

From the MD

Dear members of the Sara family,

As you are well aware, for the last many quarters we have been hoping for an improvement in the economic scenario. But unfortunately it has not been so. Because of headwinds created by volatility in the world markets there is a fear among the business fraternity and an environment of pessimism. We at Sara are also feeling the heat of the currency volatility and the unpredictable economic scenario.

The expansion at Sara Textiles is on track and we believe that in spite of the shrinking European market, we should be able to find buyers for our increased production levels. The margins may come under further pressure and therefore 'production on the lowest economic cost' should be our slogan.

MRPL sales are on track. The recent rupee devaluation may make the Indian apparel and textile industry more competitive and we may have an expanded market for our machines. We are sure to increase our share in the Textile & Apparel machinery market.

The overseas investments and trade of Sara International is expanding. However, due to slowdown in steel and cement industry in India, the raw material demands have fallen to a record low. We are still fighting to operate in this space.

I hope that with the efforts of the government to take the economy to a 7.5% plus growth rate, we will see more positivity in the business environment and will stand to gain from there.

With best wishes,

D. P. Singh



STL showroom in USA

Always bear in mind that
your own resolution to
succeed is more important
than any one thing.

- Abraham Lincoln

*Wish you a very
happy and prosperous Diwali!*

In this issue

Iron ore – Headwinds turning into a typhoon

Coal's race to the bottom

Chrome ore fighting battles of multiple fronts!!!

STL expanding and breaking into new markets

MRPL – Consistently outperforming

Sara International Pvt. Ltd.

Ores and Minerals

Iron ore

Iron Ore exports from India have been low due to high export cost of the material and lingering low prices in China. However, some experts feel that exports may now start to increase due to Government's supportive measures to boost exports. A recent cut in railway freight and reduction in export duty on low grade iron ore are some of the measures taken by the government to encourage iron ore exports.

To boost exports and revive the Goa mining industry, the government has reduced export duty on low grade iron ore from 30% to 10% in June 2015. However, the Indian exporters are still demanding to withdraw this 10% export duty in order to survive and compete in the international markets. Having said that, most mines still remain unoperational due to the time lag between viability and getting the mining operations back on track.

Meanwhile, some trade analysts feel that competitiveness of Indian iron ore among the global availability is some way off and these measures need to be far more aggressive, to have any actual benefit to the Indian iron ore exporters. So, while the railway freight has been reduced, but the export price is still at a cash loss for exporters.

Post the amendment to the minerals act (MMDR 2015), most of the mines are now operational but a lack of demand in the domestic market is pushing miners to hold inventories at mine pits and as the international price is not feasible for export, a situation of oversupply persists.

CNF prices in China have increased to approximately to USD 55 PMT because of a decline in the port inventories. This fall was driven by a fall in shipments to China from Australia and Brazil due to scheduled maintenance activities and erratic weather. Weaker shipments coupled with better offtake in China of iron ore, helped in restoring prices somewhat.

On the other hand, Indian iron ore imports dropped in August 2015 due to ample domestic availability;

a fall in domestic prices; and the depreciation of the Indian currency. Imports are likely to remain low in the forthcoming months. Iron ore imports are entirely coming from South Africa and the prices fell from USD 74-75/MT CIF India to US\$ 67-68/MT during this quarter.

We are now working on domestic iron ore supply possibilities as well as keeping our ears on the ground to be the first to pounce on any export opportunities that may arise.

Chrome ore



Sampling of chrome ore at the load port

The sudden depreciation of the Chinese currency badly hit the imports of chrome ore. Due to the weakening of the currency and subsequent increase in the landed costs of imports, there is increasing pressure on the ferro alloy industry to cut production. Buyers have reduced their buying prices for chrome ore of all origins including Turkey, Pakistan, Albania, Oman and South Africa. In fact, the prices of Albanian chrome ore 42/40 grade fell from USD 215/MT CFR China to US\$ 200/MT CFR China within a span of two months. This fall in prices have been off set by the depreciating currencies in Turkey and South Africa, which have been able to maintain their volumes by reducing prices.

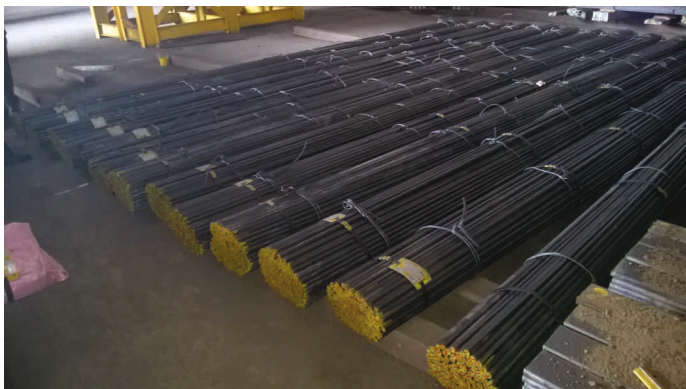
In India, major producer Tata Steel has finalized a conversion agreement with three manufacturers for the production of ferro chrome. These three manufacturers will produce 15,000 tons per month for Tata Steel. Further, with Tata Steel's own production expected to touch 15,000 tons per month by the next year, it will become the largest producer of ferro chrome in India by March 2016.

With mining operations being resumed at Tata Steel's Sukinda mines in India, the company will now start to offer chrome concentrates for exports and we look forward to participating in these tenders. We would like to highlight that in the year 2013, we won two tenders of ultra low silica chrome concentrate through MMTC which we supplied to China. Thereafter there has been no exports since the last two years due to the expiry of Tata Steel's mining license.

In such weak market situation, we have still been able to supply more than 25,000MT chrome ores from Balkans to China. With the strong efforts of our procurement team and marketing team, our market share has remained stable. However, market conditions remain challenging.

Steel & Metals

China's sudden decision to devalue its currency last month had a negative impact on the currencies of many economies. One such country is India whose currency depreciated by about 4% as a resultant to fall of the Chinese Yuan by about 3%. The currency movement has provided some support to the Indian steel industry, which has so far been reeling under the pressure of cheaper imports from China, Japan and Korea. With the weakening of the Indian Rupee, imports have become expensive and traders have currently withheld their imports.



Hexagonal steel bars ready to be shipped

Further, the Indian steel market is awaiting for the imposition of safeguard duty on hot rolled products. Last week, the Indian government's appointed panel has approved the imposition of 20% safeguard duty on imports of hot rolled products. The final decision is still awaited by the Government. Safeguard duty, if imposed, will increase the landed costs of imported steel and will support the domestic prices.

Taking advantage of this situation, some Indian steel mills have started to increase the price of hot rolled coils and other finished products.

Indian scrap imports remained dull during this quarter on account of the depreciation of the Indian Rupee. Prices which were in the range of USD 235-240/MT CIF India for HMS 1:2 (80:20) during the beginning of the quarter fell to as low as USD 210-215/MT CIF India. Fall in European currencies by around 2.5% has provided room for European suppliers to cut down offers for scrap. However, the sudden fluctuations in domestic steel prices have made importers & suppliers more cautious. We successfully executed our shipment of hexagonal bars to South America during this quarter and are now in negotiations for more orders in next quarter.

Coal and Energy

India has witnessed a rapid fall in coal imports during this quarter. This is the sharpest and most significant fall since last two years. Rise in domestic supply by Coal India Limited and sluggish demand owing to constant devaluation of the Indian Rupee has pushed Indian buyers to reduce their coal imports. Even banks are not keen to finance Letter of Credits for coal imports. With such volatility, most traders are also not inclined to take forward positions. The Indian coal ministry also expects the coal imports to reduce this year.

Prices of South African coal have also fallen by 15% in this quarter from USD 60/MT FOB to USD 52/MT FOB for RB1 grade, touching eight year lows during the quarter. The devaluation of the South African Rand has allowed suppliers to reduce their export prices in order to compete in the global markets. Indonesian coal has also witnessed a price fall of more than 10% during this quarter. Prices of GAR4200 coal have fallen from USD 29/MT FOB to USD 26/MT FOB. Weak demand from China & India, as well as excess production leading to oversupply in Indonesia has resulted in stocks pileup at mines, thereby forcing suppliers to cut down on their prices. We are waiting for the markets to stabilize before we take position on our next imports.

Sara Textiles Limited

STL had another good show in USA during the market week held between 28th Sep'15-1st Oct'15. Our exclusive and innovative collections of towels were beautifully exhibited and we were able to attract some new customers. Our regular customers appreciated us for the style and quality of towels displayed and supplied to them so far. STL has got commitments from few clients for regular business for the year 2016 which will support the production facility by enhancing the overall productivity.

STL has added new weaving looms which are latest in technology and will give a boost of around 10% to the overall production. New dedicated shed for bathrobe and home furnishing is up in operation and we expect to add more products in our basket soon.

With STL's increasing focus on learning and development, an external training session was conducted at the plant for mid and senior level managerial team members. It was a comprehensive training session involving active participation in the form of group discussions and role plays. This methodology kept the participants engaged throughout the session and also helped in effective retention of the training content. Further, for improvement in ground level skills, shop floor trainings were conducted for the bathrobe and finishing staff and workers.

In continuation to our green initiatives, 'Plantation Week' was organized between 16th Jul'15 to 23rd Jul'15. The objective was to take active part in the great cause to save the environment.



Plantation week at Nalagarh factory

On the employee engagement front, monthly yoga sessions were conducted at the head office for improving the team's wellness and physical fitness.



Yoga session at Noida office

A Pooja was organized within the factory premises on the auspicious occasion of Vishwakarma Pooja on 17th Sep'15. The team members prayed for safe and healthy working condition.



Vishwakarma Puja at plant

Magnum Resources Pvt. Ltd.

MRPL organized a dealers meet in Ludhiana in the month of August. Dealers across various locations from Punjab attended the meet. They were enthusiastic to be part of the event as new machines of Brother and Pegasus were showcased. They appreciated the way Magnum was handling the promotion of these new machines in the market. With the latest technology advancements of Brother and Pegasus, Magnum has taken great initiatives to launch new promotional schemes for its dealers. Looking at the positive response in Punjab, MRPL is planning to do more dealer meetings in other states as well.



MRPL Dealers meet in Ludhiana

Mr. Katsura Saan, President, Pegasus Japan visited one of largest clients in Kolkata and met with the directors to discuss future business strategies. The customer has shown a lot of confidence in Pegasus and MRPL, and appreciated the technology; machines; and service provided to them. They believe that the latest machines would allow them to significantly enhance productivity and improve the quality of their products.

Our business partners Fepa and Daude from Italy and Belgium visited India for their product promotion in September, showing a very positive outlook towards the marketing of their products in India and building their business in the sub-continent with Magnum.

In the coming quarter, a team from Magnum will be visiting the ITMA Milan which is going to be held in November. This will help in adding more principals and products in our basket.



Brother's latest machine at display

China International Sewing Machine Exhibition (CISMA) the biggest Garment Machinery Exhibition was held in Shanghai from 23rd Sep'15 - 26th Sep'15. It was attended by MRPL CEO along with his team member. MRPL principles, Brother, Pegasus, Sakho, H&H, Eastman, Cutex etc. displayed their latest technology in the show. Top customers from India attended the show and appreciated the technology displayed by MRPL principles. MRPL finalised business deals with new manufacturers during CISMA.



Mr. Akshay Sharma (CEO-MRPL) along with Mr. Katsura Saan, Mr. John Tan and Mr. Saket Todi at Lux Group

Knowing Us

Zabir Khan, (Territory Sales Manager - Magnum Resources Pvt. Ltd.)



A brief on your role at Sara

My role as "Territory Sales Manager" is to ensure consistent profitability and growth in sales revenues through positive planning, development and management of sales personnel and also by identifying objectives, strategies and action plans to improve short and long term sales and earnings.

How do you see your future at Sara

I am extremely passionate about continuing to work and grow with Magnum. I am excited to spend the next few years on learning and mastering the role of the product head. From there, I'd like to take on more responsibilities and eventually to move into new challenges.

Your goals while in your current role at Sara

Currently my focus is to increase the business volumes from the existing customers and to develop and bring in new businesses.

Your perfect Get-away

Kufri (Himachal) along with pals.

Your idol in life and why

My father...!!! He always inspires me when I take a glimpse of his life.

Your perspective of the most critical element for corporate success

I feel building a team is the most important and critical element of running a successful business. You must hire great people and empower them to help you to grow your business. Apart from that, marketing is the driving force for any business.

New Joinees

Sara International Pvt. Ltd.

Deepak Agarwal
Sr. Executive – Finance & Accounts

Chandra Shekhar Gaur
Sr. Executive – Commercial

Sara Textiles Ltd.

Prabhakar Balodi
Manager – Designing (Nalagarh)

Pradeep Tripathi
Dy. Manager – QA (Nalagarh)

T.Santosh
Dy. Manager – Finishing (Nalagarh)

Hasmukh Patel
Manager – Preparatory (Nalagarh)

Raj Narayan Singh
Asst. Manager – Finishing (Nalagarh)

Sujeet Kr.Jha
Dy. Manager – PPC (Nalagarh)

Amit Raj Rathi
Sr. Merchandiser

Magnum Resources Pvt Ltd.

Jalaj Kumar
Sales Executive – Home Textiles

Komal
Executive – Sales Support

Ricky Saha
Sales Executive

Puneeta
Office Coordinator – Ludhiana

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