



SARAC NNECT

Vol LXIV | Quarter ended June 2022

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

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- Chrome Ore – Some movement from the South African frontier
- MRPL – Launching a new partnership in South India
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“The time that leads to mastery is dependent on the intensity of our focus.”
-Robert Greene

From the MD

Dear Members of the Sara family,

These are interesting but very volatile times. Just when we had thought we were over with Covid issues, we are now facing a crisis from a war between Russia and Ukraine. The sanctions imposed by the West on Russia are impacting international trade worldwide. We are back to where we were a few months ago, in times of uncertainty.

Besides the price fluctuations that are happening on daily basis, the world is also amidst inflationary trends not seen in decades. With rising raw material prices, the buyers are willing to wait, putting pressure on work-in-process and finished goods stocks.

For the present we see the business of mining and trading not being affected. But with China being under a lock-up, the growth of the Chinese economy is under doubt, and therefore demand from its market is under strain.

We hope with our emphasis on cost-cutting, finding new markets, and looking to add retail buyers we can sail through these tough times.

The Summer has been very harsh this year which again brings us to the question of global warming. Hopefully, the normal rains as predicted by the Meteorological department will give a sigh of relief. We need a good monsoon very badly!

With my best wishes,

D P Singh

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Sara International Pvt. Ltd.

Steel & Metals

The Indian government suddenly applied a 15% export duty on several finished steel products to curb the rising prices in the domestic market and to control inflation. This sudden decision led to volatility in the market as mills lost the export advantage and domestic buyers halted purchases in an already sluggish market as they sensed a further possible drop in local prices. This duty was applied to products like Hot Rolled Steel Coils and Cold Rolled Steel Coils, thereby bringing Indian exports to a complete standstill. It was uncertain whether the mills would be allowed to export material for the contracts that were already executed before this duty implication, however, after payment of 15% export duty, the mills would have incurred a financial loss on their export deals. On the other hand, there is no export duty on alloy-added steel products and other semi-finished products like steel billets and slabs.

During the last year, Indian steel mills were exporting at an average rate of 1.50 million tons per month, however, post the export duty, it is expected that steel mills will not be able to achieve even 0.50 million tons per month. The inventory pile-up at the plants will reach worrisome levels if exports do not pick up in the short term. India usually exports 15-20% of its total steel production, however, if exports do not resume then these quantities will cause an oversupply situation in the domestic market.



Iron Ore

In a significant move this quarter, the government imposed hefty export duties on Iron Ore Fines and Iron Ore Pellets in a bid to preserve higher domestic supplies and control rising domestic steel prices. Previously, there was no export duty on Iron Ore Fines below 58% grade and there was a 30% export duty on Iron Ore Fines above 58% grade. Now the government has a fixed 50% export duty on all grades of Iron Ore Fines. Similarly, for Iron Ore Pellets, presently there was no export duty which has now suddenly been fixed to as high as 45%. During the last financial year, India's export of Iron Ore Fines stood at 15 million tons, and the export of Iron Ore Pellets recorded over 11 million tons.

Going forward, the immediate impact of such high export duty will cause a sharp decline in exports of Iron Ore Fines and Iron Ore Pellets.

In view of the above measures, prices of both Iron Ore Fines and Iron Ore Pellets have fallen steeply in the domestic market over the last month. Many pellet plants have already announced a temporary shutdown of their plants citing that it is no longer viable to continue production after such high export duty on pellets. This will further cause a slowdown in mining activities, reduce logistics movements from mines to ports, hamper port revenues, and also reduce the income of Indian-owned shipping vessels. It is believed that the government may soon take a relook at the duty impositions sometime in the future.

The Federation of Indian Mineral Industries (FIMI) has also sought the removal of the export duty on low-grade ore and pellets on the plea that India is losing its competitive edge in iron ore in global markets.

Chrome Ore

Chrome Ore prices in China have been under pressure this quarter due to a fall in Stain-less Steel prices on account of weak demand, as well as lockdowns in major cities due to Covid restrictions. Due to a demand-supply mismatch, stainless steel production cuts have reduced the demand for Ferro Chrome which has resulted in lower prices of Chrome Ore. Further, adding to the woes, the surge in shipping rates and the Yuan's depreciation against the USD weighed on Chinese buying interest as the landed cost of Chrome Ore increased substantially. Demand from the spot market is also muted as buyers are antici-pating a further fall in prices. All these factors have led to bearish market sentiment for Chrome Ore.

Going forward, it seems that China is slowly coming out of Covid restrictions, and it is ex-pected that spot trades will resume, and ferrochrome mills will return to normal production levels in the next quarter. The Stainless-Steel markets will have to rely more on domestic sourcing due to existing high inventories at the ports.

Exports from Albania remained reasonably fair during this quarter in view of the low de-mand from China.



Chrome ore (ROM) packaging in containers in South Africa

Volumes in Apr'22 remained strong however volumes in May-Jun'22 started to decline due to the bearish sentiment. In view of all these challenges, we man-aged to export about 35,000 tons this quarter. In South Africa, our cargo of high-grade ROM cargo has been packed in containers and shipped out at the end of this quarter. The availability of containers has been improving so we anticipate an increase in our export volumes from South Africa in the next quarter.

Coal & Energy

Power demand in India has been increasing on the back of an intense heatwave and the reopening of the economy. To meet the coal demand for the power sector, the government is eyeing for import of coal because the domestic coal production is not able to meet the industry requirements due to logistical issues. In fact, due to track congestion, the Indian Railways had to cancel passenger trains to make way for more coal trains to move from the mines to the power plants. While the power demand might be touching new records, the sector is looking at a gloomy outlook ahead.

International prices of coal have been rising and therefore power companies are not in fa-vour of imported coal as they are already reeling under losses, and this will further worsen their financial situation. It is expected that India's total import of coal may fall to below 185 million tons this year due to the high global prices. Coal India Limited (India's state-owned coal mining company) is not able to meet the domestic demand and therefore has started to float tenders to import 3 million tons from overseas markets. This import tender was floated after the government asked CIL to build up adequate stocks of fossil fuels to avoid the re-occurrence of power outages in the country.

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Magnum Resources Pvt. Ltd.

The impact of COVID-19 is gradually coming to an end, and it seems business is getting back to normalcy. Domestic market & Export houses are back to having strong order books and have a positive outlook.

In comparison with last quarter, the market is slower now as too much stock is lying with the buyers. The impact of the Russia and Ukraine war on the global textile industry is also growing.

Global apparel brands are negotiating hard with Indian exporters as cotton prices have fallen 15% and the rupee has depreciated against the dollar favouring the latter. They have asked Indian apparel exporters to supply garments at the pre-covid level prices.

Magnum Delhi has taken its first order for SIP Italy, our new Principal for Denim Automation for a very well-established Denim Manufacturer in Delhi/ NCR.

Our Team from Delhi & Ahmedabad is installing a Sunrise Conveyor system in Bangalore for the largest Garment manufacturer in India. This is one of our biggest orders for Sunrise conveyor system taken this quarter.

Magnum is delighted to launch its partnership with Alpine Knits, one of the biggest South India Garment machinery distributors for focussing on automation solutions in South India.

We believe that the market in South India is ripe for disruption through automation, and with Alpine Knits, we have great confidence in the future of this joint venture.

Having seen good growth for the last year and a half, the home textile segment is now flattening on cyclic growth terms.



Miller Weldmaster Booth at TechTextil frankfurt



FEPA Booth at TechTextil frankfurt



SIP Italy Waste Band Unit

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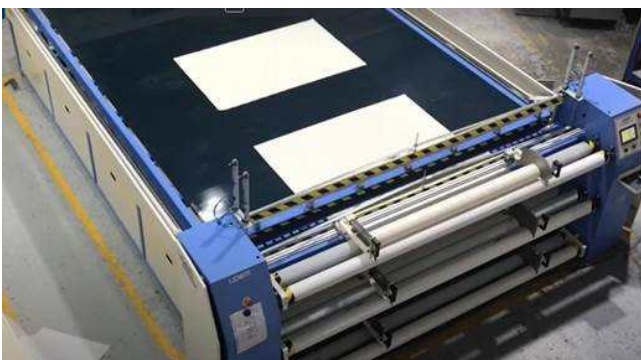
Also, as the yarn spinners are reeling under higher cotton prices thereby making the fabrics costlier, the overall cost of goods manufactured has gone up thereby exerting pressure on the margins of most of the home furnishing manufacturers.

The situation is expected to be continue for the next quarter as well and with the onset of fresh cotton supplies by September the situation is expected to ease a bit on this front.

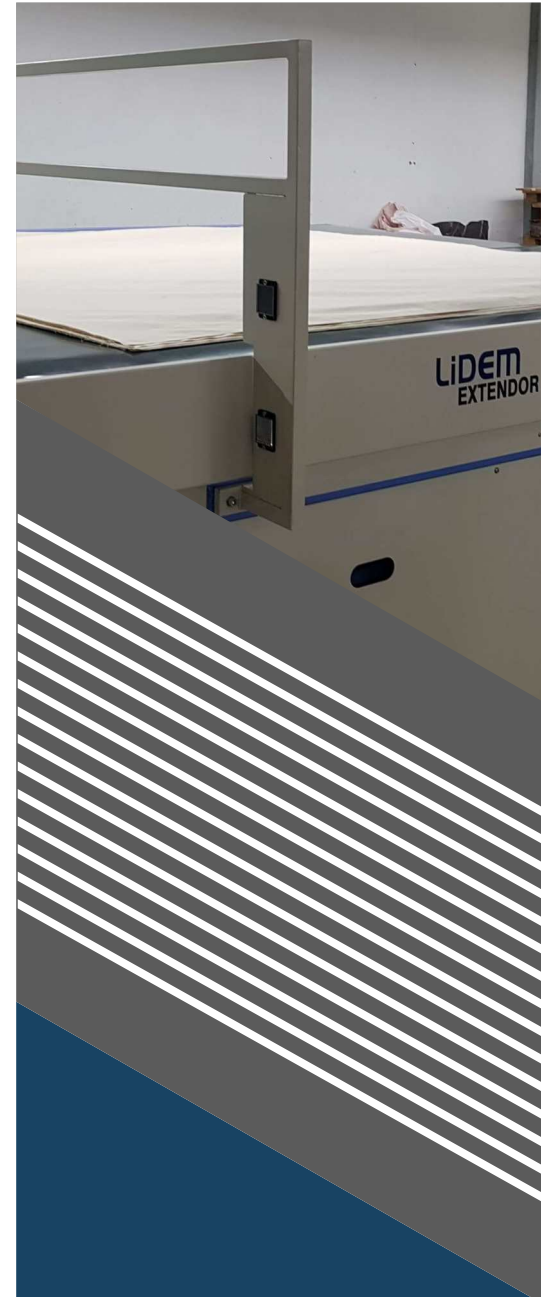
Driving the initiative for automation in the home textile industry, Magnum - Home Textiles division has secured a repeat order for our Spanish Principal "LIDEM" from one of the largest home textiles manufacturing groups in north India for their fully automated state of the art manufacturing facility of bed linen.

With the tailwinds in the Indian Home Textiles industry, we believe that this installation will be a positive referral installation for us to gain many such orders.

A team from Magnum attended the Texprocess & Techtexsil held in Frankfurt from June 21st to June 24th, 2022. Magnum's major principals such as Miller, FEPA, SIP Itay and Macpi exhibited their products there.



Lidem Extendor



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Sara Textiles Ltd.

The world economy is significantly slowing down and possibly heading towards recession because of multiple factors such as a slow down in demand, growing inflation and continue COVID lockdowns in China. Buyers are reluctant to commit and in the mood of wait and watch and therefore the order book is slow. Desperate sales by the manufacturing units to reduce losses and recover the fixed costs are giving the buyers an opportunity to negotiate the prices down.

The above situation is also an opportunity for opening new doors and innovating with new products for new markets. The STL marketing team is continuously working towards new products and trying to open new markets.

The company participated in Heimtex'22 in Frankfurt and had a good show, a glimpse of the booth is shown through pictures.



Group News

Sara House

A yoga session was conducted by Mr. Rajeev Kumar, and this will be conducted per month to support the employees with their routine work. Many beneficial tips for good posture and habits were shared which can be practiced during short breaks or by sparing a moment just sitting on our work desks.

A 2 day online workshop on "Finance for Non-finance people" was conducted by Dr. Meena Bhatia, Dr. Pradeepta Kumar Sanyal, Dr. Satyakama Mishra and Dr. Biswajit Acharjya where they focussed on preparation and understanding of balance sheets, cash flows & accounting processes. In the STL Nalaghar plant, two trainings were organized:

Training on "Stress Management" was organized in the mid-week of April'2022 for all the staff members as per the scheduled calendar and; and Training on "Business Communication" was organized in the mid-week of Jun'2022 for all the staff members as per the scheduled calendar.



Vaishali Saxena

Mercantile Manager Cum EA to CEO
Sara Textiles Ltd.

1. A brief on your role at Sara

I have a multitasking role being Mercantile manager and executive assistant to the CEO, which includes Marketing as well as complete coordination at various levels from the planning of orders to dispatches and so on.

2. How do you see your future at Sara

I want to continue working in a collaborative environment where every employee can thrive. I hope to grow with the company, and I want to learn all I can about this industry and be a thought leader who inspires others.

3. Your goals while in your current role at Sara

My goal is for my ideas to make a bigger, positive impact on the company, and I will use my communication & managerial skills to make this happen. It's always challenging being a mediator between marketing and production, hence one of my goals is the continued smooth functioning of the system.

4. Your perfect get-away

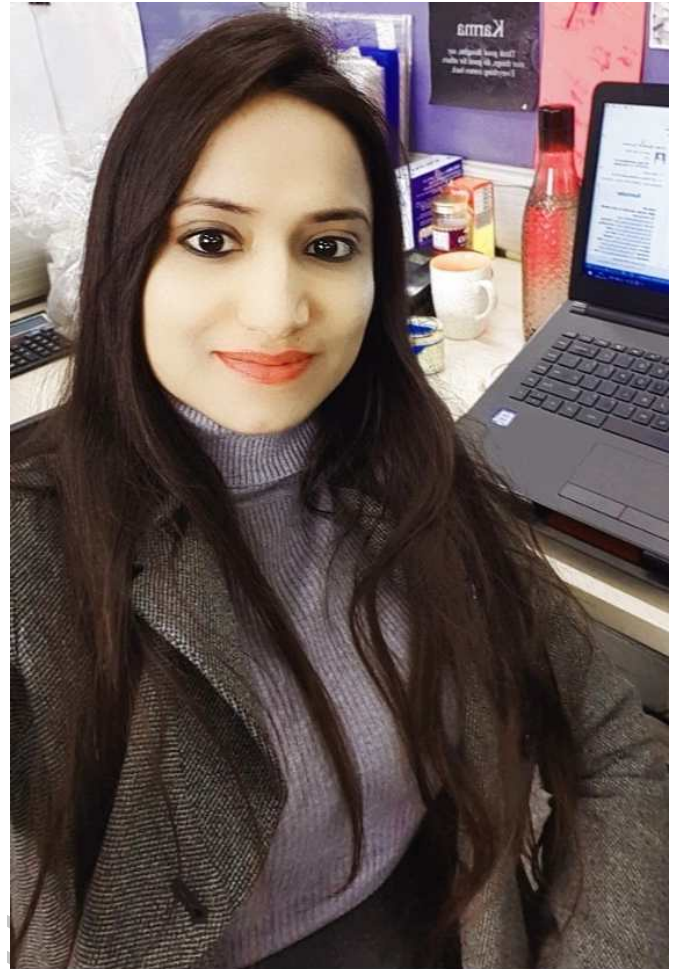
"Shri Krishna Ki Nagri" – Love to Chant & spend time there with my family. (Hare Krishna) always Rejuvenate Me.

5. Your idol in life and why

MY MOM – She had an Absolute Aura. Her dedication, time management, and excellence towards every task was inspirational. She motivated me at every small step and I have learned from her "Whatever you do in your life, Give it your best"

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

I would say, it is all about great Management - Clear Strategies; The Right People; and the Right Attitude. And yes, Confidence & Determination to succeed off course.



“It's always challenging being a mediator between marketing and production, hence one of my goals is the continued smooth functioning of the system.”

New Joiners

Sara International Private Limited

Vikas Chamoli Manager Commodities - Noida

Magnum Resources Private Limited

Wahid Saifi Senior Executive Sales - Noida
Madhu Yadav Executive Human Resources - Noida
Amit Kumar Gaur Senior Service Coordinator - Noida
Dhruba Biswas Senior Executive Sales - Kolkata
Karimulla Mondal Service Engineer - Kolkata

Sara Textiles Limited

Umesh Executive Accounts - Noida
Rahul Yadav Merchandiser - Noida
Manoj Kumar Additional Commercial Manager - Noida
Shubham Tyagi TGT – Merchandiser - Noida
Jeet Koshik Executive- Commercial - Noida
Vikas Kumar TGT – Merchandiser - Noida
Rahul Aggarwal Sr Executive Accounts - Noida
Garishma TGT-Merchandiser - Noida
Shubhra Mishra TGT Merchandiser - Noida
Somendra Chauhan TGT -Merchandiser - Noida
Pallavi Merchandiser - Noida
Subhash Chandra Pattern Master – Bathrobe - Nalagarh
Gurvinder Singh Shift Officer - CSP - Nalagarh
Surya pratap Rana Officer - QA - Nalagarh
Manjit Singh Security Supervisor – Administration - Nalagarh
Nitin R Pandey Deputy Manager - Bathrobe - Nalagarh
Iqbal Singh Manager Weaving - Maintenance - Nalagarh
Ravi Pandey Deputy Manager - Human Resource - Nalagarh
Shubham Officer - Quality - Nalagarh
Mahesh Dhiman Manager Technical - Quality - Nalagarh
Abhay Kumar Shift Officer - Preparatory - Nalagarh

Sara Textiles Limited

Birendra Kumar	Shift Officer - Quality Assurance - Nalagarh
Arshleen Kaur	Asst Designer - Bathrobe - Nalagarh
Mohit	Officer - Quality Assurance - Nalagarh
Monu Kumar	Shift Officer- Designing - Nalagarh
Kuldeep Tripathi	Manager PPC-Prep - Nalagarh
Ritu Tripathi	SR Executive PPC - Nalagarh
Mohan Lal	Supervisor Weaving - Maintenance - Nalagarh
Parminder	Ser Executive - IT - Nalagarh
Prikshit Guleria	Shift Officer - Weaving - Nalagarh
Shyam Lal	Security Supervisor - Administration - Nalagarh
Dinesh Kumar Gupta	Sr Executive - Dyeing - Nalagarh
Shushmita	Sr Executive - Quality - Nalagarh
Raghvendra Pratap Singh	Manager - Quality - Nalagarh
Yashwanth Kumar Narseth	Manager - Engineering - Nalagarh
Renu Narseth	Sr Executive - Engineering - Nalagarh





Indian roots. Global reach.

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