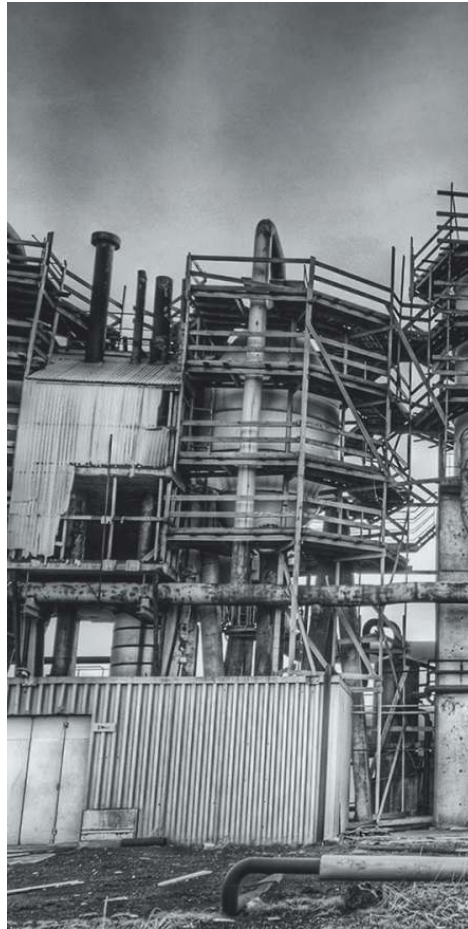
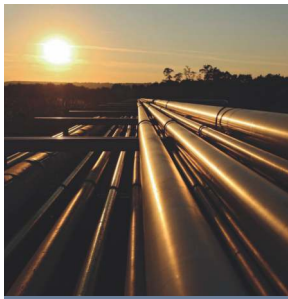


SARACONNECT

Volume XLIX
Quarter ended
September
2018



In this issue

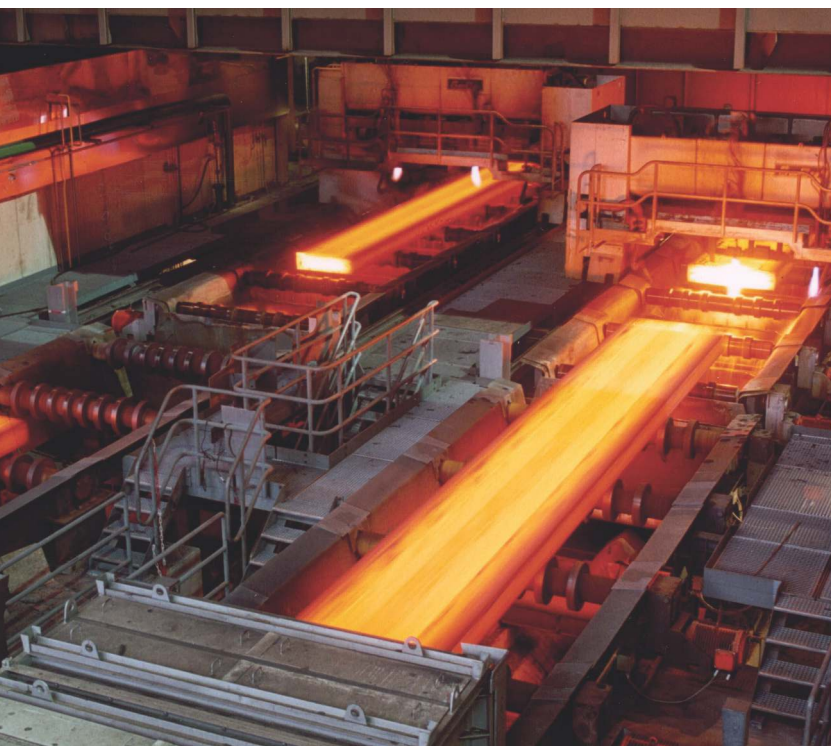
Increasing cost pressures in the steel industry...

Chrome Chrome everywhere, where will the suppliers hide

The macroeconomic implications for the U.S. and China trade wars...

Automation is the key in Textile machinery industry...

Cotton price rise has Textile Industry worried..



“

Intellectual growth should commence at birth and cease only at death.

- Albert Einstein

”



FROM THE MD

Dear Members of the Sara family,

Our first six months of the current Financial Year are getting over by 30th September 2018. The report is a mix of good and bad news. SIPL is still facing headwinds in view of the volatility in Steel, Chrome and Coal market. Add to this, fluctuation of dollar which has made all the plans go awry. STL has done better in the last six months as compared to the corresponding period of last financial year. But much more needs to be done and we hope that the depreciation of Rupee will help us in getting better realization. MRPL has done much better and we expect that this year they will produce excellent results.

As a group, we continue to make efforts to get out of difficult times and we hope that some equilibrium will come in the world market which will help us in overcoming this difficult period.

I keep on emphasizing that under these tiring times it is important to keep the cost under control so that we are able to make profits even in tough conditions.

The coming three months will usher in the festival period of Dussehra, Diwali and Christmas. I am sure happy times are here for you and your family. I take this opportunity to wish all of you a great festival period.

With best wishes,

DP Singh

Low Silica Chrome Concentrate - ready for shipment

SARA INTERNATIONAL PVT. LTD.

STEEL & METALS

Indian steel mills are facing difficult times due to the rising input costs, mainly attributing to Iron Ore and Coking Coal. Moreover, the Indian Rupee depreciation against the USD has turned imports even costlier. In return, this is causing the steel mills to increase the prices for finished steel products. In fact, major steel mills in India have already increased prices by USD 15-30/mt across various products during this quarter.

To control the price increase, the government is considering removing the import duty on Coking Coal which is currently at 2.50%. Moreover, the National Steel Policy 2018 has targeted steel production to reach 300 million tons by the year 2030 in

India. For achieving this target, the government will have to improve the logistics and rake availability to move the raw material from mines /ports to plants and vice versa.

Amid the ongoing Trade War with U.S.A., China has decided to increase the tax rebate for various steel products to boost its export trade with other countries. These tax rebates range from 9% to 16% across finished steel, electronics, consumer goods, and automobiles. In fact, the U.S. has criticized the Chinese government of flooding the global market with cheap, subsidized steel and hurting U.S. companies. Moreover, strict environment controls on Chinese steel mills has slightly cut down the production, thereby maintaining a balanced demand-supply scenario in the country.

While the import demand for scrap has been good this quarter, the Indian importers are afraid that the depreciation of the Indian Rupee will make imports unviable in future until there is some correction in the global prices. Global markets are moving up due to increased demand from Turkey, Pakistan and Bangladesh. Latest deals for HMS 1:2 (80:20) have taken place in the range of USD 335-345/mt CIF India depending on the origin and the quality of the material.

IRON ORE

Iron Ore prices have been witnessing an upward movement since the beginning of this quarter mainly due to the fall in inventories at Chinese ports. Benchmark prices of fines 62% grade has increased from USD 63/mt to USD 70/mt CIF China levels and the import levels are touching 700 million tons in the period Jan-Aug'18.

While prices are going up, India's Iron Ore exports have witnessed a sharp decline. Goa (one of the major exporting state of Iron Ore from India) has not done any exports in the last 2 months. India's Iron Ore Pellet exports has also declined due to lack of availability of railway rakes to move the material from plants to the ports. Global prices of 64% Pellets has touched USD 120/mt CIF China levels primarily due to supply constraints from Brazil.

India's ore production is expected to grow by 5% in the year 2018-19 due to stable demand from the domestic infrastructure and automobile industry. Last year the country had produced 200 million tons of Iron Ore and it is projected that the output will reach 210 million tons this year. About 90% of the material is used in domestic industry and the balance is exported to countries like China, South Korea and Japan.

Demand has been positive and export markets have been promising with China now sourcing more Iron Ore Pellets from India. Due to the pollution control in China, the steel mills are preferring to buy Pellets instead of Fines. Further, the export duty on high grade fines from India is 30% while there is no export duty on pellets thereby making pellets more viable for exports.



Chrome Ore Lumpy - sample collection in China

Moreover,
the National Steel Policy 2018
has targeted steel production
to reach 300 million tons
by the year 2030 in India.

CHROME ORE

Inventories of Chrome Ore have been increasing in China which has led to an oversupply situation and causing prices to fall rapidly. The stocks which are usually below 2.5 million tons had touched 3.5 million tons due to slowdown in the consumption of the material because of a sluggish stainless-steel market and shut down of many Ferro-alloy plants due to environmental restrictions. This caused the prices to nosedive with prices of 42/40 Albanian lumpy Chrome Ore falling to USD 225/mt CIF China and the prices of South African 42/40 Concentrates falling to about USD 150/mt CIF China. In such a market, our export volumes also faced downward pressure. However, we expect the markets to rebound and volumes to pick up again in the next quarter as the stock levels are gradually returning to normal levels and most plants coming back on stream.

On the Indian scenario, the price of HC Ferro Chrome also fell to its lowest levels of USD 0.78/lb cr CIF China because of higher inventories with the plants. Due to this, the Indian Ferro Chrome plants could not sustain the costs and had to cut down the production. Because of the limited supply, this created a temporary shortage and supported prices to reach USD 0.83/lb cr CIF China by the end of the quarter. Here too, the markets are expected to rebound in the next quarter and prices are expected to go up again. The Indian Ferro Alloy Producers' Association held a conference in India from 5-7 September where the reasons for the high production costs in India were identified as: higher electricity costs; higher import duty; depreciating Indian Rupee currency; and high costs of raw materials.

This quarter we have shipped 1,500 MT of Low Silica Chrome Concentrates from India to China. This is a special foundry grade material which is used for the refractory industry in China. Although this is a very niche market, however we are focusing to develop the business of such quality material into China.

COAL & ENERGY

India's coal imports have been increasing significantly over the past few years. This quarter itself witnessed imports touching 50-million tons and it is estimated to cross 200-million tons this year. The government has continuously been working on increasing the domestic coal production to reduce the dependency on imports, however every year the import volumes are becoming higher. Power plants have had to rely on imported coal as Coal India Limited is not able to meet the demands. It is an interesting point to note that coal import from Indonesia (which used to consist more than 40% of India's total coal imports) is reducing and coal from other origins like South Africa, USA and Australia is increasing because of its higher Calorific Value which can maximize the output in the plant.

Talking about prices, South Africa (RBCT) coal index took a strong plunge this quarter with the index falling from USD 108/mt FOB to USD 98/mt FOB for RB1 grade in a span of 1 month due to oversupplies and high stocks at the loading port. Coal from other origins like USA have started giving tough competition to South African coal since the realization (cost per unit of calorific value) is better. Moreover, the depreciation of the Indian Rupee has increased the landed cost of the material and thereby the end users / plants are negotiating for lower prices.

Our stocks of South African coal at Kandla are almost over and we are working on our next imports which we will finalize once the prices have stabilized.

MAGNUM RESOURCES PVT. LTD.

Highlight of this quarter was the Clothing Machinery Exhibition held in Istanbul from 20th to 23rd September 2018. This trade fair for Textile processing machines was held at Tüyap Istanbul Fair & Congress centre. Clothing Machinery is one of the most important textile meetings in Turkey and a platform where professional visitors, buyer groups and investors from Eurasia and Africa will meet and exchange information. The range of clothing machinery includes sewing machines, textile processing machines, embroidery machines, quilting machines, cutting machines, folding machines, packaging machines, textile cleaning machines, ironing machines, storage systems, shelving systems, labeling machines and clothing accessories.

Top customers from India are frequent visitors to the

exhibition and Magnum participated as a visitor this year to understand the market trends and new technology. Automation was the key focus during the exhibition and we were able to take our customers around the exhibition to allow them to gain deep insights into automation trends.

MRPL Principles that had displayed at the exhibition with their automation technology included Brother, Pegasus and Martin. MRPL did finalise the agreement with one of the largest manufacturers of Denim Laundry Machines with capacities ranging from 25kgs to 500 kgs, for the Indian market. MRPL also finalised the agreement with the leading manufacturer for warehousing solutions and work aids for garment manufacturing.



World's largest clothing machinery exhibition



Display of products at exhibition at Istanbul, Turkey

In the upcoming quarter, MRPL is focussing to adding new products that will help its customers in the garmenting industry to increase their productivity and quality.

Profitability has been a great concern for MRPL in their stock business due to severe currency fluctuations, since last six months. The INR has depreciated over 15 % in the last 6 months and landed prices for our customers have also been rallying higher.

The services team has already started the installation of machines supplied to Arvind Mills in Ranchi this quarter. Here, MRPL has helped supply a large range of machines to the customer with the goal of complete process automation.

As per the feedback received from customers this quarter, the technology used by Brother for

Clothing Machinery is one of the most important textile meetings in Turkey and a platform where professional visitors, buyer groups and investors from Eurasia and Africa will meet and exchange information.

their model S7250, Digiflex Technology is being appreciated as the machine is equipped with an innovative Digiflex Feed System for higher productivity as well as is IOT enabled.

SARA TEXTILES LTD.

Cotton prices should be rising looking to the elections and pro-farmers policy of the government. High cotton prices will be compensated by the benefit of USD conversion to INR so there will be neutral impact on sales realisation looking at the current phase and the only option is to identify better markets and premium customers.

STL will have to work towards reducing the exposure to markets and customers which are low quantities and low margins and is working to re-balance its customer portfolio keeping higher margins in mind. STL is aiming to achieve this through innovation towards product development; improved quality output and better services to have better customer satisfaction.

Various training programs were held at the Nalagarh plant, this quarter. These include behavioural trainings by the HR team; Material

Handling and Product introduction by the quality head and various other functional trainings. An employee development program was also organised to help employees to reach short and long-term career goals, as well as improve current their job performance.

STL also organized Plantation week in the month of July keeping in view the importance of trees to our climate.



Team building activities at STL plant



Vishkarma puja held at Plant



Plantation drive at Nalagarh

GROUP NEWS

Sara Group understand that the well educated workforce of tomorrow depends on accessible education today. We understand that to remain competitive in an ever changing global marketplace requires the steady influx of talent and getting updated. Under the education program sponsored by Sara, Winston Yue from our China office has cleared his post graduation and has following inputs to share -

“I really appreciated Sara’s generous support, with which I was able to enter MBA at Fudan University, one of the best universities in China. In the three years of part-time learning, the economic knowledge structure was reorganized and the latest knowledge in management was systematically studied in the 23 courses, which is beneficial to improve the economic sensitivity and uplift the team management capacity.

At the same time, I made acquaintance with a group of outstanding classmates and industry elites from various industries, which accumulated rich network resources for the company's future business development in China.

I also participated in the short-term exchange project at Tel Aviv University in Israel. By touching the local innovation culture and practicing the strategic thinking, my international and strategic vision was further expanded.

I have selected 8 courses in finance and obtained the certificate in this direction, after systematically studying the latest knowledge on financial derivatives and financial risk management. In view of the current business practices, I



Winston Yue receiving his MBA degree

chose the title of the thesis as ‘Analysis on Feasibility of Ferrochrome Futures and its Futures Contract Design’ and successfully passed the defense and achieved excellent results.

I wish to apply the latest management knowledge and the international and strategic visions learned during the MBA to my future work and strive to transform what I have learned into performance results and make greater contributions to Sara's business development.”

- Winston Yue.

KNOWING US



RANVEER SINGH
Asst. Manager Sales
Ludhiana Branch

Magnum Resources Pvt Ltd.

1. A brief on your role at Sara

I am designated as Branch Manager at Magnum Ludhiana and contributing towards the goal of the company by leading a team of professionals which are acting as pillars in our success.

2. How do you see your future at Sara

I am glad to be associated with Sara, Undoubtedly, the future is all about what we put in present, I am looking for a long-term association & bright future with good growth path in Sara group.

3. Your goals while in your current role at Sara

To get the best out from the resources available which will enable me to achieve my own targets and thus the company's goals by retaining the customers delivering the highest profits through a professional approach. My main goal is to smoothen the passage between the technical and sales departments in the interest of the company that shall further enhance our sales numbers.

4. Your perfect Get-away

An exotic holiday with my family & friends in Maldives.

5. Your idol in life and why

Dr.A.P.J. Abdul Kalam: I learned from his successful life that ‘Leaders work with integrity.’

6. Your perspective of the most critical element for corporate success

The most critical element for corporate success is urgency to customer service. Reaching the customer with the right product, right approach & at the right time.



NEW JOINEES

Sara International Private Limited

Santosh Upadhyay	Senior Executive Finance
Shishir Kumar Dash	Assistant Manager- Quality
Narendra Kumar	Manager- Finance
Jai Singh	Estate Manager

Magnum Resources Private Limited

Devendra Rawat	Service Coordinator
Naila Nausheen Bano	Sr. Coordinator Sales & Services
Mohd Wasim Akram	Technical Engineer
Indra Narayan	Executive Spares

Sara Textiles Limited

Mubarak Ali	TGT
Vijay Kumar Singh	TGT
Vinay Kumar Singh	Manager
Ankush Kumar	Shift Officer
Alok Kumar Shukla	Manager
Amit Aran	Head Weaving & Preparatory
Shatrudhan Prasad Choursiya	Supervisor
Hartinder Singh	Shift Officer
Dharam Pal Singh	Security Inspector
Upendar Bahadur	Supervisor
Aakash Singh	Shift Officer
Ashok Kumar	Quality Officer
Mahendra Singh	Shift Officer
Tujender Kumar	Data Entry Operator
Narayan Dutt Tiwari	Asstt.Manager
Chandan Singh Banoula	DGM
Atul Maheshwari	GM
Sushesh Singh	TGT
Kapil Kapoor	Assistant Manager
Ajay Kumar Singh	Deputy Manager



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 #858878062