

## In This Issue

From the MD  
Bullish on Minerals  
South African Coal  
Retail Sourcing  
ITMA Munich  
Gopalpur Port

## Quote for the Quarter

Let us not be content to wait  
and see what will happen,  
but give us the  
determination to make the  
right things happen.  
- Peter Marshall



Work going on at the Gopalpur Port site

## From the MD

It is always a pleasure to use 'Sara Connect' as a channel to communicate with our vast range of partners (customers, suppliers and distributors) on a quarterly basis. With a growing pace in the business world, communication becomes increasingly scarce, but ironically, that much more vital.

When we began Sara Connect last year, it was to bridge this communication gap. Our group covers a very wide range of business partners, and we continue to believe there is no better way to keep them informed of our growth and progress than to have our own newsletter.



The last quarter has been one of solid performance by our minerals and textiles team. We have benefitted from buoyant trading conditions for iron-ore, and at the other end of the spectrum have maintained our record breaking improvement in textiles manufacturing and operations.

New projects are in the pipeline in all our core areas, fruits of which we hope will begin to show within this financial year.

A corporate re-branding exercise is also under way. We have already re-designed our corporate group logo and newsletter, which you can notice commencing from this issue.

These are exciting times for Indian businesses, and also for Sara group, and we look forward to bringing you more positive feedback...when we connect next.

## Sara International Ltd

### Ore and Minerals

The Minerals division crossed yet another landmark when the exports figure for iron-ore in September alone crossed that magical six-digit number. However due to various limitations from all areas, the movement of iron-ore fines during this month has been slow, which could impact October shipments. A major contributor to this scarcity was the excessive rain in the state of Orissa and its surrounding mining region, which is our key sourcing area.



Moreover, lot of restrictions from local administration and mining offices have contributed to slow pace not only for Sara but for all other exporters as well. Nevertheless the scenario for next quarter looks promising and we are targeting a continuation of our marathon run by reaching the seven-digit mark of volumes by the end of last quarter.

Sara International Ltd. would soon be venturing into new sourcing territories having received the approval from Gopalpur Ports Ltd. for channeling its Iron Ore Shipments through Gopalpur Port during this coming season (Nov'07 to Feb'08). Test Study for the feasibility is already underway and is expected to be completed by Mid October 2007.

We expect to very soon sign an exclusivity contract Gopalpur Ports Ltd for Iron Ore Exports from their port.

A new project code named "Fire" was started last month and details shall be known shortly. Watch out for the next issue for details.

### Steel and Metals

The steel market scenario remained difficult this past quarter. With rising prices in China and India, coupled with a slowdown in the USA, Europe and the Middle East, deals were hard to come by. Reluctant buyers in our markets made trading slow.

China has seen steel prices rise by as much as 12 percent for certain products in August. The domestic infrastructure and construction boom, owing largely to the upcoming Olympics meant that most steel mills were not interested to earmark any quantities for exports. This meant a glut in availability for us and our buyers.

Buyers in our biggest market in the Middle East used their network in Ukraine and Russia to their advantage, and recommenced sourcing from there.

Our steel business has become more India centric in sourcing at the moment and we are at an advanced stage of negotiations with a large United States buyer for sourcing certain steel forgings for them from India. This would give us a new product, a new market and sustainable business for a specified period.



### Coal and Energy

The coal and energy team visited the Coaltrans Conference in South Africa (Johannesburg) during September. This was done with a view of establishing a South African based coal-sourcing structure for our clients in India. Discussions are on going with certain mining companies, with a view of becoming their longer term marketing partners.

Currently, focus is on developing a market for our thermal coal from Indonesia. For this, we are planning to ramp up our team size, both to increase our geographical reach in India as well as customer base.

## Retail Sourcing

We have recently partnered with one of the biggest retail chains in Europe for acting as their exclusive sourcing partners for the Indian sub-continent.

Effectively we shall function as their buying agency, the only difference would be that SIL would be the suppliers to the retail group, rather than the vendors in India. This would not only add to our top line, but would also give us good leverage in terms of working with the world best companies.

Currently, the recruitment spree is on for the same, and we have engaged ABC consultants as our HR consultants for the project.

## Sara Textiles Limited

This quarter also recorded a new milestone of the highest departmental production and dispatch. The highest ever weaving production of 196 metric ton, Piece Dyeing production of 223 metric tons and Finishing Production of 187 metric tons were recorded in August.

The factory expansion plans are going ahead as scheduled. The eight new looms have arrived and are under installation. As scheduled they shall be operational in end September. We are also adding Sublistatic Transfer Printing machines and shall be able to supply printed goods from the end of the next quarter.

We also visited ITMA Munich to look for new technology for our next phase of expansion. We continued to expand our business in North America, Latin America and Europe. The Factory Audit by JC Penny was completed successfully. Europe continues to dominate as our product destination. The Dispatch for the month of August was 184 tons with targets for September a few steps beyond that.



## Gopalpur Port

Work at Gopalpur Port is going on at full swing. The Port is getting ready for the next shipping season which starts 1st November 2007. Specific facilities which are being put into place are a 325 meter North Breakwater, maintenance of the approach Trestle, Dredging of the Lagoon and the approach channel, preparation of stackyard for receipt of Iron Ore and Coal, soling and topping of the roads, installation of ancillary facilities like weigh bridge, bagging plant, hoppers for feeding cargo into the barges.



The other major development is the arrival of barges. It is expected that a dedicated fleet of 5-6 barges will be available throughout the season for loading and unloading of cargo.

This season the Port expects to handle a cargo of 500,000 MT's, comprising mainly of Iron Ore (export), Coal (import) and Ilmenite (export). Compared to last season when the material handling facilities were rather primitive, this time it is proposed to install electro hydraulic grabs which will improve the loading rates.

## Ohio Learning Systems

Ohio Learning System (OLS) has firmly expanded in terms of projects and manpower in the last quarter. A new filip has been given to the organization by Mr. Nitin Julka, Vice President, Smart Solutions Inc. OLS is on path to grow aggressively in the near future aided with our dynamic and dedicated marketing team in the USA.

We have successfully launched IEP in Indiana, customizing it according to clients' processes and standards. A new application for tracking the inventory has been developed and delivered for ODJFS.

IT Help Desk activities have taken a shape of "Caravan of Growth" where strength in terms of additional clientele is being added as it moves ahead in time domain. We have added clients in all the areas of our support activities.

## New Members

Mr. R. P. Mishra

as Senior Manager - Project "Fire"

Mr. Rajiv Mazumdar

as Assistance Manager Operations - Head Office

Mr. Lalit Mohan

as Senior Executive - Export Operations

Mr. Anurag Sankhwar and Mr. Prasoon Shukla

as Textiles Merchandisers

Mr. Rajpal Rawat

Textiles commercial department

Mr. Pankaj Sabherwal

as Finishing manager

Mr. Himanshu Tyagi and Ms. Sumeet Midha

at the IT Help Desk

## Know Our Products

### Iron ore

Iron ores are rocks and minerals from which metallic iron can be economically extracted. About 98% of iron ore is used to make steel - one of the greatest inventions and most useful materials ever created. The ores are usually rich in iron oxides and vary in colour from dark grey to rusty red. Iron ore is found /available in the form of lumps. It is crushed to produce sized ore. During the crushing and formation of sized ore, fines are produced.

The principle types are:

**Hematite ore:** Containing ferric oxide  $Fe_2O_3$ , 70% is iron and the rest being Silica & Alumina etc (iron content ranges between 50-65/67% in rich ore and 30-35% in lean ores).



**Magnetite ore:** Containing ferro-ferric oxide  $Fe_3O_4$ , 72% is iron and the rest being Silica & Alumina etc. (iron content ranges between 50-65/67% in rich ore and 30-35% in lean ores)



**Taconite ore:** is a low-grade iron ore, containing up to 30% Magnetite and Hematite.



### Grades of Ore:

High Grade: +65% Fe

Medium Grade: +62 – 65% Fe

Low Grade: -62% Fe

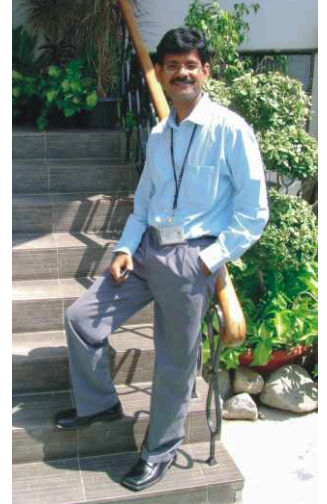
(Integrated steel plants use medium/high grade Iron ore whereas sponge iron plants require high grade iron ore, preferably with +67% Fe)

## Knowing Us

### Vivek Shukla

#### Briefly describe your job at Sara

It has been one of the most challenging and demanding jobs in my career as yet, but a great learning experience as well. Delving extensively into sourcing, purchasing, operations and logistics, selling and developing business...everything is included.



#### How do you see your future at Sara?

It would be very difficult to identify my future with Sara individually since I strongly believe that its inter related with all the other team members in general. Once the goals of the team members are synergized, we have a great team and hence a great future for Sara. Personally speaking, Sara has great potential to offer free hand in creating new avenues and roles for its team members.

#### What are your aims while in your current role?

To add value to existing and new businesses.

#### What would your perfect getaway involve

My perfect getaway would be out of this world with me and myself

#### Your idol in life...and why?

Its kind of a cocktail, created by mixing the best of everyone I've met till date.

#### According to you, what is the most critical element for corporate success?

"Relationships". It's the best and most complex investment one can make. But uncertainty of return is the key that makes us still go for it.

### Sara Group

Sara House

A - 31 Haus Khas

New Delhi - 110016

Tel: 0091-11-2651 7128

Fax: 0091-11-4102 3362