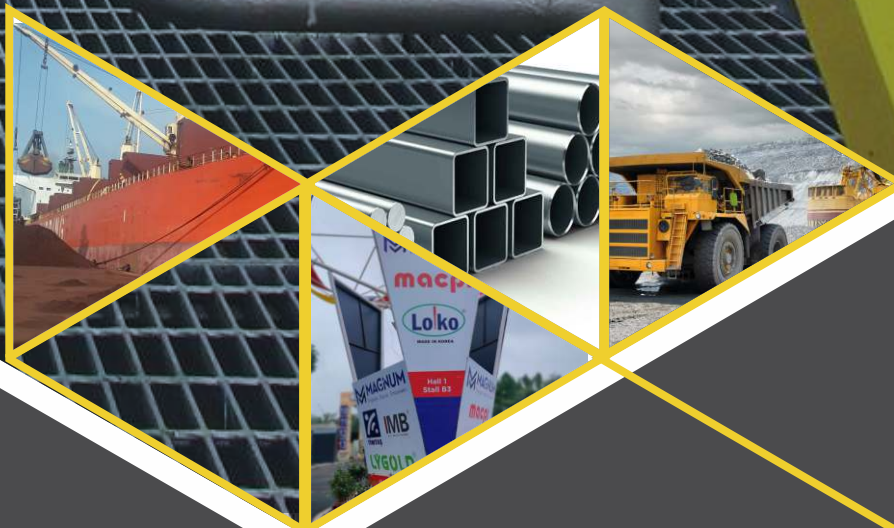


## IN THIS ISSUE

- Subdued automotive demand may stifle global steel sector growth
- Record international iron ore prices spur lower grade exports from India
- Is Coal India's monopoly really going to end?
- Magnum new horizons: a showroom in Ahmedabad
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“

*It does not matter how slowly you go as long as you do not stop*

- Confucius

”

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## FROM THE MD

After a very long time it is now a moment of good News ! Even though the numbers are small, but all the Divisions of Sara Group have shown better profits for the month of August and September 2019. We expect this trend to continue. It seems, that we will celebrate the festive season of Diwali and Christmas in a happier environment ! Sara is re-establishing itself as one of the players in the Iron Ore business besides opening other avenues in Africa from where shipments should start coming in by the next quarter.

I believe that the International market which is also dependent on China-America trade war, shall begin to show positive results after the countries trade meet in October 2019. This should add confidence in the world markets and will bring in much needed positivity in our International Trading business.

The new corporate tax incentives have contributed to the confidence building in the Indian economy. Not only will the equity markets will improve, but the investment climate is likely to see a positive change. The results will certainly be encouraging in the second half of 2019-20. So let us wait and work for better news!

As I will now be addressing you on the eve of the New Year, I take this opportunity to wish you and your family's, a very happy and safe Diwali. May you all enjoy not only the festivities but also the winter holidays.

God bless!

D.P. Singh

## STEEL & METALS

Indian domestic steel prices have come down by about \$15-20/mt in the last one month owing to weak demand. After the real estate slowdown, the Indian auto sector has also reported its worst performance in the last two decades. Sales of automobiles have dropped by about 20% across all sectors. This has led to a fall in demand for steel sheets and other ancillary industries that are associated with the automobile sector and has led to increased inventories at the steel plants.

To add to the woes, the liquidity remains a critical issue in the Indian markets. Mills are un-willing to give credits to OEMs and other retailers on extended credit cycle. Banks have also cut down in sanctioning long term loans to this industry, thereby making liquidity a big problem for the steel sector. Moreover, the appreciation of the USD has led to imported raw material (like coal, coke, metcoke, etc.) becoming more expensive. Thus, while on one hand the steel industries are struggling to sell material, on the other hand the costs of raw materials are also increasing rapidly.

In order to regulate imports, the Indian government has started a registration system under the Steel Import Monitoring System (SIMS). Importers will have to submit application and obtain a registration for importing steel into India against payment of a nominal fee amount. Such permission has to be obtained before the consignment arrives in the country and the registration number has to be mentioned in the Bill of Entry for customs clearance.

## IRON ORE

After a long gap, we have resumed our exports of Iron Ore Fines from India to China. With the index recently going up and recording a 5-year high level, it has opened more opportunities for low grade fines below Fe 58% to be exported to China. However, high grade fines above Fe 58% are still not workable as they attract export duty of 30% therefore, Chinese mills prefer Australian & Brazilian origin high grade ore.

After completing one shipment of 50,000 MT from Gopalpur Port (India) to China during the last week of Aug'19, our next vessel is lined up at Paradip Port (India) for shipment of another 50,000 MT to China during the last week of Sept'19. The quality has been well appreciated and the material is having Fe content above 57.50%. We are in further negotiations for a second half Oct'19 shipment.

As far as volumes are concerned, India exported about 6.50 million tons of Iron Ore Fines in the FY 2018-19, and currently exports have already touched 9.00 million tons during the current FY 2019-20 (till Aug). It is expected to cross 20 million tons by Mar'20 making it one of the highest exported quantity in the last few years. Surprisingly, there was almost no Iron Ore import into India during the last quarter. The plants now prefer domestic Iron ore pellets as it is more competitive than international prices.



Iron Ore stocks lying at the port



MV NAZIA JAHAN loading Iron Ore Fines from Gopalpur

## CHROME ORE

Markets have been slightly volatile this quarter with prices first increasing by \$15-20/mt and then coming down by \$10-15/mt within a few weeks. Demand from China has not been increasing and there are already stocks of more than 2.70 million tons lying at the ports. At present, ferro alloys plants are not increasing prices and miners are not reducing prices, so the markets are locked in a stalemate with neither the plant nor the suppliers willing to compromise amid a wait-and-watch sentiment.

During this quarter, we shipped more than 25,000 metric tons from Albania to China which comprises of about one-third of the total exports of chrome ore from Albania solely done by us. However, we have been focusing on new origins and have thereby started our operations in Zimbabwe during the previous quarter. With the demand for Zimbabwe Chrome Ores & Chrome Concentrates picking up in China, we soon expect to commence our first shipment next quarter.

This quarter too, we won a tender from MMTC for the shipment of 3,000 MT Low Silica Chrome Concentrates from India to China. This special grade of low silica is used by the Refractory industry in China and Indian origin goods are well appreciated in the markets because of its high chrome content of around 60%. This shipment has almost completed, and we are eyeing for the next tender in Oct'19.

On the Indian Ferro Chrome scenario, the prices started to fall on account of weak demand from China and therefore most Indian plants had cut down on production. This led to some shortages in the domestic markets which then showed some positive signs on price revival. Looking at the future, the prices may increase for now amid supply shortage and producers are also waiting for the next round of Ferro Chrome tender prices from China in order to get more clarity on the scenario ahead.



Chrome ore lumps ready for Shipment at the load port

## COAL & ENERGY

Coal imports into India touched 235 million tons during the FY 2018-19. In fact, Coal India Limited has not been able to increase its production in line with the domestic demand due to which the dependency on imported coal is increasing every year. India has become one of the world's largest consumers of the fuel and imports are surging after the government failed to open the industry to competition. Coal India Limited is the only firm currently allowed to mine and sell coal in India. The government does allow some power, steel, cement and aluminum companies to mine coal for their own captive use.

In order to increase the coal output in India and to reduce the import volumes by at least 100 million tons, the government now plans to invite bids from global firms for coal mining blocks before the end of 2019 with 100% foreign investment being allowed. Such move would end Coal India Limited's monopoly for the fuel as the country tries to cut the dependence on imports. This has led to a good opportunity for mining companies since the annual coal demand rose to nearly a billion tons during the end of FY'19 and growing consumption from steel and cement sector is a boost for the coal mining industries. However, the challenge here is that India's overall economic growth is slowing down and global investors are trying to move away from coal because of strict environmental protections and focus on renewable energies.

## MAGNUM RESOURCES PVT. LTD.

Magnum successfully installed its first hanging system from our principal, "Tintas" for 1000 sewing machines in the Bangalore Region at one of the largest Garment exporters in India.

Magnum participated in GTE Ahmedabad held from 2nd - 4th August 2019. One of the premier industry shows in the sub-continent, GTE Ahmedabad is patronized by trade professionals who include manufacturers, exporters, institutions and other volume consumers. MRPL had its own stall with displays of latest products of all our principals. Brother has displayed its latest Digi-flex technology while Pegasus displayed their latest labour saving devices. Macpi also displayed its latest trouser finishers with IMB displaying its state-of-art machines for denim automation. Customers appreciated the technology displayed by IMB specially on automation for Denims and shirts which will help them to increase their productivity, quality and reduce dependency on manual operations.

During this quarter, Magnum inaugurated their first live showroom in Ahmedabad with an end to end display of its product range. This will provide quick access to customers on the available technology and products. With a showroom, the experience is amplified through special product displays that give the impression of being in a factory already.

Team Magnum also attended the China International Sewing Machinery & Accessories (CISMA) 2019 held in Shanghai, China from 25th September to 28th September 2019. Major Principals of Magnum - Brother, Pegasus, IMB, Macpi, Eastman etc. showcased their latest technology of machines. During the show, Magnum also explored the possibilities of bringing in new principals for automation, which should be finalised by December 2019. The company also organised a delegation of customers for a visit to IMB factory in China which was well appreciated.



Brother and Pegasus booth at CISMA 2019



Magnum team visiting shanghai for CISMA 2019



Display of Principals at GTE Ahmedabad

## SARA TEXTILES LTD.

STL presented its new range of products during the Sept.'19 Market week in New York and had a very successful event where we could meet a couple of potential customers and where our products were well appreciated for the quality and designing.

We are constantly working on sustainability for the environment and the overall eco-system, and as part of our efforts to achieve this endeavour, STL installed a Solar power plant on one of the factory roofs. Not only will this boost its efforts in going green but will also reduce the manufacturing cost. The plant's initial capacity is 325 KW and around 1,200 units of electricity is generated and used in the plant. STL is further going to install another 1,000 KW in coming months.

Environment conservation week was held at the Nalagarh plant between 8th to 14th of July 2019. The CEO, Mr. S. M Dwivedi, inaugurated the drive by planting trees followed by various international buyers visiting and planting the trees during this week. SDM Nalagarh and former IAS commissioner also honoured us, by visiting the plant and participating in the drive.



Plantation by Former IAS Commissioner (S.J. Singh)



Display of new range of products



Solar plant installed at Nalagarh

## GROUP NEWS

Employees spend a lot of time in the workplace, and correlating wellness goals with work life balance is a critical mission. We at Sara believe in supporting and encouraging a holistic approach towards wellbeing by creating an organizational culture of health. We invited Mr. Vijay Shukla, a Fitness and Lifestyle Coach, at Sara House, for giving us insight on wellness solution by cultivating healthy habits and workplace exercise practice.



Employees in discussion with Fitness coach



Employees participating in workshop



## MR. MANAS RUDRA

Regional Head - East

Magnum Resources Pvt. Ltd.

### A brief on your role at Sara

My role at Magnum is to drive profitable growth through increasing the market share in my region and building strong relationships with the customers. My job includes sales of machines from our principals, realization of payments, price negotiations, resolving technical issues, securing of orders and closely observing the competitor's activities.

### How do you see your future at Sara

I am associated with Magnum for nearly 2 years and am looking forward for a long term association with the organization. I respect how the company develops its employees and I hope that in coming years, I will be managing my team more effectively and will be more effective to expand my department. I'd love to be a true apparel Industry expert with successful end to end project management experience under my belt as I look to grow into a more senior role.

### Your goals while in your current role at Sara

My goal in my current role are in line to enable the company to achieve its vision:

- Increase market share
- Improved quality of work
- Customer satisfaction
- Improved and motivational working condition for all the team members.

### Your perfect Get-away

My perfect getaway is Kurseong, a less known hill station near to Darjeeling. I love the scenic beauty of mountains, greenery, tea gardens, waterfalls. It's really very refreshing and relaxing to feel the nature's beauty away from the busyness of the city.

### Your idol in life ..... and why

I consider my Dad as my idol. He is the most respectable and important person in my life. He is a influencer not only in my life but the life of my entire family.

### Your perspective of the most critical element for corporate success

As per me, the most critical element for corporate success is Team work. Team work involves different people across the business working together to maximize the efficiency to reach a common goal.

# NEW JOINERS

## SARA INTERNATIONAL PVT. LTD.

Sweta Shrivastava	Sr. Executive to Director
Adeline Edward	Head - HR
Kashish Priya	Executive-Documentation

## SARA TEXTILES LIMITED

Prashant Kumar	Merchandiser
Rajat Pandey	TGT -Merchandiser
Umesh Mishra	TGT -Merchandiser
Mohit Yadav	Merchandiser
Neha Sharma	Company Secretary
Rohit Kumar	Assistant - Merchandiser
Amar Singh	Officer
Abhishek RAI	Shift Officer
Mehar Singh	Executive
Narayan Dutt Pathak	DGM
Nisha Pathak	Sr. Executive
Mohammad Rafeek	Sampler
Samarjeet	Data Entry Operator
Vijay Shankar Dubey	Deputy Manager
Surender Sharma	Deputy Manager
Vishal Saxena	Trainee
Shivam Kumar	Trainee Supervisor
Rohit Raman Singh	Trainee Supervisor
Raj Karan Patel	Trainee Supervisor
Karandeep Singh	Shift Executive
Kuldeep	Trainee Supervisor
Dheerender Kumar	Trainee Supervisor
Hansraj Jangra	Manager
Sunita	Sr. Executive
Rohit Khosla	Assistant General Manager
Sharuti Khosla	Sr. Executive
Sanjay Kumar Mishra	Officer



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