

## From the MD

Dear members of the Sara family,

As we were hoping that the economy would now embark on a spell of growth, we had to contend with a speed breaker in the form of “Demonetization”. Suddenly, the growth engines started gasping for breath. In our own case, MRPL that primarily sells in the domestic market saw the disappearance of customers! The local sales of STL also suffered to some extent. Fortunately SIPL, being an international trader, had lesser worries. SIPL has shown good results in its Chrome & Zinc businesses and if market remains buoyant, may be the anchor in January-March quarter.

I am sure, the long term benefit of the demonetization would soon appear but in the October-December and January-March quarters, the economy will certainly struggle. To compensate for the loss of sale in the domestic market, STL is looking at exporting a larger percentage of its production and MRPL is now concentrating on manufacturers that focus on the export market. The competition will be severe, but the groups' commitment to grow profitability will certainly help tide over in this period. Better results are expected in the first half of 2017.

As always, in our personal life we must remain cheerful and I wish you and your family a happy, prosperous and healthy 2017.

With warm regards,

**D. P. Singh**

HAPPY★NEW★YEAR



*The Sara group team that participated in Airtel Great Delhi Run 2016*

Employ your time in improving yourself by other men's writings, so that you shall gain easily what others have labored hard for  
- Socrates

## In this issue

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Ready to dip hands back in the coal business!!!

## Sara International Pvt. Ltd.

### Ores and Minerals

#### Iron ore

Global Iron Ore prices have been very volatile as prices of 62% Fe material increased from \$70/mt CIF China to \$80/mt CIF China, then falling back to \$70/mt CIF China, and regaining back to \$83/mt CIF China in a span of few months.

Iron Ore production in India has been increasing but the domestic demand is not enough to absorb all of it. The only solution for this piled up material is the export market. However, the export duty of 30% on high-grade ore continues to hamper exports. The industry has been appealing to the Government to lift this export duty so that high-grade ore can become competitive in the International market.

Due to the demonetization announced by the Government of India in November, the steel industry is facing tough times on account of low demand, and thereby most industries have cut down on the production, which has further led to piling up of Iron Ore at stock yards.

South Africa, the 3rd largest exporter of Iron Ore after Australia and Brazil, has witnessed a downfall of 15% on its export volumes during this quarter. The top importers of South Africa ore were China, India, Japan, and Korea.

#### Chrome ore



*Chrome ore loading into containers*

Chrome Ore prices have touched historical highs this quarter. Supported by the Chinese market, all industry participants were taken by surprise at the speed and scale of increase. Driven by a buoyant stainless steel market, which is a culmination of an increased fiscal push by the government; limited Ferro alloys product; and re-stocking, demand for Ferro alloys and crude ore was very strong. Prices of main steam origin 42/40 grade lumps rose from \$275 CIF China to \$450 CIF China during this quarter, a jump of more than 60%.



*Stacking of chrome ore at stockyard*

As a consequence of the jump in purchase prices from stainless steel mills, prices for Ferro Chrome and Chrome Ore in China have gone up drastically. In terms of volume, exports of Indian Ferro chrome to China increased by 75% in the quarter. Many analysts feel that the market has touched its highest level and the prices did show signs of small corrections towards the end of the quarter. In the last quarter of the financial year, we are likely to see some more corrections.

Due to the strong demand by the domestic Ferro chrome industry, the Odisha mining corporation (OMC), India's largest miner of Chrome ore, increased its production by about 22% in October. India's MMTC also bagged export orders for 16,000 MTs of Chrome Concentrates to China for shipment in December.

We shipped about 45,000 MTs of Chrome Ore to China during this quarter and expect to increase the quantity if the demand remains stable in the next quarter. However, with the upcoming winter season, the weather conditions will hamper the mining and logistics in the Balkan regions. This will be a challenge for us that we have to overcome and keep our volumes moving.

## Steel & Metals

At the beginning of this quarter, prices of Indian steel products remained stagnant due to weak demand in the domestic market. But as we moved through the quarter, the markets rapidly witnessed a sharp price increase in all steel making raw materials like iron ore, coking coal, met coke, and scrap. The steel industry, which was already under pressure due to weak demand, was further badly hit by this price increase of raw materials. Moreover the prices of finished steel products were not able to increase as much because the end users were not ready to pay a higher price.

The demonetization announced by the Government of India in early November further added to the difficulties of the steel industry. Due to the sudden standstill in the real estate and infrastructure sector, the demand for structural steel fell down drastically. While on one hand the raw material prices kept increasing the cost for finished steel, on the other the demand weakened, adding to the industry's woes. This resulted in the constant increase of inventories at stockyards leading to the plants having to cut down their production in order to match the demand situation.

Similarly, prices of steel also increased sharply in China. However, the anti-dumping duty imposed by USA and European countries had witnessed a consistent downfall in volumes of exports from China. The Japanese and Korean steel industry also remained badly affected due to the sudden increase in raw material prices and decrease in exports.

After completing our earlier shipments of hex bars, we are now focusing on new orders for the upcoming quarter.



*Steel bars loading into containers*

## Coal and Energy

Till mid November, the global prices of Indonesian coal and South African coal have been increasing continuously, and then the markets saw a fall in prices thereafter. Indonesian GAR4200 coal went from \$43/MT CIF Indian to \$58/MT CIF India, and then fell back to \$48/MT CIF India. Similarly, South African RB1 coal jumped from \$74/MT CIF Indian to \$102/MT CIF India and fell back to \$89/MT CIF India. Such volatility in the prices has made it very unpredictable to trade in this commodity.

Moreover, the demand for South African coal has reduced drastically. Due to the demonetization announced by the Government of India in mid November, the infrastructure and real estate sectors have been badly hit, causing slowdown in the cement and steel industry. Both these industries are the largest consumers of South African coal.



*South African coal stocks at Kandla port*

In order to curb the imports of coal, Coal India Limited (the largest coal producer in the country), has taken steps to ramp up the domestic production of coal through latest available technologies such as surface mining, and clean coal technologies, coal sizing, and sampling technologies. The Government is planning to increase the domestic production of coal that includes efforts to expedite environment clearances, forest clearances, land acquisitions, and coordinated efforts with railway authorities for movement of coal. This includes capacity addition from new projects, use of mass production technologies and identification of existing on-going projects with growth potential.

After a gap of almost one year, we restarted our coal operations at Kandla by stocking & selling South African RB2 coal. The rise in global prices gave us the right opportunity to take positions on our cargo. Once the market prices stabilize, we shall look forward to buying more coal for our stock & sale purpose.

## Sara Textiles Limited

### STL Marketing:

STL has had many successful Heimtex fairs in Frankfurt where we participate every year and gain a lot of appreciation for our excellent designing and display. STL is now preparing for another Heimtex 2017 fair in Frankfurt and will be displaying its new range of towels and related products. STL is focusing on new designing this quarter, and this has directly resulted in an increase in sales to two new markets thereby adding to its global customer base.

Multiple programs on safety, quality (Guvanta Jaagrakta Abhiyaan), environment and cleanliness, and sports event like volleyball matches were organized at the plant. The objective of these programs was to educate the employees on different parameters of quality, health, safety issues etc. that would result in better productive working environment.



*Motivational teamwork training*

The workers at the plant were also involved in various trainings like 'Workers Discussion Committee' that was held on 15th Dec and "Motivation & Team Work" training, held on 10th Dec. A "Sexual Harassment Training" was organized for the female staff to make them aware about work place safety and to encourage them to come forward in case of any issues.



*Sexual harrassment training*

### STL's campus placement drive

The Campus placements started for year 2017 and while this year the placements were expected to be less as compared to the previous years due to the current economic situation, the company hired, eight good textile graduate trainees.



*Potential candidates completing assessment questionnaires*



*Laxmi Puja*

Laxmi puja and special lunch were organized for the entire staff and workers at the plant in the beginning of this quarter.

## Magnum Resources Pvt. Ltd.

The last quarter witnessed a sudden slow down in market due to the historic step taken by Indian Government on demonetisation; this cash crunch affected the apparel sector considerably since this industry requires a lot of working capital right from procurement of yarn to making the finished garment.

MRPL exhibited in two major exhibitions; Vastra - An international textile and apparel fair a four day event from 20th October to the 23rd October 2016 at the Jaipur exhibition & convention centre in Jaipur, India. This event featured the fusion of the finest and the latest in textile products and their advance technologies. Vastra draws in more than 300 professional exhibitors. Live demos of traditional textile crafts, business fashion shows, concurrent conferences, participation of Indian states, networking events etc were the attractions of the event.



*Vastra exhibition*

MRPL also participated in Garknit – X Kolkata which was a three day event held from 21st October to the 23rd October 2016 at the science city Kolkata, India.

MRPL showcased Brother's S 7100 Single needle direct drive lock stitch machine; and the S 7300 Single needle direct drive with electronic feeding system which is known as advance "Digiflex feed technology". This new line of Digiflex Feed Industrial sewing machines boasts a new feeding mechanism and striking new housing that will set a new design standard in the industry.

Pegasus machines also received good visitor reviews as this brand has the best technology in the industry, and they create high quality sewing machines. The models on display were Pegasus 4 thread Overlock machine; 3 needle flatbed flat lock

machine; and the 3 needle cylinderbed flat lock machine, Overlock machine with Ninja feeder.

Eastman Fusing Machine was another attraction in Garknit Kolkata as it is a small size machine with easy movement that can be used for larger cuts in industries.

## Sara Group participation in Airtel Half Marathon on Sunday, 20th Nov

Sara Group was represented at the Airtel Great Delhi run 2016 by around 23 colleagues. The Sara team was highly motivated and enthusiastic and marked their presence in the event with Sara printed T-Shirts. The employees participated in the 6 km run which was flagged off from Jawahar Lal Nehru Stadium, Lodi Road.

## Sara Group Diwali and New Year celebrations

The entire Sara Family celebrated the festive occasions of Diwali and New Year with great enthusiasm and fervor.



## Knowing Us

### Mr. Arvind D. Kate, General Manager - Technical



#### A brief on your role at Sara

My role as General Manager-Technical is to manage the problem solving and troubleshooting techniques for various plant equipments used for the entire manufacturing process and to bring out the maximum efficiency from these machines. Forecasting future trends in home textiles; making product ranges for various exhibitions; and developing and implementing key innovation strategies are critical parts of my role. Further, I am also involved with providing strategic direction, tactical oversight & managerial expertise for all activities during this manufacturing process.

#### How do you see your future at Sara

I really see a great future at Sara Textiles, having got full support and confidence from the management and my team. Being a keen product developer I found the atmosphere very productive and suitable to deal with challenging tasks with ease.

#### Your goals while in your current role at Sara

My goal is to deliver the best of my professional experience. Presently I am focusing on new product development, cost effective 'new to market product' and establishing and maintaining appropriate systems to reduce the production cost and to optimize the utilization of material & machine.

#### Your perfect Get-away

My perfect Get away would be any archaeological site, visited with my family. I love nature, landscapes and seascapes. These places help to refresh and recharge me.

#### Your idol in life ..... and why

Leonardo da Vinci - an Italian polymath is my all-time hero. His areas of interests included inventions, paintings, sculpting, architecture, science, music, mathematics, engineering and literature. I am a big fan of his paintings - The Last Supper and Monalisa. His life proves that a person can acquire and master any domain, be it art or science.

### Your perspective of the most critical element for corporate success

Customers are constantly looking for newer products, with more choice and information. Customers are becoming more nimble due to changes in lifestyle and this ever shifting and unpredictable demand can be fulfilled only by innovation and creativity. Thinking like a designer can transform the way you approach the world and imaging and creating new solutions for future. It is being aware of the world around you, believing that you play a role in shaping that world and taking action towards a more desirable future.

## New Joinees

### Sara Textiles Ltd.

Rahul Kumar - *Company Secretary*

Atanu Ghosh - *Documentation Assistant*

Sunith C.K. - *TGT – Merchandiser*

Ram Vilas Chauhan - *Assistant Manager – Dyeing*

Gayatri Gujral - *TGT – Quality*

Pratik Pathak - *Additional Manager – Finishing*

Krishan Kumar - *Assistant Manager – Dyeing*

Sekh Akhtar Ali - *Assistant Manager – Finishing*

Rekha Sharma - *Sr. Executive - HR*

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