



**SARA
GROUP**
Indian roots. Global reach.



“ IT IS NOT THE STRONGEST OR THE MOST INTELLIGENT WHO WILL SURVIVE BUT THOSE WHO CAN BEST MANAGE CHANGE. ”
-CHARLES DARWIN

IN THIS ISSUE

- ◆ CHINA'S CRUDE STEEL DEMAND WILL GROW 2% IN 2020
- ◆ IRON ORE PRICES GAIN ON SHORT SUPPLY
- ◆ CHINA'S PURCHASES OF IRON ORE FROM INDIA ROCKETED TO AN EIGHT-YEAR HIGH
- ◆ MRPL – CURTAILED DEMAND IN THE TEXTILE SECTOR
- ◆ SARA TEXTILES FACING THE TWO EDGED SWORD...

FROM THE MD

Dear Members of the Sara family,

The pain caused by Covid-19 continues. Even after the opening up of the economy last month, the wave of economic distress is unabated. It has engulfed all spheres of the economy and the entire world.

Besides the losses on ground, the uncertainty around the commercials of the business is coming in the way of decision making. We are reluctant to pursue business deals which otherwise would have been routine for us.

We have made a determined effort not to retrench people so that the economic distress does not land in the homes of our employees. These are tough times, and we expect members of the Sara family to understand the ill effects of what the Finance Minister has named as 'Acts of God'.

Even though I find that this has been among the toughest times for Sara, but being an optimist, I believe that 'This too shall pass'. I request our family members to keep a strict watch on costs, try to keep the margins of business intact and put their best-efforts in. I am sure there is light at the end of the tunnel.

Before I will reach out on you again, we would have had the festivities of Diwali and New Year. I request you to enjoy the festivities. But please be careful and maintain requisite distancing and high hygiene standards. Better to be safe than sorry!

God bless us all!

Best wishes,

DP Singh

SARA INTERNATIONAL PVT. LTD.

STEEL & METALS

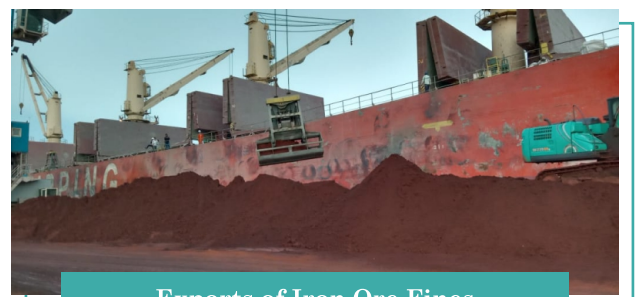
In this quarter we saw some improvements in the Indian steel markets as the mills slowly come back to normal production. Due to the Covid-19 crisis, many countries that had been hit badly by the pandemic like Thailand and Vietnam had to rely on imported steel from India in order to meet their local demand. Moreover, the domestic demand in China picked up really fast after the lockdown, and since it could not get enough of finished steel from Japan and South Korea, therefore it became an opportunity for the Indian steel industry to supply material to China.

In Aug'20, India's crude steel output increased by 5% as compared to the previous month, thereby bringing a good sign of improvement in the domestic market, albeit from a very low base. The finished steel consumption also gained by 8% in Aug'20. While India's past annual production has remained around 100 million tons level, this year it is expected to reach only 70-75 million tons, a signal of the drastic impact of the lockdown on the Indian steel sector.

Most of the steel consuming sectors have been returning to normalcy this quarter, specially the auto industry which had rapidly declined by 75% in the previous quarter. The construction industry, which had come to a standstill in the last quarter is expected to resume post-monsoon season. Towards the end of this year, we hope to see some good growth in infrastructure and construction projects across India but a lot will depend on the stimulus provided to the economy. This could be good news because the construction industry is one of the biggest steel consumers with more than 50% market share.

IRON ORE

Due to disruptions in Iron Ore supplies from Brazil and Australia, the demand for Indian Iron Ore has been strong in China. This has led to increase in prices due to the tight availability of the raw material. Iron Ore exports from India remained high this quarter on account of active Chinese buying. Further, China continued to remain the largest importer of Indian Iron Ore contributing 96% of total Indian export shipments. The remaining 4% was shipped to Japan and South Korea.



Exports of Iron Ore Fines from Gopalpur Port, India

On the future outlook, few Odisha miners have remained less active in the export market due to limited availability of stocks as well as production cuts in the monsoon season. This is expected to slightly lower the export volumes in the coming months. Nonetheless, exports of Iron Ore fines from India are expected to cross 30 million tons this year. As per market overview, Chinese demand for medium and low-grade Indian iron ore cargo has been increasing as the steel mills are looking to stock iron ore fines amid stricter sintering controls measure in the upcoming months.

As the prices of Iron Ore Fines are high, Chinese mills have also been buying lot of Iron Ore Pellets from India. Stricter pollution control norms in many parts of China has led to an increase in pellet prices. However, there have been limited export offers from Indian pellet producers because the domestic market is more lucrative as compared to export realization.

In July we completed one shipment of iron ore fines from Gopalpur Port amid the lockdown situation. We are now gearing up for our next few shipments in the next quarter.

CHROME ORE

The Chrome Ore markets remained stable this quarter, except for a few weeks where we saw some short term price increase due to short supply from South Africa. Demand for Albanian lumpy also remained low as buyers preferred to take cheaper South African origin material. Though, the spot prices of Ferro Chrome had been slightly going up in the recent weeks, however the actual transaction volumes in the spot market were inadequate owing to the same tender prices kept by large stainless-steel mills. Small-sized steel mills are already having enough stocks for short term consumption therefore, the upward trend lacks any market support at the moment.

Inventories of Chrome Ore in China are still running high at about 3.80 million tons so there is no shortage of supplies in the market. Overall, no drastic changes are expected in these market conditions.

Our export volumes from Albania have been low this quarter owing to the disturbance in mining & supplies due to the Covid situation. Similarly, our plans for resumption of shipments out of South Africa got delayed because of the logistical issues due to the lockdown. Nonetheless, we expect our volumes to grow in the next quarter and our shipments to resume from South Africa.



Chrome Ore Lumps destuffing at Lianyungang Port, China

COAL & ENERGY

Indonesian coal imports have slightly gone up this quarter on account of the rising demand from power plants as local industries are getting back to work after the lockdown last quarter. Thermal coal imports from Indonesia to India rose by 9% in Aug'20 as compared to the previous month, again due to a very low base in July'20. Similarly, non-coking steam coal imports from South Africa to India rose by 5%.

Prices of Indonesian coal have dropped lately and therefore buyers are stocking up the fuel by taking advantages of lower price as well as anticipating domestic demand to pick up in the upcoming months. With business activities returning to some normalcy, imports of thermal coal are likely to increase in the next quarter. Although the government is making all efforts to increase the availability of domestic coal, however coastal area units still prefer imported coal because of cheaper landed cost and higher quality material.

South African thermal coal prices which were previously hovering at lower levels amid poor demand have seen an uptick in demand owing to shortage of Australian coal. The restricted supplies from Australian mines is likely to boost demand for South African thermal coal. Therefore, the cement sector that had started procuring Australia coal is expected to shift back to South African coal which could lead to some price increase in the coming months.

Our stocks of South African coal at Kandla are almost finished and we are looking forward to new stocks in the upcoming months in order to take advantage of the winter demand.

MAGNUM RESOURCES PVT. LTD.

The Garment and Textile Industry worldwide continues to be in a very dire state due to the COVID-19 pandemic. The primary impact as expected has been on exports with second order impacts on domestic demand too.

Majority of our customers are still operating their factories at 40-50% efficiency and due to travel restrictions, buyers are not placing long term orders with the customers. However, buyers have now started giving a go-ahead to customers for manufacturing the orders which were put on hold during the initial stage of lockdown. This also has a big impact on the CAPEX requirements for our customers, that are already at 50% capacity with a big liquidity crunch too.

Despite the headwinds, Magnum has been aggressive at cutting costs, becoming a leaner company and leveraging technology to scale at a much lower cost. This quarter, Magnum has successfully completed the installation of Eastman – CNC cutter at one of the renowned customer manufacturing medical overalls.

The company see's pockets of demand in North and South India but West India remains very slow. Domestic focused manufacturers are seeing a quick turnaround compared to pure exporters that see a longer path to recovery.

The past quarter, Magnum has tied up with EPA, Turkey, a world renowned manufacturer of mid-processing machines required for manufacturing of shirts and with Robotech, Turkey, a company engaged in manufacturing of machines required for formal trousers and jackets.



Mid Processing Machine From EPA



Robotech Machine

SARA TEXTILES LTD.

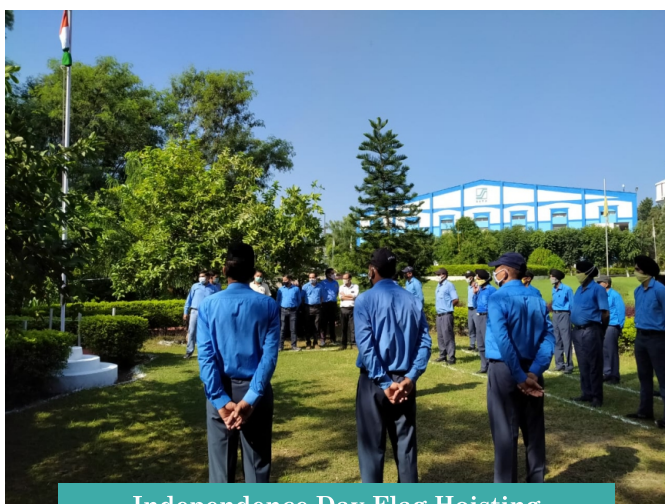
India's textile industry, worth 2 per cent of its GDP and employing 4.5 crore, dropped from 15 per cent share of India's exports four years ago to 12 per cent last year. Small countries like Vietnam and Bangladesh have raced ahead as the new favorite outsourcing hub for international buyers.

For the Indian government, a spurt in textile industry growth is pivotal to the whole 'Atma Nirbhar Bharat' strategy—textiles, along with pharma, steel, agricultural products and defense are the core areas the Government is hoping to get a major export push through the PM's grandiose scheme to get out of COVID induced pain. But the current situation in the industry is very challenging. Freight containers have been in short supply because of the drop in imports leading to fewer containers arriving at Indian ports. Production costs have also gone up as factories grapple with a shortage of skilled migrant workers. We see these challenges first hand at our factory, where there is daily firefighting to complete orders and then to ship them on time.

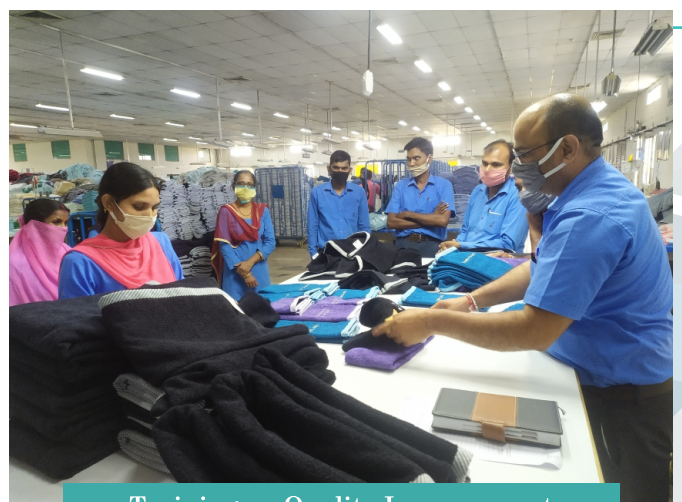
The dwindling number of large retailers in the US has left domestic firms heavily dependent on contracts from discount stores and the exacting demands of fast fashion companies. It makes orders more varied and in turn more time taking and labor intensive.

With businesses looking at a manufacturing alternative to China following the US trade war and the ill effects of Covid on supply chains, the industry currently is faced with both a challenge as well as opportunity.

Various training programs were held in the quarter at the plant focusing on quality improvement and awareness regarding Coronavirus and personal hygiene. An antibody tests health checkup was also held in plant as a part of preventive measures. Celebrations with strict social distancing norms were also held for Independence Day and Vishwakarma pooja during this quarter.



Independence Day Flag Hoisting



Training on Quality Improvement



KNOWING US

Bashkim Ngjeci
General Manager
Sara International Pvt. Ltd. –
Albania Market Ore.

01

A BRIEF ON YOUR ROLE AT SARA

I started working with Sara in May 2011. During this period, I led the management of the mineral market with Albanian suppliers. Focus was on introducing the objectives and perspectives of SIPL in relation to the production potential in Albania and the export capacities of the Albanian market. We have managed to establish ourselves as the significant player in the Albanian market for Chrome ore, becoming the largest buyer and importer of minerals from Albania for the last few years.

02

HOW DO YOU SEE YOUR FUTURE AT SARA

My role in the future of SIPL will continue to be focused in improving the performance of our operations and ensuring that the basic requirements of our primary partners (Chinese buyers and Albanian suppliers) are met and the quantity and quality of our cargo's continue to grow and improve. The investment we have already made clearly appears in the suppliers perceptions about the priority SIPL attaches to its business in Albania.

03

YOUR PERFECT GET-AWAY

I would like to spend time in Albania, Kosovo and exploring Europe's best places for the vacations.

04

YOU GOAL WHILE IN YOUR CURRENT ROLE AT SARA

While the goal remains to grow the business, some of the most evident achievements have been around: establishing SIPL as the main buyer of minerals in Albania; the creation of a very effective network of Albanian suppliers; and the execution of the largest quantity of mineral exported from Albania in one cargo on a bulk vessel (Iron ore of 55000 Mts).

05

YOUR IDOL IN LIFE... AND WHY

Mother Teresa (Idol for Calcutta / Albania people).

06

YOUR PERSPECTIVE OF THE MOST CRITICAL ELEMENT FOR CORPORATE SUCCESS

Ensuring that the needs of both the customers and suppliers are met such that the value addition of SIPL as a partner are well established.

NEW JOINERS

SARA INTERNATIONAL PRIVATE LIMITED

Jaya Chakravarty
Supriya Bhan

Sr. Manager - HR
Executive Assistant

SARA TEXTILES LIMITED

Piyush Kumar
Dheeraj Kumar
Sukanya Chetia
Sanjeev Rana
Rajesh Shukla
Gopal Singh
Harish Kumar
Kalyan Swaroop
Gurmeet Singh
Gaurav



Steno Cum Personal Secretary
Assistant
Designer Cum BDM
Assistant Manager
Manager
Deputy Manager
Trainee Supervisor
Trainee Supervisor
Trainee Supervisor
Trainee Supervisor





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