

From the MD

Dear fellow members of the Sara family,

As we see the curtains drawing on 2014 we can hopefully look forward to a brighter 2015!

The year that has gone by has been terrible for the GDP and industrial growth. Vicious fluctuation in the exchange rate, continuous fall of commodity prices and poor growth in bank lending, has been a sure recipe for stagflation. Hopefully as the year closes, the miseries of our economy will diminish.

2015 looks to bring 'Achhe din'. There is a sudden positive change in our economy and the government is pushing for much needed quick reforms for improving the economy.

We, at Sara, are diversifying ourselves away from the traditional commodity trading business to mining and other value added activities. Increasing our capacity at STL is also in focus along with identifying new avenues of growth. I expect the last quarter of this financial year to show better results. But keeping my fingers crossed.

Let me wish you and your family members a healthy, happy and prosperous 2015!!!

Warm regards,

D. P. Singh



Sara Group employees participating in the "Airtel Great Delhi Run-2014"

• The ultimate measure of a man is not where he stands in moments of comfort, but where he stands at times of challenge and controversy.

- Martin Luther King, Jr.

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Sara International Limited

Ores and Minerals

Iron ore

Iron ore exports from India have seen a dramatic fall due to shortage of material and also a fall in global prices. Exports from India fell from 252,000 MT in Sep 2014 to 112,000 MT in Oct 2014. Global prices for the ore continue to fall and currently export prices of 62% Fe grade ore is ranging around \$68/69 per MT CFR China. There are two big contributors to this price fall: a weak Chinese steel sector and a general over-supply of the iron ore in the global market. In the case of India, tax structures, logistics costs and the mining bans are contributing to making iron ore exports economically unviable from India.

On the other hand, India has seen a huge increase in the imports of iron ore. The imports of iron ore crossed 7 million tons during the period from Apr 2014 to Nov 2014, and they are expected to touch 11 million tons by the end of Mar 2015. The major reason attributed to higher imports is drop in global prices as well as limited domestic supply. Currently prices of South African iron ore lumps is around \$95/MT CIF Indian ports. Indian domestic iron ore prices, which have been rising owing to short supply, are likely to feel the pressure in the backdrop of falling global prices.



MV SUNBAY : Discharging iron ore in China

Our stocks of iron ore meant for exports are now being offered to the local plants due to a continuous fall in export prices, scarcity in the domestic market and increasing holding costs.

On the illegal mining front, the Justice M. B. Shah commission submitted its report on iron ore mining in India to the Honl. Supreme court of India and now the entire industry is awaiting the outcome with a keen eye, as it will dictate the way forward for iron ore availability domestically as well as the potential for exports.

During last quarter, we did our first bulk shipment of 55,000 MT of iron ore lumps from Europe to China. The material reached the discharge port during this quarter and successfully completed its discharge within a span of 1.5 days. The quality certified by CIQ was good, and this has boosted our confidence of executing more shipments of the material.

Chrome ore

Despite a slow market in China, we still managed to ship more than 25,000 MT of chrome ore lumps to China during this quarter. Moreover, this was the first time that we had shipped a high quality material of 50/48 grade.



Container stuffing of chrome ore at load port

The market in China has been very slow due to the falling ferro alloy prices. This had a cascading impact on the demand for chrome ore lumps and with high stocks at major ports like Xingang & Lianyungang, led to a tough sales scenario. Prices have fallen and very few buyers are interested to buy material above 42/40 grade.

One of the recent bottlenecks in shipment from the Balkans has been the rainy weather which has hampered the port operations for sampling & stuffing. However, we expect to overcome this condition soon and maintain our volumes.

For the past few months, we have been continuously concentrating on improving our quality checks and we now have a team of experts based at the load port and in China that are aggressively following strict quality control measures in order to minimize any quality variations. With these continuous improvements taking place, we are now more confident than ever of our material quality.

After a long gap of more than two years, we did one small shipment of chrome ore lumps to India. We are continuously exploring new opportunities for supplying this material to the Indian markets as well.

Steel & Metals

Steel mills in India have been under pressure this quarter due to fall in steel prices on account of weak demand, specially for rebars and structural steel. Some mills are still holding on to higher prices however, and are not able to get a share of the market. Other smaller mills are facing a liquidity crunch and competition from imported material.



Hexagonal bars ready for shipment to South America

Demand for raw materials like imported scrap has also been weak due to which prices have fallen from \$370/MT CFR Mumbai to \$320/MT CFR Mumbai during this quarter. Mill scale has also witnessed a fall in prices from \$70/MT FOB Indian port to \$58/MT FOB Indian port, therefore making exports non-profitable and indicating negative future prospects. Sponge iron prices have also gone down in India due to low demand from ingot/billet manufacturers.

Availability of domestic iron ore has also been disturbed with only a few mines functioning properly.

Meanwhile, in order to curb the rise of cheaper imported rebars, the Ministry of Steel has imposed BIS standards for imports of wire rods and rebars. BIS is the Bureau of Indian Standards which controls the quality of products sold in the Indian markets.

During October end, we shipped another lot of high quality hot rolled carbon steel hexagonal bars from India to South America, and are now looking forward to new orders for the next quarter.

Coal and Energy

Prices of South African coal fell drastically in the last quarter and then plateaued at the new found low levels ranging from \$65/MT to \$67/MT FOB. The excess supply of coal at RBCT and slow demand from India and China have been the two most important factors which have not allowed the prices to go up. One of the major consumers of South African Coal in India is the steel industry. However, this sector has been under tremendous pressure due to shortage of iron ore as well as fall in steel prices, causing either low output or plant shutdowns. Indonesian coal prices also fell to record lows and have remained at this level during this quarter, largely due to limited demand from China.

This low demand has caused stocks of imported coal to pile up at all major ports. Kandla Port, one of the major port on the west coast of India, is already having stocks of more than 1 million tons inside the port area. Another major port on the east coast of India, Paradip Port, is also having stocks of more than 2 million tons inside the port.

All put together, Indian ports are having stock of more than 12 million tons causing unavailability of space and huge congestion for vessel discharge. This issue is further compounded due to the unavailability of railway rakes for onward movement of coal to the plants.

We have been focusing on selling our stocks of RB1 coal at Kandla from the last two capesize vessels MV Rio Manaus and MV Tian Bao Hai. We are also negotiating on booking new coal imports for arrival during the next quarter.

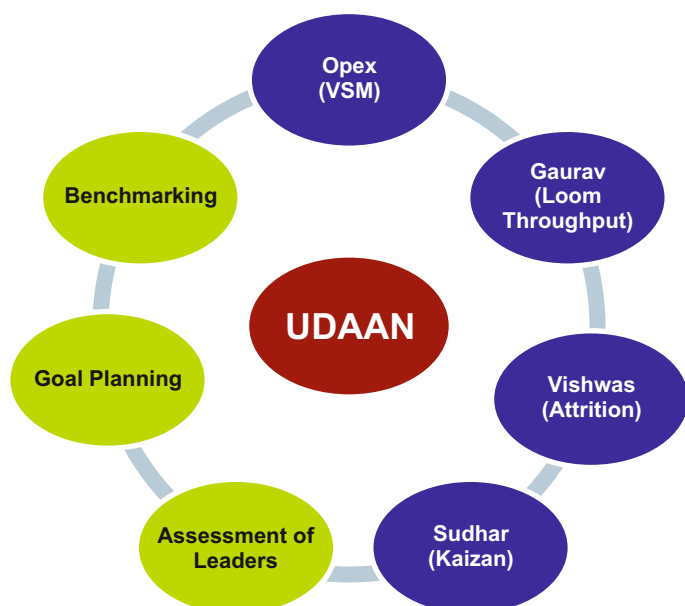
Sara Textiles Limited

We used modernization as a strategy to reduce our operating costs and upgrade our plant and machinery in line with the latest technology. At the factory, we recently added the air compressors for the 1,500 CFM energy efficient machines which are also maintenance free.

For enhancing workers participation towards process improvisation, the management has initiated a new project. Employees will be recognised for their contributions for making substantial improvement in the manufacturing process: in terms of output, efficiency and energy conservation.

The Project was officially kicked off on 3rd Nov 2014 with the name as "Project – Udaan". The project has 7 distinct initiative areas. Currently, 4 are active and background preparation for other 3 are underway.

The management also initiated a leadership delegation programme and a steering committee was formulated where the role of the leaders to take the decision making process to the next level was thoroughly discussed. Three teams were constituted for executing the proposed initiatives.



Inauguration of new machines in engineering division at STL, Nalagarh

With 2015 upon us, Sara Textiles is gearing up for its annual participation in Heimtextil with the latest collections and new products. Heimtextil is one of the world's largest textile shows held in Germany each year and STL has been a top exhibitor at the show for close to a decade.

In line with its business objectives, STL is undergoing a rapid expansion of its home furnishing, made ups manufacturing capacity and this should result in markedly higher production numbers by 31st Mar 2015.



Inauguration ceremony of Project- Udaan at STL, Nalagarh

Magnum Resources Pvt. Ltd.



Fepa SRL machine

MRPL has strengthened its product profile by getting appointed as an exclusive distributor for Fepa SRL Italy and Daude France for sales & after sales service across their product range in India.

Fepa SRL is a world renowned manufacturer of different types of eyelets and eyelet punching machines. These are mainly used in curtains and technical textile products.

Daude is world's oldest manufacturer of snap fasteners and automatic snap attaching machines mainly used for baby garments.

Mr. Stefano Patron (Managing Director - FEPA) visited the MRPL office to sign the exclusive agreement. FEPA and DAUDE will participate in the upcoming GTE 2015 along with MRPL to launch their products in India.



Technical seminar in Ahmedabad

MRPL organized the BAS (Brother Automatic Sewing) show in its Ludhiana office from the 10th to 12th Dec 2014. In the show, the latest model of Brother BAS311H was displayed. All major garment manufacturers of Ludhiana along with local dealers visited the show. Also, Brother International and MRPL organized a technical seminar in Ahmedabad from 23rd Dec 2014 to 24th Dec 2014, which was attended by 34 engineers of various garment manufacturers of Gujarat region. The certificate was awarded to all the successful participants by Mr. Tsusaka (Director - Brother International).

Looking at the huge potential in Western and Southern India, MRPL has expanded its Mumbai office and strengthened the team, eyeing a much bigger piece of that market. The new office will be functional from January 2015.



Mr. Tsusaka (Director- Brother International) along with participants attending the technical seminar in Ahmedabad

Knowing Us

Rupa Dubey, (Manager HR- Sara Textiles Ltd.)



A brief on your role at Sara

I am currently handling the corporate & plant human resources role at Sara Textiles Ltd. My work profile includes taking care of the entire gamut of HR functions like payroll processing, recruitment and selection of staff at various levels and subsequent reviewing of KRA's and goal setting exercises / KPI, implementation of performance management systems and taking initiatives for training & development. Ensuring operational excellence and handling administrative functions effectively are also a part of my role here.

How do you see your future at Sara

I really see a great future at Sara Group due to the support and confidence from my seniors as well as the entire team. I look forward to acquire more valuable knowledge and professional exposure and contribute more to achieve the management objectives along with my personal growth.

Your goal while in your current role at Sara

My goal is to create a very healthy & congenial work environment by implementing the best HR practices to ensure hiring of finest manpower in the industry and to lower attrition to below industry standards.

Your perfect Get-away

My perfect get-away is to be with my family and loved ones where I feel relaxed. This could be a relaxing trip to hills or a soothing atmosphere at a beach.

Your idol in life and why

My Father. He has set great example of a balanced professional, social and family life. It is his confidence in me that has given me the courage to pursue my goals.

Your perspective of the most critical element for corporate success

In my view, it is most critical to create a transparent atmosphere and overcome situations which lead to creation of any grape vines in the organization. This can be achieved by winning the trust of employees by initiating various employee engagement activities.

New Joinees

Sara Textiles Ltd.

Geeta Balodi
Executive HR

Amit Prakash Gupta
Manager - Business Development

Abhitosh Juneja
Asst. Manager - Business Development (Home Furnishing)

Manish Arora
Asst. Merchandiser

Magnum Resources Pvt Ltd.

Prakash Dattaram Gawade
Sr. Service Engineer – Mumbai

Shweta Anand
Asst. Manager – Operations

Manish Chauhan
Sr. Service Engineer

Praveen Kumar
Accounts Executive

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