

From the MD

Dear Members of the Sara family,

We are closing in on another financial year in our corporate life approaching twenty years. This year has been a year of persistent struggle, facing not only volatility but also months of depression. I have been communicating with you every quarter that how we have been facing various challenges that were not of our making. The sluggish growth in Europe and US, fall in commodity prices and slowing growth in China and India were responsible for the challenging business environment that we met.

At the end of each preceding quarter, I felt that it would be the last tough one, but then it just carried on! The indicator coming from Economic Gurus, Reserve Bank of India and Financial Pandits do not, as yet, talk about the return of spectacular growth. So let us learn to live with this new economic scenario for some more time.

Fortunately for us STL and MRPL have done very well and looking at tremendous growth and expansion in the coming year. We are already talking about increasing our capacity in these areas of business. For SIL what I can certainly say is that the worst is over and we can only grow from here. It may be slow and hard but we are moving in the right direction.

Let me share with you William Wordsworth's words:

“Grow old with me, the best is yet to be”

With best wishes,

D. P. Singh



Sara Textiles Ltd. at Heimtextil 2014, Frankfurt

It is better to have
enough ideas for some of
them to be wrong, than to
be always right by having
no ideas at all.

- Edward de Bono

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Iron ore

Market prices started falling in China after the Chinese New Year. This is primarily owing to high stock levels at the major Chinese ports that touched 102 million tons. Such upsurge in iron ore stocks will keep buyers out of the spot market for the moment. Coupled with a weak manufacturing sector and tempered steel demand, iron ore import demand remained extremely subdued.

Steel prices have declined by 8% in China this year due to low demand, which has resulted in a major impact on the prices of iron ore. Poor performance of the construction sector is magnifying the negative impact on steel consumption in China.

Due to this, Indian exporters & traders are reluctant to sell cargos at current price levels. In fact, liquidity pressures and distress have driven the only deals that have taken place in the second half of the quarter. Iron ore exports from India are expected to drop in the current fiscal from around 18 million tons in 2012-13 to around 14 million tons in 2013-14, registering a drop of over 20 percent.



Iron ore cargo at our plot at Haldia

After the shipment of MV Crown Princess from Haldia, we explored new sources for procurement of iron ore from Jharkhand, West Bengal and Madhya Pradesh.

During this quarter, we have moved stocks from some niche new sources to Haldia Port for our exports. However, due to the extreme volatility in the market, we have been unable to add substantial volumes vis-à-vis our plans this quarter. The current export realization is way below cost of cargo and its simply not economical to export cargo, unless one is a miner.

We utilized this time to strengthen our team and have conducted an off-site followed by an in-house workshop on team building and goal setting.

Our plans to get our statutory compliances ready to commence operations from new ports are on stream. We expect these to be completed by the end of April 2014. Provided we have support from the export market, we should be looking at starting cargo movement to new ports in May 2014.

Chrome ore

This quarter has seen an increase in the supply of chrome ore from Turkey & Iran to China. Other countries like South Africa, Pakistan, and Oman have also shipped substantial quantities to China. This has put a ceiling on the price rise for chrome ore and is likely to remain a longer-term scenario.



Chrome ore stock ready for container stuffing

Towards the end of the quarter, a build up of stocks at the Chinese ports led to a situation of oversupply, causing a drop in the market prices by about USD 10/MT in a period of a few weeks. In fact in the mid of March'14, all major stainless steel mills in China cut their March purchase prices for ferro chrome, resulting in a weak sentiment in the market.

On one hand, one set of industry observers said they do not see domestic spot prices falling further on support from international chrome ore prices and production costs of ferrochrome smelters. However, conversely, other experts believe that prices were unlikely to rise in the near term as demand and prices in the stainless steel industry still remain weak.

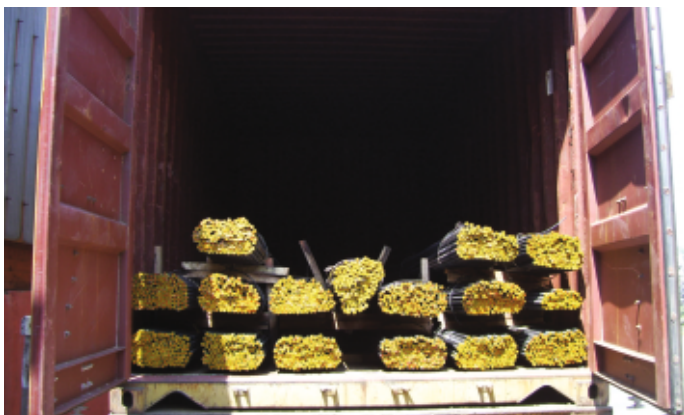
In spite of the slowdown, we have been able to ship more than 32,000 metric tons to China during this quarter, covering all grades from 46/44 to 38/36. Further, we have again won a government tender for shipment of high grade 58/56 ultra low silica chrome concentrate from India to China.

Our volumes are expected to increase from April'14 to over 15,000 MTs per month as more of our supply base is mobilized.

Steel & Metals

Steel prices have remained firm in India throughout the quarter with production likely to touch 80 million tons for the current fiscal year from April 2013 to March 2014. This will register an increase of 3% over the last fiscal year.

Steel demand in India is expected to increase after the national elections in April/May 2014. At the moment, the real state sector is facing a tough time owing to a serious liquidity crunch in the country which has led to a slowdown in the construction activities, thus, leading to downfall in the demand of construction steel. Nonetheless, it is projected that the steel per capita consumption will be a major growth driver and India will need to add substantial steel capacity in the coming years.



Steel hex bars ready for shipment

This slowdown in the infrastructure sector has kept the prices under pressure. However, India seems to have the potential to become a net exporter of steel year after year. In fact India has emerged as a net exporter of steel in the first nine months of the current financial year, owing to subdued domestic demand. If the trend continues throughout the January-March 2014 period, the country may end up being a net exporter of steel for the whole of 2013-14, which will be after a gap of five years. During the period from April 2013 to December 2013, exports of steel increased to 4.13 million tons and imports of steel fell to 4.09 MT.

Last month we have been able to secure one more order for shipment of high tensile steel bars from India to Mexico. Half the quantity is being shipped in March 2014 and the balance quantity is planned for shipment in April 2014. We are also working out the possibilities of importing hot rolled steel plates from China for supplying to a power project in India.

Coal and Energy

During last quarter, the pollution control board in Gujarat banned the use of coal in the ceramic industries situated around the Morbi region of Gujarat. This has brought about a sudden drop in demand of Indonesian thermal coal at Kandla Port, also resulting in a rapid price fall of almost Rs. 300 per metric ton loaded onto trucks for GCV (ARB) 3600 Kcal/Kg coal. In order to curb the low demand and compete in the falling market, importers have started to bring in lower grade GCV (ARB) 3400 Kcal/Kg at cheaper prices.



South African coal at Kandla port

The demand for South African coal at Kandla Port has been good during this quarter due to limited supplies. The operations at RBCT have been badly hit due to the power failure during the first week of February causing a vessel waiting period of more than 20 days.

Talking about other ports in India, coal imports jumped over 20 percent year-on-year in February 2014 to touch 11.60 million tons as prices dipped and the rupee strengthened. In fact India has become somewhat dependent on the imported coal during the last few years because local production has failed to grow in line with the country's demand, making India the world's third largest importer of coal, even as it sits on the world's fifth largest coal reserves.

This year the coal imports into India are likely to cross 150 million tons, an increase of over 15% compared to the last year.

Due to limited supply of Columbian coal, the demand for South African has been picking up in the European region. Due to this, the spot prices have been very uncertain, ranging from as high as USD 84/MT FOB levels, to low as low as USD 75/MT FOB levels, a fluctuation of more than 10% in one quarter.



Indonesian coal at Kandla port

Our sales in the last quarter remain stable and our focus has been on bringing down our stock levels of South African coal. We are looking forward to bringing our next cargo from RBCT to Kandla Port during April 2014.

Sara Textiles Limited

The year 2014 started with a great show in Frankfurt, Germany where STL participated in one of the world's biggest Textile fairs - Heimtex.'14. STL's display was based on new concepts in designing, display and raw material usage.

New products displayed were Zero / Bamboo, Zero / Modal, Supima, bathrobes, new designs of polyester border towels and more. We were able to induct some new customers from untapped markets that would be considered as a remarkable achievement. On the whole, the show was successful for STL as we were also able to generate good business with our existing customers to keep our production unit running in full capacity for the next 3 months.

STL displayed a new product line: Jersey fitted sheet sets and quilts. Response for the product line was brilliant and order bookings for this product as on today covers the complete next quarter.

New initiatives taken

In our efforts to build a congenial work environment and to further strengthen our industrial relationships with the workers and staff, a Lohri function was celebrated on 13th January '14 at the factory. There was great participation by the entire team. Such celebrations and social gatherings aim to build a sense of belonging and unity within the team.



Lohri celebration at the plant, Nalagarh

With our increasing focus on learning and development, we continued our investment in management development programs. Various sessions such as Stress Management & Life Challenges; Problem Solving and Decision Making, Team Building, Achieving targets, Positive Attitude were conducted by our external trainer & coach. These sessions were attended by all the department heads.



MDP session at factory

Magnum Resources Pvt. Ltd.

MRPL with a promising market situation has registered a better performance in this quarter as compared to the same period last year. With its increasing base of satisfied customers, MRPL has taken couple of high value orders from the new markets of Ahmedabad and is looking forward to expanding the Gujarat market.

In the recently held international level Garment Technology Exhibition 2014 in Delhi, MRPL had displayed a wide range of machines with the latest technology in the fields of Garments, Home and Technical Textiles. Special focus was given on the latest model of Brother 7000DD single needle lock stitch direct drive machine with under bed trimmer working on minimum lubrication & semi dry head technology.

The prospective customers gave an overwhelming response on the complete range of machines that were displayed in the exhibition.



Mr. Randeep Sahani (G.M – Brother) & Mr. Akshay Sharma (CEO – MRPL) with latest model Brother 7000DD at GTE-14, New Delhi

MRPL also displayed the latest machines of the Pegasus from Japan and manufactured in China; these machines are of a very high speed and have all the labour saving devices. Loiva also displayed their latest range of machines.

MRPL also participated in “Knit Vision 2014” in Ludhiana, Punjab. The show mainly targeted the Knits customers in Ludhiana. With our latest range of high productive machines for Knits production, the show drew a great response with many customers showing interest to add the latest technology to their existing production capacity.



MRPL team at Knits Vision 2014, Ludhiana

Knowing Us

D.K Singh, VP - Operations (Sara Textiles Ltd)



A brief on your role at Sara

Being core member of Sara Textiles, I am accountable for the overall performance of the plant. My role is to look after complete plant operations and contribute towards expanding our manufacturing and exporting capacities.

How do you see your future at Sara

Great! With our consistent efforts in last eight months, we have increased our manufacturing and exporting capacities by 10-15%. We are looking forward to increase our dispatches above 350 tones/per month.

I am committed to putting the best of my efforts and deliver consistent results by exploring new avenues and widening the horizon.

Your goals while in your current role at Sara

As VP Operations, my objective is to see Sara Textiles grow in its manufacturing and export capacities. My focus is to increase the export capacity to above 400 tons/ per month.

Your perfect Get-away

I am a great lover of nature particularly mountain views anywhere in the country or even abroad. As and when I get an opportunity to have a holiday, I prefer to visit hillsides because of the natural beauty.

Your idol in life and why

My idol is J.R.D. TATA whose consistent life time efforts made Tata a brand recognized globally.

Your perspective of the most critical element for corporate success

In my opinion, corporate success depends upon a healthy and progressive way of thinking of its employees.

New Joinees

Sara International Ltd.

Zhu Zikui
Head – Quality & Logistics, China (Ores & Minerals)

Liang Xuqiang
Manager – Quality & Logistics, China (Ores & Minerals)

Linda Yuan
Manager – Quality & Logistics, China (Ores & Minerals)

Ramesh Upadhyay
EA to Director (Noida)

Sara Textiles Ltd.

Upasana Kesarwani
Executive – Human Resources

Vijender Bhardwaj
Manager – Engineering (Nalagarh)

Manoj Pandey
Deputy Manager – Dyeing (Nalagarh)

SukhRaj Sohobi
Deputy Manager – Dyeing (Nalagarh)

Harish Sharma
Assistant Manager – Human Resource (Nalagarh)

Jyoti Devi
Labour & Welfare Officer (Nalagarh)

Magnum Resources Pvt Ltd.

Satya Ranjan Mishra
Sales Engineer (Noida)

Ravi Shankar
Service Engineer (Noida)

Ravi Kant Yadav
Service Engineer (Noida)

Harshwardhan Singh Rotala
Service Engineer (Ludhiana)

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