

In this issue

FY 2008 at a glance
The commodity bull
Firing the furnaces
Specialized steel
Underground coal
Unveiling Gopalpur
High end towels,
spreading to the world

Quote for the Quarter

Humility does not mean thinking less of yourself than of other people, nor does it mean having a low opinion of your own gifts. It means freedom from thinking about yourself at all.
- William Temple

From the MD

The financial year ending March 2008 has seen Sara benefit from its investments made over the last two years. This benefit has not only resulted in a top line gain of over 55% but a bottom line rise of over 70%.

Globally, trading businesses have been riding the bullish run on commodities owing to a price rise. But we have enjoyed not only from the price rise, but a tonnage increase of 75% - a sign of our increasing involvement in commodity movement internationally.

Gopalpur port has done a phenomenal job of loading not only over the initial targeted tonnage for the first loading season, but also done value added operations such as bagging of fertilizer. This has been a solid advert for Gopalpur's efficiency, its multi product handling capability and led to greater confidence among our current and future users.

Strategic direction is the key for Sara's growth and success going forward. The need to have a clear blueprint for a 3, 5 and 10 year period is what all our heads of businesses are expected to prepare, and to ensure the same are communicated down the line. These plans would cover the product mix, revenue targets, net profit margins, investment requirements and team structures to name a few aspects. A sense of purpose must be established from these plans, so that the whole organization can move towards something we all truly believe in. The same thought process must flow through the entire organization to deliver fulfilling growth in business.

Another aspect of Sara that will come to the fore in the future is our determination to contribute more actively to the society, and the encouragement we give our people to dedicate more time to making a positive change to rising India.

We are at the cross roads of building a truly great organization. The top management at Sara are committed to achieving exponential growth, an environment of empowerment and socially responsible decision-making.

D. P. Singh



Sara International Ltd.

Ore and Minerals

It is with a fair amount of satisfaction that we look forward to concluding the current year. In this last quarter with one more shipment to go, we are looking at concluding the year with well over one million tons of Iron Ore Fines in quantum terms, including the trading activities from our overseas office in Middle East. Despite a major slow down on account of the Chinese Spring Festival, annual budget presentations and dramatic surges in ocean freights, we were still able to maintain the momentum of our exports and narrowly missed the opportunity of last sweep shipments of tonnages currently at port.

It is now with renewed vigor that we go into the next financial year, which possibly should see enhanced trading activity in Iron Ore where Sara International Ltd intends to establish itself as a leading player for procuring cargo from exporters in India, other than its own exports. Targeted growth for in house exports is put at 50 % in quantum terms.

Project "Fire" that kick started in the second quarter has seen successful implementation through its first phase, where the emphasis was to integrate our operations in the mines region, by integrating the Barbil and Keonjhar areas under one umbrella. The progress has been pleasing and we would like to convey our thanks and wishes to all our team members there. They have toiled hard and complimented our efforts well so as to make us stand

where we do today. As we talk of growth in the coming year, we also look forward to the growth of our Barbil Office in size and shape.

At Gopalpur port, we are now ready with our next shipment that should be on-board by the time this issued goes in to publishing. The first shipment MV Bao Li Men has already arrived disport at Jiangyin in China and the receivers have been very pleased with the outcome.



Another target the minerals team has set itself is to widen the basket of minerals it trades and markets.

Steel and Metals

This quarter has seen a tremendous price increase for steel products across all International markets, along with a huge growing demand in the Indian markets. With this upward trend in prices, Sara has deepened its involvement into stock & sale of steel apart from the usual back-to-back business.

The first lot of Galvanized Steel Coils, which arrived in the end of the last quarter, was stored at warehouses and then sold during this quarter. In view of the market trends, the company is working on booking more orders of steel coils for stock and sale.

Sara's steel division has expanded its activities and entered into sourcing of high end specialized industrial steel products like tools, shear blades, shackles, and forging components.

The first order of Stainless Steel Screws was shipped out during this quarter and has received a positive feedback from the European market. This project has diversified the company's product portfolio to include supply of products along the whole steel making supply chain from raw materials to semi-finished products to final products.



Coal and Energy

The coal team has been riding a major bull wave in the energy market, leading to beneficial returns on met coke and coking coal positions.

Chinese met coke cargo that was procured in January has been in major demand by end users. We have now sold the cargo to one of the country's largest steel producers, and dispatch by rail is underway as this newsletter goes in for printing.



Coking coal has dispatches are under way, and now we are in discussions over a long-term quantity commitment deal. This should take form by the end of April.

Prices for steel making as well as power generation coal have been seeing unprecedented highs, with most major traders selling short. Market expectations are leaning towards a correction in the market once long-term price negotiations are over in the next one-month.

Anthracite is another market that is now being researched, as we believe that owing to a shortage in supply of coking and steam coal, coupled with major price rises, this type of coal could play a more important role in the future.

A mine visit was undertaken in South Africa to understand underground mining in more detail and analyze the various factors that impact our supplies.



Retail Sourcing

We had a promising quarter with first orders in the bag.

Three buying teams visited us in the last one-month and they all ended on a very positive note with many orders expected around July-Aug when they start finalizing bookings for Cat 71 (Catalogue selling from Jan'09 to June '09).

The teams that visited us are:

- Home base - Door Accessories and Ironmongery
- Home base - Bedding and cushion
- Argos- Bedding and floor covering



With the buying teams, we also had visitors from Home Retail Group's (HRG) Hong Kong office as well and we learned from them the art of looking at diamonds more closely (through a magnifying glass). On a lighter note, if you want to have your diamonds rated, you can rely on us, though we are still learning.

We have got new inquiries for a number of new products like PE pipes, Composite pipes and masses of plumbing tools.

The best thing that has happened to our team is that we are getting exposure to many new product ranges and sourcing opportunities and this learning can further be integrated into our existing retail customers in Eastern Europe, working with Sara Textiles.

Sara Textiles Limited

The quarter started with our presentation of new range of product lines, designs and colors for the summer and autumn of 2008. Also on display were designer collection of beach towels. The new range was very well appreciated not only in Heimtextile 2008 at Frankfurt but also during subsequent displays in North America, Europe and Australia where our customers made presentations to different retailers. Below is the collage of our display in the fair.



The factory recorded higher level of production scores, with warping and weaving achieving daily production highs of 11923 and 9222 kgs. The preparation for the second phase

of expansion has been completed and the six new looms shall be installed in the month of April after which our loom capacity shall increase to a total of 42.

The business has found new footholds in South Africa as we continue to focus on non USA markets. Domtex in Australia is one of strong partners and this is what Julie Monteith, CEO Domtex has to say:

“Sara and Domtex strive for perfection when it comes to towels, commodity with the point of difference being luxury, unique design and supreme workmanship”.

Gopalpur Port

The past quarter witnessed hectic activities in the first shipping season of Gopalpur port. The first vessel had come in November last year but the pace really picked during the first three months of the year.



Ships of various sizes came calling on the port and various cargos were handled. Some of the cargos that were exported using Gopalpur Port included Iron Ore, Illemnite Sand, Rice, Fertilizer etc. In addition to this, project cargo (massive 2 ton carbon blocks) was also handled this quarter. Handling of cargo such as fertilizer encompassed complex operations such as bagging and standardization but was managed effortlessly by our operations team. We expect the shipping season to last till the end of May and will then be resumed in Mid September.



Construction and development activities are also progressing at a hectic pace and included activities such as development of extra covered space, dredging etc. The first draft of the detailed project report was also finalized during this quarter.

Ohio Learning Systems

As we embraced the year 2008, Ohio Learning Systems has reflected on past achievements to maintain key deliverables in Software Development and IT Help Desk consulting, including defined objectives, improved utilization of skills and higher client satisfaction.

OLS has achieved commendable growth in the number of clientele across all processes i.e. K12, IEP and Law firms. The quarter saw us roping in new clients – Hilcorp, Legacy Health Group and Town Sports International.

We are deploying the most efficient methodology to maintain high client servicing levels. Mr. Sumeet Midha is currently in US, assisting in developing and streamlining the quality procedures.

Not only has the quarter seen professional growth but also been equally pleasing on the personal front. We congratulate Ms Shilpa Batla for being blessed with a baby boy. Also, congratulations to Mr. and Mrs. Rupan Gupta for tying the knot on 13th March, 2008. We wish both the couple and new parents a joyful journey ahead.

This year should witness OLS trading into an exciting new phase where it expects to spread its reach wider and further.

Magnum Resources

Magnum Resources has recently participated in two major exhibitions viz. Garment Technology Expo in New Delhi on 18th-21st January 2008 and Igmatex Indore 22-24th February 2008.



Magnum has entered into partnership with new principals like M/s NEWTECH from Istanbul, Turkey who have a complete line of specialized machines for manufacturing formal Jackets and also Polo shirts; M/s ACCUTRACK from U.K. who are specialized in software for the knitting machinery & M/s ALLIED INDUSTRIES who have excellent range of heat transfer machines.



Knowing Us

Sanjay Mahajan *General Manager - Finance*

Briefly describe your role at Sara.

I am quite satisfied in performing my role as Head of Finance at Sara. Basically, I am objectively evaluating the achievements of the Company's financial goals & plans and am also able to promote a sound fiscal climate and encourage "Value for Money" in utilisation of company's resources.



How do you see your future at Sara?

Shifting from a functional head to a strategic leader, who should be able to work in a self managed teams rather than in a controlled environment.

What are your aims while in your current role at Sara?

Delegation to take control of my time & build my people.

What would your perfect getaway involve?

A full day visit to Akshardham temple alongwith my family members.

You idol in life...and why?

My idol in life is our Father of Nation Mahatma Gandhiji - for Moral Values. I believe education about values is the need of the hour and unless a person believes in moral values, no amount of technical/professional education can innovate him to be independent & firm in ethical behaviour.

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

Success is a sweetest thing in the world which comes by endless efforts and true commitments, takes happiness & more responsibilities for future.

In my opinion, the most critical elements for corporate success are:

- High degree of positive attitude
- Hard work with smart thinking
- Result Oriented Approach

Know Our Support System

Finance

Finance is the life blood of the business. We at the finance department judiciously use the financial resources with a view to maximise value of the money. We are formulating strategic financial plan and aligning them with the objectives of the company, hedging the foreign exchange risk, raising low capital fund, meeting the regulatory provision and improving the capital productivity to support the bottom line. Ours is a primary function which enables the other functions like production, marketing, purchase, personnel etc. to be more effective in the achievement of the organisation goals and objectives.

New Joiners

Mr. Samant Kumar

Project Executive in Gopalpur Port

Mr. Ajay Nirmal

Business Assistant in Ohio Learning Systems

Mr. K.B.Prasad

Vice President (Sales & Marketing) in Magnum Resources

Sara Group

Sara House

A - 31 Haus Khas

New Delhi - 110016

Tel: 0091-11-2651 7128

Fax: 0091-11-4102 3362