

From the MD

Dear members of the Sara family,

The GDP numbers of the country for the first quarter of the year have fallen and bank lending to the private sector has come down to its lowest level in the last few decades. India's economy looks under stress and it is assumed that we will have to work under these tough circumstances for the year 2017-2018.

Fortunately, the group has monetized a substantial part of one of its key investments and therefore has regained significant financial strength. In today's scenario this is an achievement by itself. I believe that the whole group will be looking forward to a sustained phase of growth after having faced considerable headwinds in the past two years. More investments in our mining operations are being planned as well as expansion to new geographies to further the international trading business.

Sara Textiles Limited continues to face headwinds due to near zero economic growth in Europe and USA. However, the company has been able to diversify to new markets in other parts of the world, which hopefully will show results in the next few months. I do see a light at the end of the tunnel.

The coming quarter will also see one of the biggest changes in the Indian economic system with the introduction of the GST. This will have a big impact on how we conduct our businesses and the transition to a complete new online taxation system. This is sure to hit economic growth in the short run but could provide a compelling platform over time...

Wishing you the best for the onset of Monsoons, which I hope to be normal this year and will bring cheers to the agri-economy.

With warm regards,

D. P. Singh



Environmentally sustainable manufacturing at Sara Textiles Ltd.

The only limit to our realization of tomorrow will be our doubts of today.

- Franklin D. Roosevelt

In this issue

When chrome came crashing down!!!

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Sara International Pvt. Ltd.

Ores and Minerals

Iron ore

In view of dull trading activities, rising stocks at Chinese major ports, as well as slump in steel prices, the spot iron ore prices in China witnessed a significant decline with prices down by an average of \$10/MT per month. Monthly average spot iron ore prices in China fell from \$80/MT in April 2017 to \$70/MT in May 2017 and finally to \$60/MT in June 2017.

Currently the low grade iron ore exports from Goa to China are in demand as the buyer's fear the halt of business owing to the upcoming monsoon season which is likely to start from June end.

On the other hand, Indian steelmakers turned active towards imports of iron ore post the decline in global index prices. Imported South African lump offers turned cost effective following which steel makers based in Gujarat, Goa and Tamil Nadu turned active in booking vessels from South Africa.

India has remained a major exporter of mill scale in last few years since it is free from export duty (unlike iron ore) and this material is preferable for export markets. Mill scale export offers are highly correlated with Chinese spot iron ore prices. Currently prices of Fe 70/68 grade are hovering at around \$40-41/MT FOB India. The major port of shipment is Kandla in west coast and Vizag in east coast.

Chrome ore

This quarter has been very difficult for the chrome markets. International prices came crashing down by an average of \$10-15/MT every week. Albanian chrome ore lumps 42/40 grade which had reached a peak level of \$410-420/MT CIF China fell by \$150-180/MT in this quarter and has now reached \$250-260/MT CIF levels. However buying interests are very limited, as buyers have lost confidence in the future markets.

The last two quarters saw a sudden increase in global prices therefore a price correction was expected in this quarter but nobody ever thought of

such drastic fall in prices. While some analysts predicted that the market had reached its bottom because stocks had almost dried up, others felt that prices would go down further as the stainless steel mills were buying very limited quantities of ferro chrome at the moment and reducing the purchase price as well. Further, many steel mills in China are having a major overhaul at the moment due to which the production has reduced and the demand on domestic ferro chrome has also come down sharply. Some mills did not even declare their high carbon ferro chrome purchasing prices for June, which has kept the market stagnant.

Volumes from Albania and Turkey have come to a complete halt with almost no activity in the last month. Prices of South African concentrates have dropped very much due to which some shipments are taking place but the sales are very limited. Indian ferro alloy producers also faced a tight situation since the global prices of high carbon ferro chrome went down from \$1.10/lb to \$0.60/lb in a span of two months. Due to all these effects, the plants in India had to extensively cut down production, as there were very limited buying inquiries.

We now expect the market to stabilize and demand to start picking up from the end of this month. The next quarter is expected to return back to normal trade and thereby export volumes shall again pick up.



Container de-stuffing at China

Steel & Metals

Steel markets in India have remained under pressure due to low demand on account of slow infrastructure growth as well as limited export orders. Prices of most flat steel products like HRC, CRC, and GP coils fell by USD 20-30 during the quarter. Structural steel prices went up in some regions of the country, however in most other places they remained stable. The demand for HMS scrap was also low and therefore import prices fell from \$290-295/MT CIF levels to \$270-275/MT CIF levels. With the new Goods & Service Tax (GST) policy coming into effect from 1st July, traders and stockists are limiting their inventories as there is a large uncertainty on the future prices.

Raw material prices like iron ore and coal saw a decline in this quarter causing major Chinese steelmakers like Baosteel and Wuhan to slash flat steel prices. Market sentiments turned weak and dull towards the end of this month amid the Dragon Boat Festival in China. Exports were very limited which caused the shipment volumes to be down by 15% this quarter and by 25% this year as compared to last year. Prices of rebar and wire rods also plunged by \$10-15/MT while steel billet offers were stable but with very little buying interests. Now Chinese mills are focusing more on domestic market, as there is a good sales realization in comparison to export markets. Export offers from CIS region remained unaltered for the quarter despite low buying interest from other countries amid falling Chinese exports offers.

As far as the stainless steel sector is concerned, India overtook Japan as the second-largest producer in the world after China. The national steel policy released by the ministry of steel in India will now give a boost for producers and could potentially increase the exports of stainless steel from India to the global markets, especially Europe and USA. India has been able to establish its capability of producing high quality material from their latest state-of-the-art mills by meeting stringent quality parameters.

Coal and Energy

Coal markets have been stable because the demand and supply are limited. Indonesian coal prices rose by \$2-3/MT in the first few weeks of this quarter and then fell back to the same levels. Similarly, South African coal prices earlier fell by \$4-5/MT and have gained back again to the same levels now. Low CV Indonesian coal remained firm as Chinese buyers continued to seek cargoes for June shipments while heavy rains in Indonesia along with the Ramadan month limited the flow of supply into the market. Demand for mid-CV and high-CV grades have been subdued.



Coal stack at Kandla port

In India, the demand for Low-CV Indonesian coal picked up slightly as the availability was very limited and many Indonesian traders considered selling coal to China market first. Indian power plants have also reduced their dependency on imported coal as they are getting good quantities in the domestic market from Coal India Limited (CIL). Moreover, the news of GST (Goods and Services Tax) implementation has affected buying interests from India as traders have opted against holding large quantities of coal till the new tax policy comes into effect.

Our stocks of South African RB2 grade at Kandla Port coal have been gradually selling out and we are now focusing towards our next purchase consignment for stock-and-sale purpose.

Sara Textiles Limited

The textile industry is still going through some hick-ups and trying to normalize as yarn prices and the USD-INR rate seem to have stabilized. The US market is regaining its strength and demanding for higher weight and better quality products, which hopefully indicates a brighter future.

Sara is preparing for another 'Market Week' show to be held during the month of September 2017. Some new techniques and weaves would be displayed that have been developed inhouse as fruits of the company's efforts on innovation.

A review of the 'Why & how to communicate expectation' training was conducted on 12th April 2017. Effectively setting employee expectations is a critical part of successfully leading and managing a team. The participating employees appreciated and implemented the strategies shared by their coach.



Company policy training to workers - by Satya Narayan Singh

Absenteeism management training was conducted by team HR on 11th May 2017. Counseling and training employees is a core requirement for any well functioning organization. By adopting some new HR strategies, the team effectively continued its initiative to control absenteeism of the workers.



On the job training - by Satya Narayan Singh



Firefighting training - by Captain Dhanvir Singh

Magnum Resources Pvt. Ltd.

Team Magnum visited Tectextil and Texprocess exhibition in Frankfurt, Germany from 09th to 12th May, 2017. These are two of the biggest exhibitions held once in two years for technical textiles, home textiles and the apparel industry. Both the exhibitions received immense gathering from the customers around the world, including India.



Miller Weldmaster products on display at Tectextil 2017

Principals like Miller Weldmaster, FEPA and FIAB participated in the Tectextil show. Miller Weldmaster showcased the Autobond, TRIAD, T600, T300 and Indexer machines at the show. The exhibition also witnessed the launch of Miller Weldmaster T2 Extreme and Dropstitch machines to serve banners and inflatable industries respectively.



FEPA stall at Tectextil 2017

FEPA showcased their J239 and J25 machine models along with complete range of grommets. FIAB displayed their complete keder line using HF technology. FIAB machine model 900 and HPS were also displayed at show, which gathered attention from leading tensile manufacturer.

Texprocess was targeted for the apparel industry and witnessed a good response from Indian customers. Principals like Brother, Pegasus, SIP Italy, Martin, H&H participated in the show along with Rotandi – a world leader in finishing machines. SIP Italy introduced its one of a kind two head pocket setter for the denim industry.



Texprocess 2017

In nutshell, Magnum received very good response from Indian customers and foresees good potential for future business.

However, business has remained tepid because of the continuing after effects of demonization and a general slow down in the textiles exports. With the GST coming in, most customers preferred to delay orders till the GST implementation was complete. Another area for concern has been the TUFs scheme which is applicable to a large part of our customer base. The delay in release of the subsidy is causing distress to manufacturers that in turn is impacting new investment.

MRPL has kicked off its first human resource's project with a consultancy from Mumbai that is helping the company develop a more effective organizational structure, best in class HR practices and to move towards greater automation. We will keep our stakeholders abreast on the developments from this project.

Knowing Us

Mr. Krishan Kumar Choudhary - Unit Head



A brief on your role at Sara

Being a Unit Head I am accountable for the overall performance of the plant. My key role is to look after to complete plant operations and contribute towards expanding our manufacturing and exporting capacities.

How do you see your future at Sara

I am glad to be associated with Sara and see tremendous growth opportunities in the organization. Would like to serve the organization till my retirement. I am getting full cooperation from the team and am very confident to be able to achieve the desired targets.

Your goals while in your current role at Sara

My aim is to grow Sara Textiles by introducing new technology and consequently to reduce the manufacturing cost and surpassing the production target 400 MTs per month with international quality standards. To increase the utilization of all resources is my priority.

Your perfect Get-away

I am great nature enthusiast, so as and when I get opportunity to have holidays, I prefer to visit hill stations and be close to the nature.

Your idol in life and why

My idol in life is Sh. Narendra Modi, Prime Minister of India. As a great visionary he started 'Swachh Bharat Abhiyan' to clean India and is leading the country ahead to the reach international levels.

Your perspective of the most critical element for corporate success

I believe that the most critical element for corporate success is 'Team Work'. If the team is hard working; members understand their responsibilities; are dedicated to their work; committed; and keep a positive attitude then nothing can stop the group to achieving corporate success.

New Joinees

Sara Textiles Ltd.

Nitin Jain - *Manager Commercial - Noida*
 Deepti Sharma - *Manager HR - Noida*
 Shyamendra Raghuvanshi - *Merchandiser - Noida*
 Vishal Sharma - *Sr. Manager Marketing - Noida*
 Nikhil Sahai - *Assistant Manager BD - Noida*
 Chittaranjan Pattanaik - *Merchandiser - Noida*
 Gaurav Singh - *Marketing Designer - Noida*
 Het Ram - *Security Inspector Admin - Nalagarh*
 Shashi Bhushan Singh - *Shift Executive HR - Nalagarh*
 Mukesh Kumar - *Executive HR - Nalagarh*
 Gurbachan - *Security Inspector Admin - Nalagarh*
 Lal Prakash Tiwari - *Dyeing Incharge - Nalagarh*
 Azad - *Designer - Nalagarh*
 Balbir Kumar Singh - *Shift Incharge Weaving - Nalagarh*
 Bahadur Singh - *Officer HR - Nalagarh*
 Gurjit Singh - *Security Inspector Admin - Nalagarh*
 Anil Kumar - *AM Dyeing - Nalagarh*
 Jagbir Malik - *Manager Dyeing - Nalagarh*

Magnum Resources Pvt. Ltd.

Sunny Gill - *Territory Manager Sales - Noida*
 Devyani Pharswan - *Manager Logistics - Noida*
 Swati Pandey Nainwal - *Administrative Executive - Mumbai*
 Trishran Vishwas Bhalerao - *Service Engineer - Mumbai*
 Anil Kumar - *Sales Executive - Ludhiana*
 Kanika Dhawan - *Executive Operations & EA to CEO - Noida*

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