

From the MD

Dear members of the Sara family,

The business scenario in India and Overseas is moving at a snail's pace. For over 18 months, exports from India have been consistently going down on a month-on-month basis. The production of major industries like Cement and Power has been coming down, leading to pressure on the pricing of raw materials such as coal.

The government has recently imposed an export duty on sugar, which was the only shining commodity in the export basket of agricultural items. The textile & apparel Industry continues to feel strong headwinds for its exports too. But Sara Textiles has been increasing its production and Magnum Resources continues to enlarge its imports of machinery. However, at Sara International, we are still facing with some unresolved issues.

At the leadership level, we are trying our best to grow even in these difficult times and to a large extent we are succeeding. It appears certain to me that in the next quarter we would be able to report a much better performance in all the activities of our group.

The pre monsoons have set in and we are looking for an above average rains which will bring in cheers to our farming community and help all of us to grow!

With warm regards,

D. P. Singh



Holi celebrations at Sara House

Our very survival depends on our ability to stay awake, to adjust to new ideas, to remain vigilant and to face the challenge of change.

- Martin Luther King Jr.

In this issue

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Sara International Pvt. Ltd.

Ores and Minerals

Iron ore

Bullish sentiments in the Chinese steel market supported iron ore buying owing to which global iron ore prices moved up. Prices of 62% grade were seen going from USD 57/mt CIF to USD 69/mt CIF and then falling back to USD 50/mt CIF. In fact prices fell by USD 15/mt in a span of one month due to weakening Chinese billet prices and rapid increase in inventories at Chinese ports. Stocks of iron ore touched 100 million tons in the month of May 2016 and such levels were last seen in Dec 2014. Steel demand in China was lackluster which had hit buying interest of steel makers. Some steel mills tried to lower their steel prices so as to attract buying, but even then it remains difficult to stimulate downstream demand.

Indian traders started making plans for resuming exports of iron ore fines from India. Major ports like Paradip in the east coast offered plots for storage of iron ore. However due to the onset of the monsoon season, it is unlikely that any high volumes will be shipped from India during this quarter.

Further, the drastic pull back in iron ore prices also gave cause of concern to the underlying reason for the jump in prices. This was a combination of excess liquidity pushed into economy by the government which led a massive round of restick and to unprecedented futures trading in commodities. Coupled together, these led to a massive rally in steel and raw material prices.

On the other hand, Indian imports of iron ore lumps drastically fell by 75% from 0.98 million tons in April 2016 to 0.23 million tons in May 2016. Amid volatility in iron ore prices in the global market, Indian iron ore importers were hesitant and remained on the sidelines. South India based steelmakers, who contribute the majority of shares in Indian iron ore imports, are now preferring domestic pellet in comparison to imported iron ore, and therefore have kept themselves away from booking new imports. Towards the end of May 2016, when global iron ore prices dropped down drastically, offers for imported iron ore lump stood in the range of USD 65-66/MT CFR India.

Chrome ore

In spite of a slowdown in steel prices, the prices of chrome ore lumpy have risen sharply during this quarter and have touched the highest levels this year. Prices of 42/40 grade lumpy rose from USD 160/mt CIF to USD 230/mt CIF in a span of two months. To add to this, the ocean freights have also increased by USD 7/mt which has added further pressure on the already thin margins. Mills like TISCO and Baosteel increased their purchasing price but reduced their buying volumes. It is a common belief that the markets for chrome may have now peaked and buyers have started to become cautious and are looking for other origins that offer a much competitive price. The depreciation of the Chinese Yuan has further increased the landed cost of the material. Fighting against all odds, we have still been able to ship about 25,000 metric tons of chrome ore during this quarter.



Shipment of Indian chrome concentrates

Ferro chrome prices in the Indian domestic market slightly edged up as prices rose in the export markets. The export realization prices have gained well and therefore ferro chrome producers in India have raised their domestic offer levels. On the future trend, most producers believe that there is a possibility of a further price rise in the domestic market due to limited availability expected in the next few weeks.



Container loading of chrome concentrates at Visakhapatnam

This quarter we won the MMTC tender for exports of 2500 metric tons of Indian Chrome Concentrates 50/48 grade of Tata Steel origin. The material was loaded into containers and shipped from Visakhapatnam Port (India) to China. While we look forward to winning more tenders, however the Government of India re-imposed the 30% export duty on chrome which has made the trade completely unviable. Due to this, MMTC had to cancel the Chrome Concentrates tender for June 2016 shipment.

Steel & Metals

After the Government of India fixed a Minimum Import Price (MIP) on the import of steel products into India during the last quarter, the domestic market saw a sharp jump in steel prices because cheaper imports had completely stopped. This sudden rise in prices got corrected this quarter with markets going slightly down due to continuing weak demand and high inventory. Presently, the key reasons for weak demand of steel in India is due to the slowdown in construction activities as well as labour migration during summers. Due to scarcity of water and delay in the monsoon, many construction projects have been stalled thus impacting steel demand.



Hexagonal steel bars being loaded into containers

Steel prices in the domestic markets saw a fall of about Rs 200-300/mt every week further resulting fall in raw material prices like sponge iron, pig iron, iron ore, and scrap. Prices of imported HMS scrap fell from USD 235/mt CIF to USD 200/mt CIF and even the buyers were not keen on buying at those levels and were bidding at USD 190/mt CIF. Due to the fall in sponge iron prices, manufacturers preferred using domestic sponge iron in comparison to imported scrap.

Steel mills like SAIL and VSP could not get good prices for their export products. It is expected that the government will extend the MIP on steel imports by another six months. We are waiting for the markets to stabilise so that we can book our vessel for HMS scrap imports.

Going forth, this quarter we bagged our regular order for exports of high quality hexagonal bars from India. We are also looking at business development for some steel bars out of India.

Coal and Energy

The availability of domestic coal has increased substantially in India as domestic production has been improving in successive years. The government-owned Coal India Limited (CIL) also raised its coal prices by more than 6% in the month of May 2016. It produced 40 million tons in April 2016 and 42.5 million tons in May 2016, surpassing its April 2016 production by over 5%. Coal India Limited has set a target of 598.6 million tons for the Financial Year 2016-17. This target set by CIL is 49 million tons higher than the last financial year. The new target has been set on the premise of coal accessibility in new mines.

Indonesian origin coal has been very steady this quarter with prices of 3600 GAR coal slightly rising from USD 20/mt FOB to USD 21/mt FOB. The adequate supply of domestic coal in India has kept international prices under pressure since end users are no longer willing to pay a higher price to buy imported material. On the other hand, South African Coal markets continued to be volatile. Prices for RB1 coal had slightly decreased in April 2016 but then rose from USD 52/mt FOB to USD 58/mt FOB by the end of June 2016. Such price levels are the highest since August 2015.

During this quarter, we have done some quantities of back-to-back trading of US origin coal from Kandla. The material has been supplied to various industries in North India and we look forward to trading in more volumes after the monsoon season.

Sara Textiles Limited

STL started a new division of circular and wider width knitting machines which are suitable for fitted jersey sheets, quilt covers and to create knitted fabrics in a semi or fully automated fashion. These new machines will help to increase production level and efficiency.

"Earth day" was celebrated on 22nd April with our buyers and employees. It was indeed a great opportunity to build a deeper connect with our customers while at the same time re-emphasizing the company's focus on environmental protection.

"SUDHAR" activities were conducted in the month of April and May according to "Kaizen":- Kaizen is a Japanese business philosophy of continuous improvement of working practices, personal efficiency etc. SUDHAR is a Hindi word for "Improvement" and correctly reflects the motive behind these efforts.

STL also Celebrated "Quality Week" in this past quarter or 'Guvanta Jaagrukta Abhiyaan" on the 1st of May. As a manufacturer in the textile industry our top priority is "Zero defects" in our products. "Zero Defects" is a management-led program to eliminate defects in industrial production and the participation of every department and employee is critical to deliver on its objectives.

In its continuous endeavour to motivate its people, STL organised various employee involvement programs in this quarter such as:

- A volley ball tournament at the Nalagarh plant on 17th May with the aim to create a strong bond between our people and their health.
- SARA "Safai Abhiyaan" from 8th to 15th June to improve "Productivity" by preventing injuries. Positive steps have been taken towards the cleanliness in Nalagarh Plant area pushing the company's value of environment sustainability. The inauguration ceremony was attended by all team members including the CEO, VP, departmental heads along with workers.
- A "Team Building" workshop was held on 14th June at fort Heritage Resort Nalagarh to create an awareness about individual personality styles and the impact this has on team members. The training was based on concepts of Social identity and the MBTI framework.

- "Safety week" activity from 16th June to 23rd June: "The Safety Week" was celebrated at STL plant in Nalagarh from 16th June to 23rd June 2016. The various safety precautionary measures were addressed with regards to company property safety, self-safety, safety during work, road safety and safety from hazardous chemicals. It was aimed at evaluating and improving the process safety management system (PSM) and establish useful safety indicators.



Sara Safai Abhiyan



Safety week at Nalagarh

Magnum Resources Pvt. Ltd.

MRPL organized a technical seminar for its sales and service team in collaboration with its principal, Brother International for the S7300 single needle machine with an electronic feeding system, which is the latest machine with advanced technological features.

The seminars were organized at the MRPL corporate office during the past quarter and were hosted by Mr. Ashida San (AGM, Brother International) from Japan for the sales team and Mr. Hamaji San (Technical Manager, Brother International) based in Delhi for the service team.

The purpose of both the seminars was to enhance the knowledge and deepen understanding of the features of the new machine allowing us to better educate our customers on the benefits of this machine versus what is available in the market.



Mr. Akshay Sharma - CEO, MRPL with Mr. Ashida San - AGM Brother International, addressing the seminar

The MRPL CEO, Mr. Akshay Sharma, also presented a detailed marketing strategy for this machine, the market trends and what actions the teams can take to accelerate the sales in the current scenario.

The market response for the machine has been great with the company securing new orders recently. The machine has been launched all over India and the main target markets are north, east and west India.



Mr. Raheel Khan - Technical Manager Brother International (Delhi) training the MRPL service staff

MRPL and Brother International are planning to host more workshops / seminars / private exhibitions in coming months of July, August and September in Ludhiana, Maharashtra, Kolkata etc.

S-7300A

Premium Spec !!!



*World's first
Electronic Feed Control !!!*

brother
at your side

S7300 single needle machine

Knowing Us

Mr. Lalit Khosla, General Manager (Operations) - Magnum Resources Pvt. Ltd.



A brief on your role at Sara

Being working at MRPL, I am responsible for the entire business operations of the ISM division, which includes sales, after sales service, spare parts and launching of new products for the garment industry to increase our customer base.

How do you see your future at Sara

The priority is to utilize the expertise along with consistent team effort to achieve and exceed the set targets. The group has aggressive growth targets with a strategy of diversification and professional working. I am proud to be a part of this growth plan.

Your goals while in your current role at Sara

Currently my focus is to maximize the sales and minimize the operational cost. A lot of emphasis is being given for generating good revenues from spare parts, sales and after sales service.

Your perfect Get-away

I simply cherish spending quality time with family and dear ones.

Your idol in life and why

My parents are my idols in my life as they have inculcated the values of honesty and loyalty in me, which will remain with me for a lifetime.

Your perspective of the most critical element for corporate success

Positive attitude, perfect planning, time bound execution with regular monitoring are key.

New Joinees

Sara International Pvt. Ltd.

Deepanjali Mathur - *Senior Front Office Executive*

Sara Textiles Ltd.

Poonam Panwar - *Manager (Business Development) cum EA to CEO*

Kamalkant Sharma - *Manager (Preparatory)*

Brij Mohan - *Manager (Finishing)*

Rajesh Kumar - *Deputy Manager (Preparatory)*

Amrik Singh - *Assistant Manager (Designing)*

Prachi Saraswat - *Executive (HR)*

Magnum Resources Pvt. Ltd.

Rajkumar Bukka - *General Manager (West)*

Satender Singh Gusain - *Assistant Manager Sales*

Santosh Hemani - *Assistant Manager Sales*

Satyabrata Maharana - *Senior Executive Operations*

Sandip Utekar - *Senior Service Engineer*

Vishnu - *Service Engineer*

Sandeep Sharma - *Service Engineer*

Rohit Jha - *Sales Engineer*

Kaushik Kale - *Sales Engineer*



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