer's buying interest is likely to get affected as many of them have claimed that the current prices were too high and not viable for sponge iron production.

Our stocks of South African coal at Kandla have almost finished and we are now planning for our next imports in the upcoming quarter.



MRPL - Principals representatives addressing the dealers

MAGNUM RESOURCES PVT. LTD.

Overall, the textiles industry continues to face a perfect storm created due to working capital issues owing to GST and the banking sector problem; rising cotton prices; and a fall in export volumes and pricing. This has led to a slow down in new investments and capital expenditure. There is some silver lining with a growing domestic industry but the shift in focus from exports to domestic will take some time. MRPL continues to innovate and go the extra mile in securing orders by offering a better servicing capability, a greater

responsiveness to customer needs and identifying new markets for growth.

For this new financial year, MRPL along with its main principles, has planned for a wider and deeper market coverage to grow sales. In a step towards this, the company has planned to build a strong distributor and dealer network. One of the strategies is to conduct various dealer meets in areas of Delhi/NCR, Jaipur, M.P., Kokata, Ludhiana etc. to create a greater awareness of our product range, technical know how and service capabilities.

The very first dealer meet for this financial year was organised for the entire NCR region on 23rd May 2018. The meet was attended by all existing and new prosperous dealers. It had a very positive impact as discussions were held on increasing sales volumes for machines as well spare parts. Lucrative schemes were also offered to the dealers in order to promote our products and also increasing their interests.



MRPL Dealer Meet - attended by various dealers



STL - A day at the Plant



STL - Employees attending the training

SARA TEXTILES LTD.

The textile industry has been facing rising yarn prices since the last few months which ultimately has had a negative effect on the demand in the textile market. Bulk Buying decisions by major customers are getting postponed till yarn rates gets favourable and orders for only immediate deliveries are coming in for quick supplies at very aggressive prices.

American and European retailers that did not take the online selling trend as a challenge and threat earlier are now struggling and in no position to compete with big online players like Amazon, Overstock, Wayfair, etc. This ultimately is leading to closure of many retail stores all across these, markets and consequently, the Indian textile industry is getting directly impacted with less demand.

There is also fierce competition between the same segment players, and fighting for survival, some are even selling less than their cost price which is leading to anarchy.

To face these challenges head on, the marketing team at STL is in overdrive to ensure that the production

capacity is fully utilised and the production team is responding proactively by focussing on reducing lead time.

The company's HR and Admin team is also leaving no stone un-turned to increase awareness in the plant about best practices and also to continue motivating employees with various employee engagement activities.

This quarter a training program on the "Conservation & Consumption of water" was held on 12th April 2018 which gave excellent insights into effective waste management. Following this were training programs on "Building Stronger Teams" & "Customer Engagement and Ownership" on 4th May 2018, helping STL continue to develop greater managerial skills amongst its employees.

A volleyball match and a "Best employee" award were also the highlight of this quarter as a part of the employee engagement initiatives.



STL - Material handling training and products introduction

GROUP NEWS

Workplace celebrations range from monthly birthday parties to rewards for company accomplishments. The benefits of the celebrations go beyond the enjoyment of the party itself. An employee gains intangible rewards from the group events, whether they take place during work or after hours. Understanding the benefits of the company celebrations we organised monthly birthday celebrations in this quarter at Sara house.

A workplace celebration brings the staff members together for one purpose: The celebration helps create a sense of team unity for everyone.



Monthly birthday celebrations



NEELU KHANNA
Sr. Executive Assistant

Sara International Private Limited

KNOWING US

A brief on your role at Sara

My primary responsibility is to provide support to the Chief Executive Officer. My role is a balancing act with a wide range of duties, including extensive liaison at all levels; from organising meetings to detailed calendar management, travel arrangements, event organization and coordination at various levels. Making sure that CEO make the best use of his time and is relied on to ensure that work is handled efficiently and without the need for constant or direct supervision.

How do you see your future at Sara

I am glad to be associated with Sara and see a long-term association with group. I see my future role as a more wide and viable role and to be in a best position to grow and develop my skills and career.

Your perfect Get-away

My perfect Get-away is being with my family, anywhere, anytime. A day without mobile and internet and family around is the best Get-away I can imagine.

Your goals while in your current role at Sara

To be an EEA, The Effective Executive Assistant - able to build value for the business by performing my duties well. Being committed on my part, but with a drive to succeed. I want to constantly improve my abilities.

Your idol in life and why

My Idol in life is my father and I wish could be even quarter of who he is. I have never seen him having a negative thought; always full of positivity and determination; and clearing all the obstacles in his path to keep moving forward.

Your perspective of the most critical element for corporate success

It is essential to have a harmonious rapport based on mutual trust and respect between you and your management. When the person has that confidence in management and also has the work-life balance he/she needs, they will work their best to make the company plans successful.

NEW JOINEES

Sara International Private Limited

Anurag Saxena	Group CFO
Meenakshi Prasad	Head- Corporate HR
Neelu Khanna	Sr. Executive Assistant
Swaraj Kumar	Financial Analyst
Aditi Rana	Executive- HR
Ravi Verma	Sr. Executive- Sales
Harish Kumar	Driver
Pramod Kumar	Maintenance Assistant

Magnum Resources Private Limited

Anu Kaushik	Sr. Executive-HR
Janak Bahadur Chand	Manager-Finance
Mohd. Musle Abdul Awal Shaikh	Service Engineer
Pradeep Kumar Chakraborty	Sr. Executive- Sales
Santosh Kumar	Executive- Sales
Seema R.Kumar	Senior Coordinator-Sales & Services

Sara Textiles Limited

Ankush	Supervisor - Quality
Anuj Kumar Singh	Assit. Electrical Engineer - Engg
Sandeep Sogarwal	Assistant Manager - Weaving
Munit Katoch	Executive -HR
Parmod Chander Karnatak	Sr. Deputy Manager - Weaving Maintenance
Nitish Kumar	Shift Officer - Designing
Rajinder Kumar	Officer - HR
Binod Kumar Savita	Shift Officer - Preparatory
Ravi Kumar	Supervisor -Store
Davedyal Sharma	Sr. Executive - Quality
Raman	Assistant - Lab
Anand Dev Bajpai	Deputy Manger - Lab
Ankush Prit Banjarey	Pattern Master - Bathrobe
Kunal Kaushal	Sr. Executive - Quality
Kuldeep	Trainee Supervisor - Quality
Harsh Attri	Trainee Supervisor - Quality
Shubham	Trainee Supervisor - Quality
Deepak Kumar	Trainee Supervisor - Quality
Sandeep Kumar	Shift Incharge - Fabric Dyeing
Gulab Singh	Assistant Manager - Finishing
Shailesh Kumar Singh	Assistant Manager - HR
Neeraj Thakur	Officer - HR
Abneesh Kumar	Incharge - Lab
Dinesh Kumar Gupta	Deputy Manager - Preparatory
Juhi Singh	Assistant Manager - HR
Gaurav Garg	DGM – Marketing
Nitish Kumar	Assistant – Accounts
Nihit Garg	Company Secretary
Mukesh Kumar	Assistant officer – Administration



**SARA
GROUP**

Contact us:
Sara House
Add: B - 8, Sector 4, Noida 201301
Uttar Pradesh, India

Regd. Off:
A-31, Hauz Khas,
New Delhi - 110016, India

Email: info@sara-intl.com
Tel: +91-120-466-7272

DOT N PIXEL #8588678062