

SARACONNECT

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“

Perfection is not attainable,
but if we chase perfection
we can catch excellence

-Vince Lombardi

”

FROM THE MD

Dear Fellow Members of the Sara family,

The New Year has just ushered in and I take this opportunity to wish you all and your family a very happy, healthy and successful 2018.

I am also glad to inform you that the Group has turned the corner and we can look for better results and equally good opportunities ahead. The international business has shown good results. MRPL keeps on striving towards higher growth targets. But STL is still facing headwinds because of excess capacity in India; lower dollar realization; and weak markets in Europe & USA. But we feel that this is only a temporary phenomenon.

The business scenario is certainly becoming competitive and far more cost conscious and therefore it would be very important for each one of us to work on per unit realization of our efforts so that together we can contribute to a better future.

Once again wishing you years of happiness!

With warm regards,

D P Singh



SARA INTERNATIONAL PVT. LTD

STEEL & METALS

Steel markets in India have remained stable this quarter. While there has been some increase in international prices of raw materials like coking coal, metcoke, and thermal coal, however the low demand has capped the pricing increase. The flat steel market continued to remain stagnant owing to gloomy demand from the domestic markets. Since there has not been much improvement in demand, therefore Indian mills have kept away from increasing the domestic prices, while traders have remained distressed about low sales volumes in the domestic market. Another major reason for holding back on prices is due to the liquidity crunch in the market. In fact, cash flow in the domestic market has tightened which has resulted in lesser transactions. Traders and small enterprises are facing a liquidity crunch resulting to lower sales volumes and unchanged prices in domestic market.

Chinese steel markets have also seen a slight downtrend this quarter. The prices of HRC fell from \$560/mt FOB to \$550/mt FOB during this quarter as Indian importers refrained from making any new bookings. Another reason is that Chinese steel production increased this year and it is causing an oversupply situation in the market. From Jan-Oct'17, China's crude steel output surged by about 6% to 710 Million Tons against 670 Million Tons during the same period last year. Similarly, in first ten months of the CY17, Indian crude steel output rose significantly by 6% to 84 Million Tons against 79 Million Tons during the same period last year. South Korean steel production rose by 3.5% this year, whereas Japan's steel production fell by 0.2% this year.

We are currently in the process of executing our shipment of Galvanized Corrugated Steel Sheets to the African markets and look forward to more orders in the next quarter. Our order of Hot Rolled Carbon Steel Hexagonal Bars is under production and expected to be shipped out to Latin America in the beginning of next quarter.

IRON ORE

Global iron ore markets have witnessed a fall in prices this quarter. The monthly average index (62%) fell by \$10/mt from \$70/mt CFR China to \$60/mt CFR China. Amid fall in global iron ore prices, offers for imported South African lump to China & India have also moved down. The prices of domestic iron ore in India have remained unchanged this quarter.

With the fall in prices, China's iron ore import volumes increased to one of the highest levels on record even as the government forced steel mills to slash output as part of its efforts to curtail pollution. China's iron ore demand is expected to climb to 1.1 billion tons in 2017, however it is expected to fall in 2018 since most small steel mills are expected to go out of production due to the government's pollution control efforts.

In India, the Supreme court had imposed penalties on the illegal mining activities and had set the deadline of 31 Dec 2017 for payment of fines. However most miners have not yet paid the fines due to which they will have had to stop their mining activities. This is set to cause a shortfall in the availability of iron ore in domestic markets. Further, the Goa state pPollution control board has put several restrictions on the movement of iron ore in order to cut down the pollution being caused by the transportation of the ore. It is believed that the volumes will come down by 25% due to these restrictions



Chrome ore stuffing at the load port

CHROME ORE

Prices of Chrome Ore have seen a roller coaster ride this quarter. Albanian Chrome Ore 42/40 grade which went to as high as \$370/mt CIF levels suddenly fell to \$280/mt CIF levels and then gained back to \$320/mt CIF levels. It has been observed that when the market prices start rising, there is a lot of speculation leading to over buying. Subsequently, when the inventories rise at the ports, the traders are under pressure to sell the material due to which the prices start to fall rapidly. Further, miners in Albania tend to hold onto their stocks in order to get the maximum realization.

Prices for High carbo ferro chrome have varied between \$0.80/lbs to \$0.90/lbs CIF China this quarter. The demand has remained low as China already has sufficient levels of inventory, and further the recent announcement of purchase prices by major Chinese stainless-steel mills has created a benchmark for ferro chrome prices. On the future outlook, producers are optimistic that the ferro chrome spot prices will increase in line with rising chrome ore prices. Also since there has been no major cut in the production of stainless steel, this will tend to keep the market on a bullish sentiment.

On the contrary, China's total chrome ore imports have remained above 1.0 million tonnes average per month this year (total about 13 million tons during 2017). A ramp up in shipments resulted in a staggering growth of domestic ferro chrome production this year. Needless to say, local production as well as ferro chrome imports are accumulating in China and it is creating an overhanging inventory.

Although being a dull quarter with limited buying interests, we have still managed to ship out more than 30,000 metric tons of chrome ore lumps and concentrates to China. We are now focusing on increasing our sourcing base new geographies and results should shown in the coming quarters. With the upcoming Chinese New Year, the trade volumes are expected to fall since most buyers would be out of the market from mid-Jan 2018. This will see low shipment volumes in the next quarter.



COAL & ENERGY

Lately Indonesian coal has found some support from improving economic growth and development in other Asian countries, however China still remains to be the major controller of the global coal prices. In the quarter, Indonesian spot coal offers started to move upwards on to the backdrop of winter restocking in China and increased ocean freights. Most traders have anticipated that the coal prices are likely to remain firm until the Chinese New Year holidays.

Export volumes of South African coal have increased by about 5% this quarter mainly due to the strong demand from India primarily because of the low output by the domestic coal producer (Coal India Limited). Further, the ban on the usage of Petcoke in India has added fuel to the demand for South African Coal. Supply shortage at RBCT is also one of the reasons which has led to an increase in the prices. At the moment, the prices of South African RB1 coal is being offered at \$105-106/mt CFR India levels, RB2 is being offered at \$92-93/mt CFR India levels, and RB3 is being offered at \$79-80/mt CFR India levels. The prices are expected to remain stable for the next 1-2 months until the end of Chinese New Year.

We are planning for our next import of South African Coal at Kandla and should be able to have the cargo arriving in mid Jan 2018.



Chrome Store Destuffing at China

MAGNUM RESOURCES PVT. LTD.

Magnum Team visited CISMA exhibition held in Sept 2017 in Shanghai, which is one of the biggest exhibitions for garment machinery, held once in two years. Magnum principles Brother, Pegasus, Eastman, Loiva and Zoje showcased their latest range of machines. The exhibition was attended by all the major customers from India. Magnum also discussed with new manufacturers for representing their products in India and also signed with Lygold - manufacturers of Label and Elastic Cutting Machines, to be their agents India.

Magnum Participated in Garknit Kolkata from 3rd to 5th November 2017. This was the biggest ever garment and textile technology and machinery show in East India. Magnum launched the new Brother single needle digiflex machine (S7250) during the show. This machine was much appreciated by the customers. On display were latest machines from Pegasus, Melco and other principals.

In this quarter, MRPL also signed an agreement with DANIS Makina, one of the largest producers of laundry machines for denim Industry to be their agents in India. This was done after a visit to Diriler Makina's manufacturing facilities and detailed discussions. We believe that these washing machines have a huge potential in the Indian market and plans are now being put in place for the marketing strategy for the same.

The textiles and garmenting market remains under pressure in India, with pain from the demonetisation and the GST implementation still facing some serious overhang. New investments are limited but we do believe that the worse is behind us. The trend towards automation is undisputed and we foresee technology playing a more important role in the factory's buying decisions going forward.



CISMA Exhibition 2017, Shanghai



SARA Textiles Product Display



Airtel Great Delhi Run 2017



Super Sikh Run 2017

SARA Group Participation in Airtel Half Marathon on Sunday, 19th November

Sara Group was represented at the Airtel Great Delhi Run 2017 by around 35 colleagues. The employees were participated in the 6 Km run with Sara printed T-Shirts at Jawahar Lal Nehru Stadium, Lodhi Road.

Sara Group sponsors the Super Sikh Run

Sara Group, through the Mohinder Kaur Charitable Trust (MKCT) was the prize sponsor for the "Super Sikh Run" held on 10 Dec 2017 with again a good group of our colleagues participating in the run.



MRPL stall @ GARKNIT 2017, Kolkata

Knowing Us

A brief on your role at Sara

Being a production manager, my first priority is to look after preparatory of greige to achieve the desired production targets. At the same time, I would like to ensure the quality standards with zero defect to minimize the wastage.

How do you see your future at Sara

I am glad to be a part of Sara Textiles. With the growth opportunities, I would like to be one of the most successful and reliable assets for the company.

Your goals while in your current role at Sara

Effective and successful implementation of planning to achieve the production targets. To impart technical training to our colleagues for upgradation of their skill levels and simultaneously creating a better working environment.

Your perfect Get-away

I am great lover of nature. Whenever, I get an opportunity for a break, I prefer to visit a hill station in the lap of nature.

Your idol in life and why (2 lines)

My idol is Mr. Mark Zuckerberg. I like his vision of connecting the world with the single platform.

Your perspective of the most critical element for corporate success (2-3 lines)

I believe that most critical elements of corporate success is focus on our own area of work.



NEW JOINEES

SARA INTERNATIONAL PVT. LTD.

Rajeev Priy Gangal

- Dy Manager Finance & Accts, Noida

MAGNUM RESOURCES PVT. LTD.

Khushboo Gumber

- HR Generalist, Noida



SARA TEXTILE LIMITED

- | | |
|------------------------|--------------------------------------|
| Bhaskar Bharati | - Ex Documentation, Noida |
| Deepak Kumar | - Ex Accts, Noida |
| Navendu Shekhar | - E-Marketing Mgr, Noida |
| Sanjeev Sharma | - BD Mgr, Noida |
| Shadab Ashraf | - BD Mgr, Noida |
| Yogesh Prajapati | - Industrial Engr, Noida |
| Mafoof | - Sr. Mrg BD, Noida |
| Shruti Gupta | - Asst Accts, Noida |
| Vaishali | - AM Mercantile cum EA to CEO, Noida |
| Abhinav Verma | - BD Mgr, Noida |
| Rajkumar Pandey | - Shift Incharge, Nalagarh |
| Pradeep Kumar Tripathi | - Dy Mgr, Nalagarh |
| Kumari Renu | - CAD Designer, Nalagarh |
| Ajay Kumar | - Production Mgr, Nalagarh |
| Om Prakash Pandey | - Asst Mgr, Nalagarh |
| Rakesh Kumar | - Labour Offr, Nalagarh |
| Vishal Kumar Singh | - Electronic Engr, Nalagarh |
| Vinit Kumar Khokher | - Quality Head, Nalagarh |





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