

SARACONNECT

Vol LI
Quarter Ended
MARCH
2019



In this issue

The financial year gone by....a subtle year of upheavals for the iron and steel industry

The Chinese economy undergoing a "rebalancing"

Increasing market share in a shrinking Chrome market.... Opportunity among the challenge

The new look Magnum with exciting new principals

STL: sailing through market challenges



“

*Cultivate an optimistic mind,
use your imagination,
always consider alternatives,
and dare to believe
that you can make possible
what others think is
impossible.*

- Rodolfo Costa

”

FROM THE MD

Dear Members of the Sara family,

The last quarter of the Financial Year 2018-19 has come to an end. Last year has seen many ups and downs due to fluctuations in international trade; the volatile USD/INR rate; and other headwinds faced by our businesses. Fortunately, the last six months have been better than the first six months, giving us a direction of betterment and growth.

We have also seen changes which may be permanent in nature. Therefore, some of the business models may have to be completely changed or could face extinction. Newer businesses based on new technology and new ideas have to emerge. We need to change accordingly.

Despite the textile industry facing an uphill task we continue to see strength in Sara Textiles which we hope to grow aggressively in this year. Our newer

investments would be in the field of investing. The old business of commodity trading will have to be re-assessed. But the Chrome mining and trading business will continue to grow.

Magnum Resources has grown by adding new principals from areas which we were not covering earlier. Our business is expected to grow encouragingly at MRPL.

As I have been stating in my earlier messages the business will only survive if we keep a tight control on our costs and look at only those areas where we are deeply committed. I am very sure that 2019-20 would be much better than 2018-19.

With best wishes,
D. P. Singh.

SARA INTERNATIONAL PVT. LTD.

STEEL & METALS

Although India registered a growth in steel production during last year, the demand has not kept pace which has led to a pile up of inventories at the steel mills. A general slowdown in infrastructure projects coupled with liquidity issues has led to a consumption slowdown, leading to a correction in prices. Adding to this is a fall in global steel prices resulting in domestic steel prices coming down by about USD 40-50/mt across varieties and grades, this quarter.

Steel producers have had to look at exports

aggressively in this quarter. The inventory pile-up has also led to a reduction in imports of finished steel products. The general weakness in the market impacted the scrap market, which has remained muted.

The U.S. also saw a dramatic fall in its steel imports from Southeast Asian Countries, specially China and South Korea. The major reason for this has been the steep duty of 25% announced on steel imports.



Chrome ore concentrates loading at the Indian load port

IRON ORE

In India, the production of Iron Ore increased by about 5% last year as miners were being pushed to maximize production before the expiry of the lease period in 2020. Further, exports have become active post the hike in global prices following the disruption of supplies from Vale in Brazil.

The fact that low grade fines attract no export duty has made exports even more economically feasible and we understand that three vessels have been booked for shipments in April 2019. Moreover because of the shrinking steel margins, Chinese mills are now preferring low-grade iron ore rather than going in for high-grade ore / pellets. Following this, discounts on low grade iron ore fines have come down to 33% which were around 37% only a month back.

Since Chinese mills have now been preferring low-grade iron ore, this has in turn kept inquiries for Indian pellets on the lower side. Even pellet port stocks in China have registered an increase in the last



Imported Manganese Ore Stockpile at Vizag

couple of weeks. But with the prices of low-grade starting to gain, and also with the stringent pollution control norms in China, the steel mills may raise inquiries for Indian pellets in the coming weeks.

Iron Ore imports into India registered a downfall this quarter because of the cheaper availability in the domestic market as well as the hike in international prices.

CHROME ORE

Shipments of our chrome ore from Albania have been low this quarter due to weather conditions and heavy snowfall. Total exports have been about 40,000 Mts but efforts from our teams in Europe and China have allowed us to increase our market share to over 50% this past quarter.

The markets were slow before the Chinese New Year holidays as most buyers wanted to wait and watch the situation till after the holidays. This trend is seen almost every year. However, after the holidays, buyers became much more active and prices saw a small rally. In fact, end users started giving a better price as compared to traders in China. In view of these price trends, we have been taking more long positions in order to benefit from this market rise.

Indian prices for high carbon ferro Chrome (HCFeCr) surged up in this quarter. High chrome ore prices induced the rise in domestic HCFeCr prices. The demand from China also surged up which also led to the increase of HCFeCr prices. While the demand from China remains healthy, the recent rally



Chrome ore sample collection at discharge port

has meant a number of participants are now waiting and watching before taking on more cargo.

We shipped about 2,000 MTs of Indian origin Chrome Concentrates to China and are looking forward to more volumes in the coming months. Our focus has also been on other origins as we are looking forward to increasing our volumes in this commodity.

COAL & ENERGY

Coal imports into India increased by about 5% to reach 230 million tons in the current fiscal year. International coal prices have been more or less stable which has given the confidence to importers to increase import volumes. Moreover, the depreciating US Dollar has reduced the import cost thereby increasing the demand for imported coal.

The government has been taking strong measures to increase the production at state-owned company Coal India Limited in order to eliminate the import of the dry fuel. In fact, Coal India has announced a production target of 650 million tons in 2019 and is aiming to achieve a production of 1 billion tons by the year 2022. This should bring down the dependency on coal imports into India.

MAGNUM RESOURCES PVT. LTD.

Magnum successfully participated in two big exhibitions this quarter. The GMMSA Expo was held in Ludhiana for 4 days from 25th - 28th January 2019. This exhibition is dedicated to knitting and sewing technology. MRPL displayed state of the art machines from Brother and Pegasus. The Ludhiana market has shown strong growth in the last one year and this exhibition has added to the enquiries in the pipeline.

The flagship exhibition for Magnum, GTE New Delhi, was held for 4 days from 22nd February to 25th February 2019. Being India's largest and most comprehensive exhibition on apparel and knitting technology, the focus is on a wide range of garment machinery, accessories and support services from India and different parts of the world.

This year's exhibition was especially important for MRPL as it coincided with the launch of our new brand identity and logo. The booth attracted a huge footfall of customers and the response received was tremendous.

This quarter also saw Magnum tie up with four new

principals: Macpi, which is the world's largest company for finishing equipment from Italy; IMB, a leading automation company for denim and shirts from China; Timtas for automated material handling solutions from Turkey; and Danis, for washing solutions also from Turkey.

The quarter ended with the company's annual offsite where colleagues from across our Indian offices got together for a three-day bonding, learning and budgeting exercise. While the main focus was on sales and marketing training; learning to build deeper relationships and a stronger team spirit; and setting the budgets for upcoming financial year, there was no let up on the fun element either. It was an apt end to the year to reflect on our own performance for year gone by, revisit our success and failures and lay the foundations for the coming year.



Display of IMB Machine at GTE 2019



Visitors at Magnum stall at GTE 2019

SARA TEXTILES LTD.



Display of Terry Towels collection at the Market week

The home textiles market in India is estimated to be Rs. 17,000 crore and is growing at over 9 per cent annually. However, stiff competition from China, Pakistan, Bangladesh, Vietnam and Turkey is posing to be a big challenge. The Rupee despite having weakened against the dollar is on a stronger footing compared to other currencies. Cotton prices have been on an upward trend and the cotton association of India estimates cotton production to decline by 3-4% this year.

We displayed our new range of terry towels and all related products during the March'19 market week in the US and had a good response from the customers. Along with our regular range of towels we had some new ranges including the new futa range; different yarn blends; trend-oriented beach towels; and new weave techniques on display.

Strong people focused initiatives continue at the plant with various trainings and employee engagement programs being held this quarter. A training program fo-cused on the leadership team was conducted focusing on how to build a deeper bond in the "Team" and to understand the importance of everyone owing the targets of the company, across functions and levels. STL continued its efforts to reach out to the broader community in Nalagarh with distribution of garbage collecting bins in Bhaitan Village.



Display of products at the Market week

Leading home textile markets, US and EU is expected to witness strong demand in the second half of the calendar year due to the upcoming festive and wedding season which we hope will help manufacturers to offset the above challenges. The home textiles segment has become increasingly competitive, and only cost-focused organizations delivering a quality product with a strong focus on customer satisfaction will be able to survive and thrive.



Display of Bathrobes collection at the Market week

GROUP NEWS

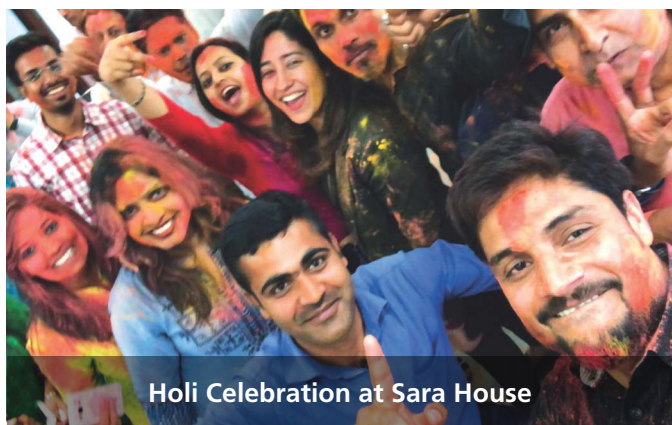
Sara Women's day Luncheon: A special lunch was organized for all female colleagues at Sara House with participation from our director, Mrs. Abha Singh on the occasion of the International women's day on 8th March 2019.

Sara celebrated and salutes the advancement of gender equality and the power of women: Its with great pleasure to share that **Ms. Aakanksha Kashyap**, Head-Secretarial & Compliance has been appointed as member of the women empowerment committee of the Noida chapter of Institute of company secretaries of India. The Committee would undertake matters relating to diversity initiatives, women leadership and safety in line with ICSI vision.



Women's day Luncheon

Holi Celebration at Sara House: The productivity of a workplace depends a lot on the office culture and keeping this in mind, Holi, the festival of color and love, was celebrated at Sara House.



Holi Celebration at Sara House

KNOWING US



MR. SHISHIR SHARMA

SR. MANGER
(Business Development)

Sara Textiles Limited

A brief on your role at Sara:

My role at Sara is to drive sustainable financial growth through boosting sales and forging strong relationship with clients. My job includes identifying sales leads, pitching our products and services to new clients and maintaining a good working relationship with contacts. It also includes maintaining a strong relationship with our existing customers by being face of the company and ensuring their complete satisfaction.

How do you see your future at Sara:

I am glad and excited to be associated with Sara and looking forward for a long-term commitment with organization. I've got an amazing mentor and moving forward I would like to provide similar guidance to others and potentially take a leadership role. Finally, I see myself as an important part of Sara where together as a team we will contribute towards society as a whole.

Your goals while in your current role at Sara:

My goal in my current role is to develop a sustainable business for the company by adding new customers who look Sara as not only their supplier but also a preferred partner for the future.

Your perfect Get-away:

My perfect Get-Away is Kashmir with its scenic splendor, snow-capped mountains, plentiful wildlife, hospitable people and local handicraft. It's really hard to believe but it is one of the most peaceful places on our planet.

Your idol in life and why:

Unlike other who idolize real people I like to idolize the fictional character of BATMAN. As he stands for justice and puts moral responsibility above everything even his own self. He believes in action rather than words and aptly said "It's not who I am underneath, but what I do that defines me."

Your perspective of the most critical element for corporate success:

My perspective of most critical element for corporate success is faith and trust. If the culture of faith and trust is there in any organization, not only does one respect one's peers but also one's work. All the other elements of success like discipline, action, determination and integrity, to name a few shall follow. When Arjuna loses his self control in battle of Mahabharata, Krishna asks for his faith and trust and rest is history as we all know.



The launch of the new Magnum resources brand identity and logo at GTE 2019

NEW JOINEES

Sara International Private Limited

Munesh Kumar	Pantry Boy
Nayan Chandra Dey	Senior Sales Executive - TBB

Magnum Resources Private Limited

AnilKumar Shrichhedilal	Senior Engineer Services
Mudassir Iqbal	Senior Executive Sales
Rahul Srivastava	Product Head
Sanjib Mridha	Technical Engineer
Ahmed Badshah Shaikh	Senior Engineer Services
Sanjay Tiwari	Office Coordinator

Sara Textiles Limited

Vivek Kumar	Executive
Kailash Tiwari	Manager
Akshay Sharma	AM -Business Development
JatinGalgat	Assistant – Merchandiser
Santosh Tiwari	Field Boy
Surinder Singh Bindra	Sr. Manager
LazyaBindra	Sr. Executive
Pankaj Pandey	Supervisor
Ranjeet Bhattacharya	Deputy Manager
Tribhuvan Singh	Supervisor
Shiyasharan Yadav	Executive
Praveen Kumar Dhiman	Officer
Manvendera C. Kashyap	Sr. Manager – Purchase
Bachiter Singh	Officer
Sandhya Singh Tomar	Executive HR
Shiv Ji Singh	Officer
Anil	Supervisor
Sarvjeet Singh	Sr. Manager
Ankit Bector	Industrial Engg.



**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