

From the MD

Dear Members of the Sara family,

With a stable government formed in Delhi, all pointers indicate to better economic growth. Suddenly the confidence of the business community is back and all of us are looking forward to an efficient and honest government with a pragmatic outlook towards trade and industry.

SIL is certainly coming out of its lowest ebb and I see some light at the end of the tunnel. All this is because of stability in the currency and better trade indicators.

STL has been performing very well but they will have to brace up to...the strengthening of Indian Rupee is a sure threat with as much as 90% of the business coming from exports. STL will also be investing in enhancing their capacity and installing new machines that will add value to their products. This is likely to lead to higher profitability. Good luck to them!!!

MRPL continues to grow steadily. With the American economy growing, there is expectation that large orders would start coming in to the textile industry adding to the business of MRPL. We are also looking forward to the increase in the textile machinery business as apparel alone is not a wide enough spectrum to operate on.

I can say with confidence that pessimism is certainly giving way to optimism and confidence.

Let us hope for better results in the months to come!

With best wishes,

D. P. Singh



Coal vessel - MV Rio Manaus at Kandla

The great question is not whether you have failed...but whether you are content with failure.

- Chinese proverb

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Sara International Limited

Ores and Minerals

Iron ore

Indian iron ore exporters continue to hold on to their cargos since prices are awfully low. In fact the prices have dropped by over USD 15 PMT in the last one-month and the INR has appreciated against the USD, making exports unviable. Price of Fe 62% fines dropped from USD 113 PMT CNF China to USD 98 PMT CNF China from the end April to June. Until and unless the prices pick up, we will see the current standoff continue.

There is also a growing belief that with more than 100 million tons of iron ore accumulated at Chinese ports; consumers would prefer to buy from the stocks than import new cargos. This situation gets magnified if kept in light of the liquidity crunch most steel mills are facing.

In fact, this quarter saw nil exports of iron ore from some major ports like Haldia and this is an unprecedented figure since iron ore exports started from East India.



Iron ore stock at Haldia plot

Domestically, the situation is reversed with supply strangely constrained in spite of the lack of exports. The Justice Shah Commission report has led to the complete stoppage on extraction of iron ore at many mines in Odisha, leading to this shortage. This is a major reason for increased prices in procurement of iron ore.

Our current stock position remains static at Haldia and procurement remains slow, largely due to the pricing challenges we face both at home and abroad. The only option is to remain patient and jump on the next opportunity, even as we bear increasing handling costs with each passing day.

Chrome ore

The strike in South Africa badly hit the supply of chrome ore to China, resulting in a hard time for the Chinese ferrochrome producers. In fact, South African material accounts for nearly 60-70% of China's total demand, thus the strike has a direct impact on pricing, severely impacting the profitability of the units. Smaller units in China are temporarily shutting down production, whereas bigger units are struggling to keep their production moving, in order to maintain their market share and continue supplies to the stainless steel mills.

Lump supply prices are still firm, whereas prices in China continue to weaken in light of the weak stainless market. This gap in pricing is one of the main reasons as to why our quantity fell to 27,000 metric tons in this quarter. We hope for a leveling in the market, helping to improve volumes next quarter.

Carrying on from our past experience, we have executed another parcel of chrome concentrate from India to China. This high-grade material of above 58% Cr₂O₃ was shipped in big bags in containers from Paradip Port to our customer in China.

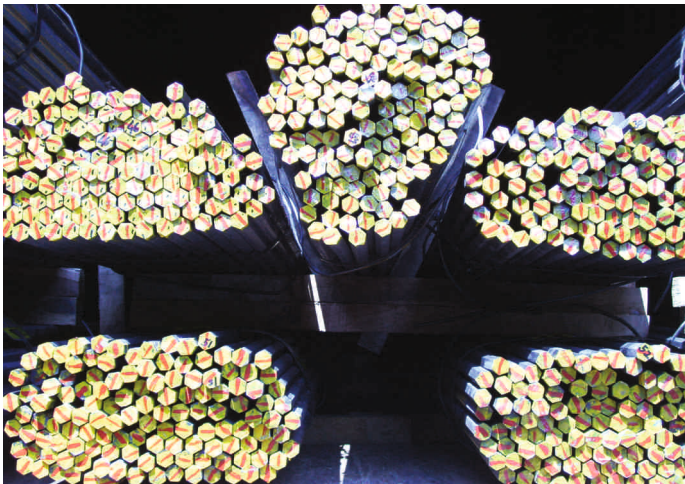


Chrome ore container stuffing

Steel & Metals

Steel markets in India have been slow during this quarter owing to the national elections that took place in April 2014. Most projects were halted for the last few months and hopes were dependant on a stable government in order to revive the economy. Although there has been an improving feasibility towards imports of steel products, however traders are not willing to book any large orders owing to a lackluster demand in the domestic market. The demand situation has been extremely unpredictable due to slowdown in private and public sector projects.

On the other front, domestic trading of steel products has still been viable because of the price stability and immediate availability of goods. During this quarter, we did domestic trading of wire rod coils which were procured from mills in West Bengal and supplied to end users in Punjab.



Hot rolled carbon steel hexagonal bars

Global prices of scrap have been high in this quarter and have not been of much interest for Indian importers. Smelters based in Punjab which is India's largest scrap importing state, believe that the demand for finished steel was still weak and hence the upside in demand for scrap in India was very limited. The approaching monsoon season has also resulted in a low demand for steel products.

In April, we shipped a consignment of hot rolled carbon steel hexagonal bars from India to South America. These high grade specialized steel bars are used for the tool industry. We are looking forward to more orders in the next quarter.

Coal and Energy

Indonesian coal prices have fallen by 5-6% due to limited buying from China. Indian importers have been buying significant quantities of Indonesian Coal owing to the fall in prices. Also, there has been increase in demand from power plants, as well as for stocking before the upcoming monsoon season. Power consumption in India is at peak level and the coal requirement has increased accordingly at power plants, whereas local producer, Coal India Ltd., again fell short of its target production in May 2014. In fact 80% of the total coal imports into India are for power plants, 15% are for cement industry, and 5% are for steel/other industries.

Many consumers are waiting for the new Indian government to develop a better policy for the power sector. Meanwhile, some experts feel that the monsoon will be below normal this year so it will impact the hydropower generation, hence projecting an increased demand from the thermal power plants.

Imports of South African coal have seen a sharp increase because of the falling RBCT prices. Most of the imports have been coming at the West Coast ports of Mundra and Kandla, followed by East Coast ports like Krishnapatnam. South Africa exported 5.58 million tons of coal in May 2014, out of which 65% was for South Asian countries (basically India & Pakistan), followed by 15% to Europe, 10% to Middle East, and 10% to Africa.

Our import consignment of South African coal arrived in a capesize vessel MV Rio Manaus at Kandla during the last week of June'14. This will be followed by another cape vessel during end of July 2014.



Unloading of coal at Kandla port

Sara Textiles Limited

The Himachal Pradesh State cabinet Minister for Industries & Labour, Hon. Mr. Mukesh Agnihotri visited STL, Nalagarh. The minister was accompanied by Mr. Lakhwinder Rana, Member of the Legislative Assembly of Nalagarh, Mr. Hardeep Singh Baba, Chairman – Labour Welfare Board of Himachal Pradesh, Mr. Rajinder Singh, Director - Industries, Mr. Ansul Dhiman - Deputy Director of Industries, Mr. Praveen Gupta - Environmental Engineer and other senior governmental officers of the local administration. The minister was very satisfied with the infrastructure at STL, appreciated the world-class technology of the plant and discussed with Mr. S. M. Dwivedi (CEO – STL) about the feasibility of setting up a new plant in Himachal Pradesh. The minister also promised to extend his support for the development of the plant and maintaining a peaceful environment.



Hon. Minister Mr. Mukesh Agnihotri along other dignitaries at STL plant, Nalagarh

Initiatives at the head office

Employees can be more productive when they are engaged in decision making and social activities, not only are they likely to “work smarter” as in looking for areas of improvement and implementing those necessary changes with little or no direction but they are also more likely to want to work alongside colleagues and management for the overall benefit of the company or business. We have started in-house training sessions at the head office being conducted by our own internal trainers. The objective is to enhance learning by sharing.

In STL we have inducted a CFO to further streamline the operational efficiency. The focus is to strengthen the system driven operations.



In house training session conducted by Mr. S.M Dwivedi

STL has been contributing towards a greener environment by utilizing treated ETP water for gardening since a long time which confirms the effectiveness of our installed ETP and lush green surroundings confirms A-grade quality of the treated water. We consume more than 70-75% of our ETP discharge in gardening.



ETP water used for gardening at STL plant

As a part of upgradation process, new energy efficient utility machines were ordered which are expected to arrive from August'14 onwards. Contract has been awarded for the construction of one more floor in the bathrobe division which should be concluded latest by 15th September'14.

Magnum Resources Pvt. Ltd.

MRPL has been appointed as an exclusive distributor of M/s Tecnosystem, an Italian manufacturer of machineries of blinds and of M/s Anker Tex of Germany that manufacturers industrial staplers and staples for the apparel industry.



Anker Tex industrial staplers

MRPL's home textile team visited the "Roof India Exhibition" for meeting customers manufacturing Tensile Architectural structures for high frequency welding machines. MRPL also finalized its first orders for a FIAB "High frequency welding machine" from M/s Pipavav Defence and Offshore Engineering Company Ltd.



Roof India Exhibition at New Delhi

MRPL has shown increase in the sales of M/s Cutex manufacturers' strip cutting machines. The last quarter saw a strong upswing in the order volumes for Cutex.

Blackberrys, one of India's most well recognized domestic apparel manufacturers has placed a repeat order of Amaya Embroidery machines.



Visitors from Anker-Text , Germany

Shivalik Prints Ltd., leading garment exporter manufacturing knitted garments has placed order for Pegasus chain stitch machines and Brother lockstitch machines of approximately half million US dollar.

The first quarter of the current financial year saw MRPL register a growth of 40% in sales as compared to same quarter during last year. The customer base for MRPL also saw a rapid expansion as the efforts were made to induct new customers & explore new industries. With focus on after sales services and continuous endeavour to include automation technology in our product offerings, MRPL look forward to a promising next quarter.

Knowing Us

Shanker Lal Goel, (GM - Finance & Accounts)



A brief on your role at Sara

My key role is to handle the strategic finance function of the group, to enhance operational efficiency in accounting, setup systems that operate transparently, timely presentation of financial information to various stakeholders and give strategic input to take the right decisions with regards to managing the cash flow of the group to enhance shareholders value.

How do you see your future at Sara

Being the finance head, my future is interlinked with the growth plan of the company. I see Sara Group having good diversification plans which will give challenging opportunities to exploit my skills and also provide a learning platform.

Your goals while in your current role at Sara

My current goal is to arrange various facilities from banks at competitive interest rates, enhance the revenue of the company with efficient cash flow management and to work on boosting the bottom line of the company. Also, spearhead new process implementations to bring efficiency and to upgrade the credit rating of the company.

Your perfect Get-away

My perfect get away place is Vrindavan (UP) where I feel bliss.

Your idol in life and why

Adi Shankara and Gautam Buddha are my idols. Both the enlightened personalities teach us who we are and give humanity a purpose of life.

Your perspective of the most critical element for corporate success

The two critical elements for corporate success are to take timely decisions after calculating the risk correctly and to be transparent with the people with whom you deal.

New Joinees

Sara International Ltd.

Shikhar Kansal
Manager – Operations (International Trade)

Aakanksha Kashyap – *Company Secretary*

Prince Mishra – *Maintenance Executive*

Aakash Arya
Deputy Manager – Accounts & Finance

Mohit Babu
Sr. Executive – Accounts & Finance

Sara Textiles Ltd.

Suraj Gupta
Sr. Executive – Accounts & Finance

Sachin Pahuja
Sr. Manager – Accounts & Finance

Sonali Singh – *Merchandiser*

Rohit Bansal – *Merchandiser*

Ravi Shanker – *Merchandiser*

Magnum Resources Pvt Ltd.

Udit Dixit
Manager – Sales (Home Textile)

Shyamnandan Pandharinath Sankhe
Technical Manager (Mumbai)

Shilpa Desai – *Office Coordinator (Mumbai)*

Naresh Dhaka
Sales Manager – Automation

Kalpesh Bhuvaneshwar Arekar
Service Technician (Mumbai)

Akhilesh Kumar Pathak
Executive – Import Documentation & Logistics

Vikrant Sharma
Service Manager (ISM Division)

Sara Group

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