

From the MD

Dear members of the Sara family,

Even though the Indian economy continues to face challenging head winds, I am glad to inform you that we have been able to march forward!!! There have been many firsts in this quarter and I am pleased to share these with you.

Sara Textiles, for the first time, achieved 315 MT's dispatch from the plant in May, 2015. Our target is to reach 350 MT's per month by the end of this year. This will strengthen the building blocks for our expansion plans.

Sara International also had its share of firsts...its shipments from its own chrome mines increased. The company also made its first copper shipment this quarter. All these are pointers towards our determination to grow and to rise above the ordinary, even when the world trade is shrinking and prices of raw-materials are going down.

MRPL added new principals and customers and is aiming at making inroads in the broader textiles industry from earlier focussing narrowly on the apparels segment. It is steadily and surely adding numbers to its top and bottom line.

Making profits in these difficult circumstances depends not only on adding volumes and new business streams but by doing so efficiently. Consistent efforts to bring our costs down must be paramount and being lean, sacrosanct. It appears to me that the worst economic downturn is over and we will certainly move upwards from here.

I hope you and your family will enjoy the summer holidays !

With warm regards,

D. P. Singh



MRPL team at SMRE booth in Techtexil Expo, Frankfurt

Do not wait ; the time will never be 'just right.' Start where you stand, and work with whatever tools you may have at your command, and better tools will be found as you go along.

- Napoleon Hill

In this issue

New products, new frontiers for growth

Iron ore still stuck in the sand...

Chrome – Outperforming the market

The dark days of coal...

STL – Setting benchmarks and making history

MRPL – New products, new principals

Sara International Pvt. Ltd.

Ores and Minerals

Iron ore

Iron ore exports from India remain non-existent and the patterns of the past few quarters continue. Although the government of India reduced the export duty w.e.f 1st June'15 from 30% to 10% on iron ore fines of less than 58% Fe content, this is still not good enough for Indian exporters to match the global iron ore prices.

However, the move to reduce the export duty was welcomed by industry experts as a good sign and more cuts on other grades is expected in the future. It is now a question of the survival of a whole export industry!!!

Iron ore prices continue to remain under pressure, both domestically and internationally. After implementation of the Mines and Minerals (Development and Regulation) Amendment Bill 2015, different state governments have allowed mines to resume operations and many are in the process to start operations with added environmental clearances. This is leading to an oversupply situation for iron ore.

The Chinese steel industry continues to face cost pressures and that has also acted as a ceiling for iron ore prices internationally. However, with falling iron ore stocks at major Chinese ports, spot iron ore prices could increase over the next few months but the increase is likely to be minimal.

Iron ore imports which saw a huge increase in the last two quarters have fallen by 15% during this quarter. This is mainly due to increase in domestic supplies and subsequent decrease in prices. Imports fell from 0.39 million tons in March 2015 to 0.33 million tons in April 2015 mainly due to price cut by NDMC (India's largest iron ore miner). Most of the large steel plants in India have switched to buying iron ore from domestic sources. Prices of South African iron ore lumps have fallen to USD 75/MT CIF Kandla.

Chrome ore

Affected by the sluggish ferro chrome market, the demand for chrome ore lumps remained weak during this quarter. Industry participants feel that the market is likely to remain stable for sometime at these prices, but no one will bet on the bottom. Due to this, many ferro alloy plants have scaled down production as they are not even able to cover their cash costs.



Container stuffing at the load port

Although prices of Albanian, Turkish, and Iranian chrome ore has been falling but the prices and demand for South African chrome concentrate has increased slightly. Recently, Zimbabwe has lifted its ban on exports of chrome ore and thereby increasing the supplies in the international market.

Despite the weak market, our shipments to China have crossed 38,000 MTs during this quarter. Further, in order to cater to larger shipment quantities, we have commenced bulk vessel shipments as well. This is likely to help us further increase our volumes in the coming months.



Chrome ore sampling at the discharge port

Steel & Metals

Domestic prices of steel have remained relatively stable during this quarter. Although the markets have witnessed a drop in prices of raw materials mainly iron ore, coal and coke, however the depreciation of the Indian rupee has increased the landed costs of imported raw material, thereby keeping cost of production at same levels.

A lot of steel billet imports from South Africa have been seen in the last few months. Due to the depreciation of South African rand, the material is being offered at consistently lower prices in the international markets. Currently offers for 100 x 100mm billets are at USD 375-380/MT CFR India (shipped in containers).



Hexagonal steel bars

Scrap markets have been slow owing to fall in prices of sponge iron in the domestic market. Although imported scrap offers remain high from US and Europe, however some downtrend in prices has been observed from the Middle East. Offers for HMS 1 & 2 from the Middle East are being made at USD 275-280/MT CIF India and offers from Europe are at USD 280-285/MT CIF India. Amid these offers, Indian buyers remain hesitant in making fresh purchases owing to uncertain steel prices and a depreciating Indian rupee.

Coming to the end of the quarter, the Indian government increased the import duty on steel from 5% to 7.5%. This step was taken with a view to control the cheaper imports of steel and help the domestic steel industry. Although prices of HRC and CRC have dropped by USD 5-7/MT during this month, however the demand for imported steel remains low due to increase in import duty as well as depreciation of Indian rupee. We have bagged our next order for the supply of high carbon hexagonal bars to South America. The material is under production and expected to be shipped in July-August 2015.

Coal and Energy

Global coal prices have been quite stable this quarter with slight fluctuations in price ranging from US \$2 to \$3 PMT. The depreciation of the Indian rupee has impacted the landed cost for imported coal and stocks remain high at Indian ports due to rail logistic issues for movement of cargo to domestic consumers.

Meanwhile, the industrial production has been slow due to which demand remains subdued. Further, domestic coal supplies have started to improve hence weakening demand for imported coal. Traders have very limited interest in new purchases due to credit issues, liquidity crunch and they are anticipating further price fall due to the upcoming monsoon period.

The prices of imported coal at Chinese ports remained quite stable amid limited buying interest and indications that domestic coal prices had stabilized. The Chinese government has gone to unprecedented measures to protect the domestic coal industry and make a push towards cleaner energy. This has led to a drastic fall in Chinese imports of coal and by some estimates we could be seeing an excess of over 100 million MTs of thermal coal in the Asia Pacific basis this year.

Our stocks of thermal coal have been liquidated and we are now planning on importing our new vessel of coal sometime in August 2015.



Coal stock at Kandla

Sara Textiles Limited



Team briefing on importance of cleanliness at Nalagarh plant

STL in line with the “Swacch Bharat Abhiyan” launched a campaign this quarter at its Nalagarh plant with an aim to spread awareness on cleanliness and its importance in our personal and professional spaces.

The campaign was kicked off with tremendous enthusiasm and there was active participation by the employees including our CEO, Mr. S. M. Dwivedi and other departmental heads.

All participants took a pledge to maintain cleanliness in their day to day workplace and also actively motivate others to join in this amazing initiative.

The campaign was also extended to the corporate office of Sara encouraging all to join in.



STL team at the launch of 'Swacch Sara Abhiyan'

In continuation of its efforts to create a good working environment, an inter-departmental “Volleyball Tournament – Springs Summer 2015” was organized at the Nalagarh plant. The tournament was inaugurated on 4th May by Mr. D. K. Singh (VP – Operations). A series of matches were played amidst a cheering audience. Such events not only help our employees get a relief from their daily responsibilities but also give them a forum to understand each other better and value team work.



Volleyball tournament at the plant

This quarter, STL has done well in terms of meeting its set targets for dispatches and revenue numbers. It created history in May '15 by dispatching over 315 MTs, and the focus remains on ensuring that we can reach a monthly dispatch rate of 350 MTs by September 2015.

STL has also further expanded its production capabilities with the addition of a new washing range and a dyeing vessel. A new sectional warping machine has also been added to enhance the production of yarn dyed orders. With these new and updated technologies available the entire manufacturing process itself becomes faster and increases overall efficiency.

Magnum Resources Pvt. Ltd.

Chairman of AEPC – Apparel Export Promotion Council, in his reaction to the release of export data said that “The overall exports in April 2015 have fallen from USD 25.63 billion to USD 22.05 billion, registering a growth of Minus (-) 14 percent.” The effect of a lowering graph in exports was further reinforced by the graph of sales for industrial sewing machines in the apparel sector that has bowed downwards during this quarter as compared to the first quarter of the last financial year.



Triad hot sealing machine

The MRPL team visited the “Texprocess and Techtexsil Exhibition” held in Frankfurt in the month of June'15. Miller Weldmaster, Fiab, Fepa, Brother, Pegasus etc., some of MRPL's principals also participated in the exhibition. The exhibition witnessed substantial increase in the number of visitors from the Indian technical textile industry this time as compared to the last exhibition that was held 2 years back. It provided a good platform for lead generation, and we expect to close more orders in the next quarter.



Techtexsil exhibition at Frankfurt

Miller Weldmaster conducted a workshop for its customers during the exhibition in Frankfurt which was attended and appreciated by many customers from India.



Technical seminar organized by Miller at Frankfurt

MRPL has joined hands with SMRE SRL Italy, a world renowned manufacturer of ultrasonic welding machines for technical textiles. MRPL will represent SMRE as their exclusive distributor in India.

Business of fast moving items like eyelets and snaps has picked up and performing extremely well since the beginning of 2015. MRPL has bagged a contract with one of the leading curtain manufacturers in India for supplying them stainless steel eyelets for coming few years. The average consumption of eyelets are 400,000 pieces per month. The demand for Daude snap fasteners is also high, mainly from garment and leather goods manufacturers engaged in exports.

MRPL is also opening a bonded warehouse in Delhi which will help customers to get faster deliveries.

MRPL has done well in the home textile business this quarter. It has got an order for wider width automatic spreading machines from one of the major home textile manufacturers. We expect to close more such orders in the coming months.

Knowing Us

Sachin Pahuja, (Senior Manager Accounts & Finance - Sara Textiles Ltd.)



A brief on your role at Sara

My role as a senior accounts manager involves overseeing the accounts department. I am responsible to do analysis of the books, reporting to the management, producing accounts, cash flow management, auditing, overseeing all tax and regulatory/ compliance issues & contributing to the decisions regarding the company's financial strategy.

How do you see your future at Sara

I aspire to grow with a company where I can continue to learn and contribute as much of value as I can. I see myself as a top performing employee in a well-established organization like Sara Textiles.

Your goals while in your current role at Sara

My long-term goals are towards making a positive impact in the company through my experience and technical expertise. It is also a goal to ensure the timeliness and accuracy in preparation of the financial statements enabling establishing enterprise-wide controls to safeguard corporate assets & ensure compliance.

Your perfect Get-away

My impeccable get away place is Dwarka (Gujarat), where I sense heaven.

Your idol in life and why

I believe in the ideology that in this world people may throw stones in the path of your success and that it depends on what you make from them: a wall or a bridge.

Your perspective of the most critical element for corporate success

Building a team is the most important aspect of running a successful business.

New Joinees

Sara Textiles Ltd.

Shylesh Nair
Manager – Weaving Maintenance (Nalagarh)

Sandip Sarkar
Dy. Manager – Finishing (Nalagarh)

Rajinder Singh
Dy. Manager – PPC (Nalagarh)

Manoj Kumar Maurya
Asst. Manager – Preparatory (Nalagarh)

Devendra Pal Jadon
Executive Merchandiser

Yogendra Pandita
Dy. Manager – Commercial

Takdir Singh
Asst. Manager – Business Development

Shashank Sood
Asst. Manager – Business Development

Magnum Resources Pvt Ltd.

Debdas Mukherjee
Assistant Manager – Sales (Kolkata)

Ashim Kumar Mandal
Service Engineer (Kolkata)

Sagar Mahajan
Accounts & Office Executive

Dharminder Chauhan
Sales Officer (Ludhiana)

Sara Group

Sara House, B – 8, Sector 4
Noida, UP - 201301, India
Tel: +91-120-466 7272
Fax: +91-120-466 7299
E-mail: info@sara-intl.com
www.saragroup.co.in