



happy diwali!

From the MD

Dear members of the Sara family,

As I mentioned in the previous issue of Sara Connect, the volatility in the world markets is not subsiding. In fact, the up's and down's of the currency market and the unstable economic scenario are getting more difficult to project. Even short term planning is challenging!!! As a result, it is time to aim long term, but plan only short term. This means setting monthly targets of trade, production, profits and costs and work on ensuring these are achieved.

The rising prices of petroleum products, imported machines and spares and the general inflationary trend in the market are clear indications that we should keep our pulse on costs. In the next few months lowering of costs alone can add to our margins, not matter how narrow they are.

As I write this message for you the Government is embarking on giving fillip to the infrastructure & ultra mega projects. The new Governor of RBI is going to try his magic to bring down the speedy depreciation of Indian Rupee. I really hope it works!!!

As we are now coming into the quarter where Indian festivals and gods play a great role, I pray they shower their blessings on our economy that in turn will help all of us.

I look forward to meeting all of you together at our annual function in October 2013.

With warm regards,

D. P. Singh



Iron ore shipment in vessel MV Crown Princess

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

And the Rupee tumbles down...

A flicker of hope for the iron ore trade

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Sara International Limited

Ores and Minerals

Iron ore

The consistent efforts of the team to rejuvenate iron ore exports have started to show some results. By the time this edition is published, we would have executed our first shipment of the financial year. Sourcing and accumulating iron ore is gaining momentum. We expect this momentum to continue at Haldia. With this new confidence, we shall soon start accumulating iron ore at Vizag too.

The ban on mining of iron ore in the major producing states and restrictions to move iron ore out of Odisha has changed the scenario of iron ore sourcing. While earlier we were able to source full shipment loads from one or two mines, we now have to accumulate cargo in small lots from various alternative sources. This poses greater challenges in terms of quality management but we have shown in the past, that we have the required capabilities in this. However, due to the diverse sourcing base, initial momentum has been slow. However, the sourcing is now gathering pace as we endeavor to export at-least one cargo every month from Haldia, by the end of this year.



Iron ore stock ready for shipment

On the macro level, iron ore has been the third largest revenue earner for India. But barriers, such

as, 30 per cent export tax, highly discriminatory railway freight and a large-scale ban on mining has dried up iron ore exports, denying the country a major source of foreign exchange earnings. Export of iron ore from India has declined from 67.4 million tonnes in 2011-12, to 18.3 million tonnes in 2012-13, further shrinking to 3.03 million tonnes during the first quarter Apr-June 2013.



Iron ore export shipment under process

With the depreciating exchange rate and Indian government needing Forex reserves, the anti-iron ore export mindset seems to be calming. This has resulted in the commerce ministry pushing for a duty reduction. However, at the same time, the weaker rupee has made the export competitiveness stronger and this has given a lift to exports in the past three months.

The Chinese economy, while having slowed down slightly, shows no sign of reducing reliance on steel and thus iron ore imports. China imported 73.14 million tonnes of iron ore in July 2013, totaling to 457.2 million tonnes for the first seven months of this year, which is 8% more compared to the same period during the last year. On the pricing front, while the market has been bearish the past few weeks, low inventories in China are providing a solid floor.

Chrome ore

During this quarter, we shipped over 25,000 MT's of chrome ore lumps from Europe to our regular customers in China. The markets were slowing down in the beginning of the quarter, however, coming to the end of the quarter; there has been improvement in the prices and demand.



With continuous efforts, our marketing team in China has introduced new customers to this business. Above all, we won a tender for shipment of 1,000 MT Indian chrome concentrate from MMTC, India. This has opened a new opportunity for us in the chrome trading business from India and we look forward to increasing volumes in this segment as well.



Chrome ore loading in progress

Steel & Metals

Imports of steel products have been on a halt during this quarter due to disparity in the market prices. International prices have been on the higher side and the depreciation of Indian Rupee (INR) has made imports more expensive. Due to increased cost of imported raw materials, Indian steel producers raised prices by 4-5% in the first week of September and are targeting to raise prices again next month. Nonetheless, it has comparatively been a good period for exports because of the competitive pricing on account of devaluation of INR. Going forth, we have secured our next order for the shipment of high carbon steel hex bars to South America which we plan to ship out by November 2013.

Coal and Energy

This quarter witnessed an unprecedented situation after the depreciation of Indian Rupee (INR). Imports of coal became exceedingly expensive in Rupee terms and it was difficult to cater to the domestic markets at the ongoing prices.



MV Klara Selmer vessel at Kandla port

In fact, prices of South African coal also fell by a drastic 10% in a span of two weeks, hence making the markets highly volatile to trade. Overall, global coal prices have been down on slack demand from the market. China is facing surplus domestic coal supply. Along with this, high coal stock at ports is pulling down prices, whereas, Indian buyers are waiting to place orders on hopes of the local currency recovering. End users are buying on a hand-to-mouth basis and do not prefer long term contracts for the moment.

Nonetheless, we brought our second capesize vessel MV Klara Selmer at Kandla Port during the month of July 2013 carrying RB1 coal from South Africa. We are now planning our next coal import consignment for arrival in Oct/Nov 2013.



Coal transshipment while delivering to our customers in North India



Agri Products

Due to the depreciation of Indian Rupee (INR), the imports of sugar became totally unviable in this quarter, however, now we are looking forward to trading in domestic sugar. During the last two quarters, we have built a strong network of customers in North India. We now plan to cater to their requirements from domestic sugar mills. Our value addition comes in the form of financing the trade and managing the logistics chain. Our agri team is focusing on exports of soya bean meal, rapeseed meal and sugar. With the soya bean season approaching, we look forward to exporting reasonable quantities to Pakistan from the Wagha border.



Sugar storage at our godown

Engineered Products

As mentioned in the last edition pertaining to our tie-up with the world's largest container manufacturing company in China for the supply of tank containers, we are anxiously awaiting the price bid opening of the tender for tank containers where we had participated. We have qualified in the technical evaluation by the tender committee and are very hopeful of being L1 for this tender. The dollar fluctuation has hit us very badly and the orders which were confirmed for import of rail containers from China have been put on hold due to the Rupee devaluation. We were very close to bagging a big order for rail containers from a private rail operator but unfortunately the dollar crisis began and all the discussions have been postponed until the rupee stabilizes.

We hope for some positive changes in the economic scenario by next quarter. Also, the project companies have not been getting clearances from the government. All major rail projects have been put on hold which again narrows down the scope for business development of speciality containers for the project companies. We are still very hopeful and look forward for a better business environment in coming quarters.

Sara Textiles Limited



Weaving loom at the factory in Nalagarh, Himachal Pradesh.

Sara Textiles Ltd. has made a considerable improvement in synchronization of various operational activities and is now focusing on long term profitability of the organization. The team is very enthusiastic with the on boarding of the new operational team at the plant, headed by Mr. D.K. Singh who has joined us as Vice President-Operations. He is assisted by a young and dynamic team consisting of Mr. R.P Singh Khokhar as Asst. Vice President-Operations and Mr. Rajeev Mishra as PPC manager who have jointly taken over the responsibilities and are now targeting to achieve new heights.

STL is exhibiting again in market week in USA in the month of Sept'13 where we aim to display towels made of new fibers and new techniques making our presence stronger in that part of the world.



With the positive growth in the US economy, we look forward to having increased business from this market, to facilitate our productivity and profitability.

STL is now gearing up for a mega expansion in similar product lines. The work on the feasibility and commercial aspects of the new project has been completed. The team is now working hard towards execution of the plan and to shape up the new project as per the management's objectives.

On the auspicious occasion of Vishwakarma Puja on 17 September, staff members organized puja within the factory premises and prayed for better future, safe working conditions and above all success in their respective fields.



Vishwakarma puja at the plant, Nalagarh

Magnum Resources Pvt. Ltd.

MRPL organized "Selection Show" in Ludhiana during the last quarter displaying latest advance technologies from Brother & Pegasus stitching machines. Also on display were the software solutions for the garment industry from Brother & Pegasus. The show was a great success & people from across the industry in Ludhiana visited the

show appreciating the latest technology advancements for increased productivity & efficiency in the garment industry. Brother's latest "Direct Drive Dry Head Machine -S7000DD" was also launched in Ludhiana during the show.



Selection Show 2013, Ludhiana

Magnum will be participating in "Tech Textil Show" along with Miller Weldmaster, USA, which will be held in Mumbai from 2nd Oct to 5th Oct. This is going to be the first exhibition for Magnum in Tech Textil.

Magnum finalized an order of USD 1 Million with a garment exporter based in New Delhi for Brother and Pegasus machines. This is the biggest order in this financial year.



Visitors exploring the displayed machines



Knowing Us

Sanjay Patwal Sr. Manager - Operations



A brief on your role at Sara

My role is to handle all operations of the international trading of chrome ore & concentrate, iron ore and iron ore fines, coal and other commodities at Sara International Limited. Besides this, I deal with clients regarding contractual obligations and establishment of letter of credits; with shipping lines for logistics and other day-to-day issues; with banks for payment and documents negotiation under LC's; and various inspections agencies at the load and discharge ports.

How do you see your future at Sara

I really see a great future at Sara Group, having got full support and confidence from the management as well as the entire team. Its because of the team's co-operation and support, I am able to deal with challenging things with ease. My professional experience is enhanced each day and I feel that I can contribute more to achieve the management objectives along with my personal growth.

Your goals while in your current role at Sara

My goal is to deliver the best operational practice while executing the shipments orders and exploring new ideas and thoughts to produce the optimized results for the company. Presently, I am focusing on to reducing the working capital cycle of the trading business in order to generate more business volume in the allotted budget of the trading division.

Your perfect Get-away

My perfect get-away is North India, especially, "Uttaranchal", which is my native place. I love nature and like to spend holidays there. Whenever I find time, I visit various places in Uttaranchal that really helps me to refresh and rejuvenate myself. Uttaranchal is full of natural beauty with various spiritual destinations like Rishikesh, Kedarnath, Badrinath, Haridwar etc.

Your idol in life and why

Not any one special. I admire everyone from whom I have learnt new things and added value to myself either in professional or social area. As an individual, I love to interact with people who have good moral values and principles.

Your perspective of the most critical element for corporate success

Effective planning is the most critical element for corporate success. In my view, effective planning implies deciding in advance what is to be done i.e. defining & setting goals, when, where, how & by whom it is to be done. It bridges the gap from where we are to where we want to be. Effective planning followed by execution of the plan and finally follow-up are essential requirements for corporate success.

New Joinees

Sara International Ltd.

Tushar Kant
Manager – Agri Products

Mithilesh Kumar Jha
Incharge – Port Operations (Kandla)

Praveen Kumar Kumavat
Field Executive – Port Operations (Kandla)

Ranjeet Upadhyay
General Administration

Sara Textiles Ltd.

Neha Dixit
Junior Merchandiser

Ratan Lal Sharma
QA Supervisor

D.K Singh
Vice President – Operations (Nalagarh)

R P Singh Khokhar
Assistant Vice President – Operations (Nalagarh)

Magnum Resources Pvt. Ltd.

Rakesh Singh Raizada
Branch Manager – Ludhiana

Faizan Farooqui
Service Engineer – Mumbai

Navin Sharma
Senior Sales Executive – Mumbai

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