

SARACONNECT

Vol LII
Quarter Ended
JUNE
2019

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*Smooth Seas
do not make
skillful sailors*

- African Proverb

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FROM THE MD

Dear Members of the Sara family,

The quarter that has gone by has shown encouraging signs. All companies of the group have shown visible improvements and it appears the worst is over. Even though the world economy continues to stagger and economic situation within the country is challenging, we have been able to find ways and means to pass happily through these constrained times. If the signals from the first quarter are correct, we are hoping that the year will end positively for Sara Group.

Mining operations in Balkans is picking up and we hope to expand our capacity within this year. The capacity utilization at Sara Textiles is improving and we are today at better production levels. At Magnum, we are now growing within the broader textiles industry in addition to the earlier narrow focus on garmenting and apparels. Some large and well-known principals have approached us to represent them in India, which is a good sign of confidence in Magnum.

I hope that the El Nino effect will not disturb the monsoon and our rural economy will improve. This will bring in lot of confidence in the country's efforts of growing above seven percent.

Wishing you all a great Monsoon Season!

D P Singh



SARA INTERNATIONAL PVT. LTD.

STEEL & METALS

The US-China trade war doesn't seem to come to an end. This conflict is causing a fall in Chinese steel prices and leading to an oversupply situation in the Asian countries. China's economic slowdown exacerbated by the trade dispute with U.S. has dampened the buying spirit of its steel market that had previously been able to absorb even the excess supplies. Consequently, some of the surplus steel has been exported to the Asian markets of Japan, South Korea, and India. In fact, China is likely to get more aggressive on exports and may start dumping of steel in Africa and Latin America in order to gain new markets and manage production and inventory levels. While the US-China trade war was expected as a boost for India's steel exports to the US, however India too has been in the radar for unfair trade and the preferential trade status with the US has been withdrawn. Looking at the world economy, countries like India and China may have to review their policies and trade practices.

Speaking about domestic markets, India has seen an increase in steel imports and significant reduction in steel exports this year. In fact, India became a net importer of steel in 2018 after a gap of three years. The local steel industry fears that increased dumping of steel from China, Japan and Korea will erode their margins further and if the government does not step in soon, a situation similar to that of 2015 is not far away. India is targeting to reach the steel production of 300 million tons by the year 2030, so if measures are not taken to curb imports and boost infrastructure developments, then there will be an oversupply situation of steel products in the years to come.

IRON ORE

One of the major raw materials for steel, Iron Ore is facing a scarcity in India mainly due to the impending closure of non-captive mines in the states of Odisha and Karnataka. The Indian government needs to focus on timely and smooth transfer of operating merchant mines to the new owners after the leases gets expired in March 2020.

Imports of Iron Ore are very expensive and not viable for the domestic steel industry.

There has been a good amount of Iron Ore exports from India, mainly due to the increase in global prices on account of supply constraints from Vale, Brazil. This is giving a higher realization to Iron Ore exporters; however, it is causing a shortage of the raw material for the domestic steel industry. Exports have already crossed 5 million tons in the first quarter of this year with major shipments to China followed by Korea and Japan.



**CHROME CONCENTRATES LOADING
AT ICD KALINGANAGAR**

The latest development is that the Pellet Manufacturers Association of India (PMAI) has asked the government to increase export duty on iron ore having more than 58% Fe content from the current duty of 30% to a proposed rate of 50%. The industry feels that export of iron ore without value addition need to be discouraged, and that use of latest technology can also help in meeting the shortfall of required grade for steel making in India. We will have to wait and watch for the government's decision in this matter.

CHROME ORE

This quarter has seen a free fall in prices of Chrome Ore. Presently, miners are reluctant to sell at such low prices and buyers have shown little interest in booking future cargoes. The major reason for such reluctance is because of the lower prices of chrome ore as the downstream demand continues to remain weak. The root cause for reluctance amongst traders is that the Chinese market has not shown signs of rebound for later development and thus making it difficult to judge the market for some time to come. On the other hand, oversupply of the commodity and enough stocks at the ports have further led to almost no new buying inquiries. Even looking ahead, the market performance of Chrome Ore is seen to be negative.

Accordingly, Ferro Chrome prices have also hit the bottom amid low demand in the domestic and global markets. Prices for Ferro Chrome have been falling aggressively amid bearish market sentiments. Market players believe that the prices are highly affected due to lowered Chinese tender prices by the stainless-steel mills.



**CHROME ORE LUMPS READY FOR SHIPMENT
AT THE LOAD PORT**

Despite such market sentiments, we have still managed to ship more than 25,000 metric tons Chrome Ore Lumps & Chrome Concentrates from Europe to China. Our sourcing capacity in Balakans and marketing strengths in China has been able to make this happen. Moreover, we have won another tender for shipment of 2,000 metric tons Low Silica Chrome Concentrates from India to China. This cargo is being shipped through MMTC India (a Government owned company) and being supplied by us to some of our long-term customers in China. Taking a leap forward, we have started operations in Zimbabwe as well and are continuously tapping new sources for increasing our volumes.

COAL & ENERGY

Coking Coal and South African Thermal Coal are primary raw materials for the steel industry. Due to slowdown in the steel sector, the demand for these commodities has also seen a downfall. Stocks have been increasing at the ports due to which buyers are not making new bookings and thereby prices have been coming down. Now as the Indian government is targeting to boost the steel industry to achieve a production of 300 million tons by the year 2030, the dependency on coal will increase each year.

Massive amounts of coking coal will be required for the expanding plants and therefore Coal India Limited is once again seeking to acquire overseas mines in order to meet the coal demand for the future. Coming in the backdrop of similar attempts to buy coal mines globally in the last several years, Coal India's move highlights the shortage of this resource in India and the pressure faced from the steel industry to boost its supply.

Our stock and sale business at Kandla have been slow this quarter due to the falling market prices however we expect to ramp up the sales in the coming quarter.

MAGNUM RESOURCES PVT. LTD.



BROTHER DISPLAY AT ITMA 2019

This quarter has seen a slow down in the business in India across the garmenting and apparel industry. This has largely been driven by a slow down in lending by banks and thus a delay in new and expansion projects. This has been challenging for Magnum, considering the sales pipeline is very strong.

With a view to expansion, the company had tied with Timtas of Turkey to market their warehousing solutions in India in December 2018. After a prolonged effort, we shipped the first order of the **Timtas** hanging system for the sewing machine line to one of our biggest customers in South India.

Our principal, Brother successfully conducted their first IOT (Internet of things) Seminar in Delhi this quarter. This was attended by all the leading customers who were appreciative of the technology and its problem solving ability.

Magnum also visited in two exhibitions this quarter—**Texprocess & Techtexil** and **ITMA**.

Texprocess & Techtexil is held once in two years and this year was held in Frankfurt in the month of May 2019. Various principles of Magnum such as Brother, Pegasus, Macpi, Eastman, Loiva, Martin showcased their futuristic technologies in Texprocess. In Techtexil, Miller Weldmaster (global leader for Industrial Textile welding systems), Fepa (manufacturer of eyelets) presented their latest technologies.

ITMA is held once in 4 years and is the biggest show for Textile machines. This year, it was held in Barcelona in the month of June 2019. Our principals, **Automatex**,

a leading manufacturer of automated home textile machines; **Lidem**, a manufacturer of rolls slitting machines; and **Macpi**, a renowned manufacturer, exporter, supplier and wholesaler of finishing machines had displayed their latest machines models and latest technologies at the show.

Many of the top home textile manufacturer visited Automatex booth and appreciated the technology. Both the shows were attended by various top customers from India. Magnum has received good enquiries for Automation from some of the top customers in India.

The technological advancement and automation solutions on display was very interesting and Magnum is now working on developing a plan for the next few years in terms of expanding to newer areas.



MACPI - DISPLAY OF FINISHED PRODUCT



DISPLAY OF PRODUCTS AT HEIMTEX'19

Sara Textiles has been showcasing its products in the market week (Textile fair in New York) for last 6 years and counting.

Currently, US accounts for \$7.5 billion or about 17% of the \$45 billion global home textiles market and is projected to grow by one-fifth to \$66.5 billion by 2030.

Bath towels are an integral part of the home textiles market, accounting for 1 in 5 home textile products imported to U.S. on a fiber weight basis. Although consumers are destination-specific in their bath towel purchases, they are not loyal to one particular brand. The lackluster performance of major retailers in recent years coupled with increased store closures could result in opportunities for new entrants to emerge.

Recent trade war between US& China could open more opportunities for INDIAN manufacturers, similarly bilateral trade agreements with INDIA and Silk route countries and EU could give big boost in coming future for towering manufacturing companies.

Sara Textiles has been showcasing its products in the market week (Textile fair in New York) for last 6 years and counting. The company's endeavour is to increase the percentage share of its business in US market. We are again preparing for the next fair (Market week) in New York scheduled for Sept.'19 to display our latest range of towels and all related products.

At the plant, training programs on the Mock Drill along with Fire Drill were held along with various other trainings programs on production enhancement. The main purpose of this mandatory drill is to check the reaction of employees of the factory and to know the work ability of fire fighting / detection system installed in the factory so that deficiencies can be removed and further improvements may be implemented to avoid life and property loss in the factory premises.



NEW RANGE AT HEIMTEX'19



MOCKDRILL AND FIREDRILL AT NALAGARH PLANT

GROUP NEWS

Family Luncheon at Nalagarh Fort – Sara Textiles at its Nalagarh plant organized a Lunch for the families of all the HOD’s at the plant. It was held at Nalagarh fort with the aim to build a bond among the families. The event went well with some great bonds been made.



FAMILY LUNCH AT NALAGARH FORT

KNOWING US



MR. SANJAY AHUJA

AGM

(Ores & Minerals)

Sara International Pvt. Ltd.

A brief on your role at Sara:

My role is to manage and develop the commodities trading business of the group. This includes identifying new business opportunities, procurement, operations, logistics, marketing, managing the team, customer relations and overall business development.

How do you see your future at Sara:

I have been working with Sara for many years now and the group has always entrusted upon me with more roles and responsibilities. I look forward in the future to be able to deliver the best results and take the group to new heights.

Your goals while in your current role at Sara:

My goal is to develop the commodities trading business and increase the business volumes along with good returns.

Your perfect Get-away:

My perfect getaway would be at the beachside, sitting and relaxing, looking at the vast horizon ahead and enjoy the sea breeze.

Your idol in life and why:

It would be unfair to name any one person as I tend to find the goodness in different people and implement such positive deeds in my life.

Your perspective of the most critical element for corporate success:

According to me, the most critical element for corporate success is teamwork. One needs to have a good team with dedication, motivation, and a good understanding amongst members so that corporate success can be achieved.



NEW JOINEES

Magnum Resources Private Limited

Monika Khanna	Manager-Finance
Dharmendra Pandey	Executive-Logistics & Documentation
Shivamkumar R. Shukla	Sr. Coordinator-Sales & Services
Rambir	Executive-ERP & MIS
Anuj Kumar	Engineer Services-Mechanical
Gajender Vashisht	Senior Service Engineer

Sara Textiles Limited

Ravi Kumar	Data Entry Operator
Suesh Kumar Yadav	Office
Badree Narayan Singh	Pattern Master
Sushil Kumar Singh	Assistant Manager
Sahil Gautam	Assistant
Pawan Kumar Tyagi	Deputy Manager – Purchase
Varun Kumar	Assistant – Accounts
Ruchika Saxena	Assistant Accounts



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