

From the MD

Dear members of the Sara family,

In my various messages through Sara Connect I have been sharing with you about the group passing through a challenging year. Due to downturn in the international business, volatility in the dollar market and demonetization, our businesses have been impacted. But now when I look back at the financial year 2016-17, we probably were better prepared to face these difficult times. Therefore, to a large extent, we have been able to withstand the pressures of market.

The next financial year, even though uncertain, is likely to bring in better results. However, one thing that is remained constant and will be so in the future is the 'survival of the fittest'. The companies that will keep costs in check are more likely to do better. And among other things, human capital will be a critical engine of growth. Therefore, efforts of all of you will be an important element.

I certainly see ourselves coming up with much better results in the year 2017-18 and usher in higher profitability.

Wishing you a happy Baisakhi and Pongal!

With warm regards,

D. P. Singh



Sara sponsored the 2017 Golf Tournament, Chandigarh

An optimist sees an opportunity in every calamity; a pessimist sees a calamity in every opportunity.
- Winston Churchill

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Sara International Pvt. Ltd.

Ores and Minerals

Iron ore

The Chinese new year holidays played an important role in the global pricing of iron ore. Just few weeks before the holidays, prices of iron ore has reached USD 83/MT CFR China. Prices kept moving up sharply every week owing to rise in ferrous futures. Iron ore buying activities continued to pick up at Chinese ports which resulted in surge in prices. The robust demand for high-grade iron ore pushed the global prices to USD 94/MT CFR China that then fell back to USD 91/mt CFR China.

On the other hand, Indian iron ore exports have shown a tremendous growth in the current financial year. During the first 10 months, the country has exported around 17 million tons of low grade ore from Goa because the Indian government had waived off export duty on low grade iron ore (below Fe 58%).

Owing to the strong demand from China, prices of South African lumps (Fe 64/63%) shot up from USD 89/MT CFR China to USD 99/MT CFR China within a period of two months. Due to this, Indian steel mills focused more on sourcing domestic iron ore and pellet instead of imports.

However, towards the end of the quarter, the market is seeing a sharp correction in iron ore prices with almost a 15-18 % fall in the index in a matter of one week towards the end of the quarter.

Chrome ore

Our exports of chrome ore have been very good this financial year with volumes crossing 125,000 tons. Initially there was some short term slow down in volumes right before the Chinese new year holidays, however the volumes have picked up back again in this month. Prices of 42/40 grade lumpy which came down to USD 400/MT CIF China levels regained strength and move up to USD 430/MT CIF China levels.

Chinese buyers now prefer spot cargo as compared to forward shipments because there is no clear indication as to what the market trend could be in

May or June. Due to high prices, the mining of chrome ore has increased which could cause a situation of oversupply in the coming months and resulting in price correction.



Sample preparation for lab analysis

In India, the HC ferro chrome industry did very well in the last two quarters. Production of domestic chrome ore by Orissa Mining Corporation (OMC), India's leading miner of chrome ore, increased considerably which helped the industry to produce competitive HC ferro chrome for the export market. Export prices of HC ferro chrome went up to as high as 120 cents/lb CIF Japan/South Korea.



Destuffing of chrome ore

Steel & Metals

Post demonetization, the steel markets in India were quiet due to muted demand. The real estate market and infrastructure sector was badly affected which caused steel demand to weaken. While India's steel production grew by a whopping 9% in the current fiscal year, the consumption has remained subdued growing by just 3% in the same period, causing a gap in the demand-supply situation.

The government's annual union budget was announced in February 2017 and all eyes were set on the budget's proposal for reviving the steel sector. The industry's expectations were hardly met in the budget because the government has largely overlooked the key demand to reduce customs duty on coking coal as well as scrapping of clean energy cess as these measures hinder competitiveness of domestic steel firms. Although it took India 10 years to raise its per capita steel consumption from 50kg to 60kg, now the steel ministry is hoping to raise the per capita consumption to 70kg in the next three years. To achieve this, the government will have to take strong measures to boost the steel demand and make it competitive in the global market.

Other major producers like China have seen reduction in export volumes because of better demand and price realization from the domestic market. Chinese domestic prices saw a mixed sentiment as prices of wire rods and cold rolled sheets increased, whereas prices of galvanized sheets and hot rolled coils remained stable.

We are currently focusing on new orders of hex bars for this quarter, as well as working out the possibilities of exporting new grade of alloy steels.

Coal and Energy

Indonesian coal prices have seen a strong surge due to disturbance in coal mining and supply. Officials in Indonesia have identified illegal coal mining in various regions and have closed production until further actions are taken. The available coal supply is not enough to fulfill the rising global demand hence the prices have been increasing continuously.

The index has witnessed an increase of about USD 8-10/MT within a period of three months.

Prices of low CV 3800GAR coal went up from USD 38/MT CFR India to as high as USD 48/MT CFR India. Similarly prices of high CV 5500GAR coal went up from USD 67/MT CFR India to as high as USD 75/MT CFR India. Another reason supporting this price increase has been that bulk shipping freight rates have gone up recently due to the rising import demand for commodities such as coal and iron ore.

On the other hand, prices of South African coal remained more or less stable in this quarter due to low demand from European markets post the winter season. Prices of RB1 coal fluctuated between USD 88-90/MT CFR India levels and prices of RB2 coal fluctuated between USD 78-80/MT CFR India levels.

During the announcement of the annual union budget by the government of India, coal importers had hoped for withdrawal of import duty as well as reduction in clean energy cess, however that did not happen. Due to high prices, Indian coal imports have witnessed a drop of 15% in the year as compared to last year. Because of such volatility in global coal prices and expensive import costs, Indian industries now prefer to use domestic coal as compared to imported coal. Further, Coal India Limited (CIL) is aggressively marketing its coal to the power sector in order to reduce the dependency in imported coal.



Coal stocks at Kandla port

Sara Textiles Limited

Sara Textiles displayed its latest collection of towels in 'USA Market Week' in March 2017.

The Indian textile industry is passing through a turbulent time due to cotton yarn prices that have gone up more than 20% and this has impacted the economics of business completely. The buyers are cautious and are not willing to place long term orders. However STL is covered for coming months and regular efforts to have consistent order bookings are already in-place.

At the STL plant, a number of initiatives that involved the workers were undertaken. This included a training titled 'Saving habit' that was taken up to educate the employees on how to save and minimise the wastage in their work environment. Some of the other regular initiatives at STL plant included trainings on personality development, motivating and team work training programs, mandatory health & safety program, 'How to increase efficiency' program & specific trainings like SA 8000 on quality measures.



Health & Safety Program

The role and function of HR training program was held on 24th February 2017. This training was taken up as an induction program for the new employees joining the organization for making them aware about the role and functions of HR.

The highlight was a program titled "The why and how of communicating expectations" held on 8th March 2017. This training brings together the employee and their respective managers. It establishes a baseline of measurement for future performance and creates a reference point when expectations are not met, thus helping the employee in effectively pursuing up the work.



'The why and how of communicating expectations' training program

Republic day celebration was held on 26th January 2017. On the occasion of Republic day, STL celebrated it with its entire staff at the plant. The Flag was hoisted by respected Vice president – Mr. D.K. Singh.

Sara sponsored the first DGP Cup in Chandigarh. It was a fantastic golf event for over two days with 65 golfers participating.

Sara was also one of the proud co-sponsors of the 2017 Hero India Open held in Delhi. Golfer SSP Chawrasia produced a gutsy performance, closing under one par to hold off the challenge of Anirban Lahiri and Jeunghun Wang and coming out victorious.



Sara was one of the sponsors of The 2017 Hero India Open Golf tournament

Magnum Resources Pvt. Ltd.

With the severe impact of demonetization now receding, the apparel segment is seeing considerable growth which is expected to bring in good returns in the coming financial year.

Magnum Resources participated in two major Exhibitions: the GMMSA in Ludhiana from 17th February to 20th February 2017 and the GTE from 3rd March to 6th March 2017 in New Delhi and both exhibitions resulted in a positive stream of enquiries. GMMSA EXPO INDIA 2017 facilitated the garments machinery manufacturers & suppliers to showcase their products with latest world class technology. The expo had a footfall of more than 40,000 visitors from all over India and neighbouring countries. The exhibition clearly indicated the strong trend in the demand from the knitwear and textile industries in North India.



GMMSA Expo Ludhiana

MRPL showcased Brother's S 7300 single needle direct drive with electronic feeding system which is known as advance "Digiflex Feed Technology". Pegasus machines also received encouraging visitor feedback, as this brand is the best in class technology for its intended market. The Model 4 Thread Overlock, 3 needle flatbed flatlock and 3 needle cylinderbed flat lock were on display.

MRPL joined hands with Zoje to cater to the mass volume segment, which got overwhelming response from visitors from the domestic market. Zoje ZJ9513 on display is a direct drive cost effective and energy saving lockstitch machine.

Garment Technology Expo (GTE) is India's largest and most comprehensive exhibition on apparel and knitting technology. It aims to offer a complete sourcing platform to apparel manufacturers. The exhibition focused on a wide range of garment machinery, accessories and support services from India and different parts of the world. Latest technology, live demonstrations, new products launches and technical seminars were the integral part of the show.



Appreciation souvenirs being presented to MRPL principals

MRPL exhibited at one of the prime booths at the exhibition. All major principals along with the new brands like Rotondi, Sip Italy, LYGOLD, Automatex, participated in the exhibition. Brother, this time showcased the feature of new advance technology printer which would soon be capturing the market of digital printing.

Martin, the world's best manufacturer for fusing machines and Sakho, manufacturers of automation machines in the apparel sector, both displayed their latest range of machines.

The machine ES 660 from Eastman brand (Automatic fabric spreading machine) that is very well known for cutting room application was on live demo at the GTE show.

The live demonstration of Sip Italy machines also attracted attention from the denim manufacturers and received overwhelming response as well.

At this GTE, MRPL launched a new product range of garment finishing machines from Rotondi, the world famous name in finishing and laundry equipment from Italy.

Knowing Us

Mr. Rakesh Raizada Branch Manager - MRPL Ludhiana



A brief on your role at Sara

Foremost my role is to network: to maintain and improve the presence and reputation of the company and the branch office. To stay abreast of competing markets and provide reports on market movement and penetration. Direct all operational aspects including distribution operations, customer service, administration and sales. Developing forecasts and business plans are also critical to my role.

How do you see your future at Sara

I am blessed to work with an organization like Sara where in I am driven to be the best at what I do. My priority is to grow along with my team members with our consistent and persistent efforts and meet our targets.

Your goals while in your current role at Sara

My goal right now is to take more challenges, more management responsibilities and get involved in more product knowledge.

Your perfect Get-away

My perfect get-away is my native town in Himachal Pradesh.

Your idol in life and why

My father is my idol & hero as he taught me to face hardships of life with grace, the way I face success. My father is the pillar of my life. He gives me strength to keep moving.

Your perspective of the most critical element for corporate success

In my point of view 'Culture' is the most critical element in long-term success of a business. I think leaders can play an important role to create an organizational climate in which people can thrive.

New Joinees

Sara Textiles Ltd.

Pritam Ray - *Business Devp. Manager - Noida*

Chetan Sharma - *GM Export (International) - Noida*

Amardeep Dwivedi - *TGT Merchandiser - Noida*

Ashish V. Singh - *Merchandiser - Noida*

Kalpana Dubey - *Sr. Merchandiser - Noida*

Ravi Singh - *Electronics Engineer - Nalagarh*

K.K. Choudhary - *Unit Head - Nalagarh*

Vivek Kaushik - *Dy. Manager HR - Nalagarh*

Kuldeep Singh - *Add. Manager (PPC) - Nalagarh*

Mr. G.C. Mishra - *Dy. Manager Weaving - Nalagarh*

Mr. Bijan Aditya - *Add. Manager Finance - Nalagarh*

Mr. Hardeep Singh - *Asst. Manager IT - Nalagarh*

Mr. Harish Sharma - *Deputy. Manager Fabric Dyeing - Nalagarh*

Mr. Avadhraj Yadav - *Asst. Manager Fabric Dyeing - Nalagarh*

Magnum Resources Pvt. Ltd.

Akhilesh Kumar Pathak - *Executive-Import Documentation & Logistics - Noida*

Sanjaya Kumar Parida - *Deputy Manager Finance & Accounts - Noida*

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