SANWARIA AGRO OILS LIMITED

VISION

WE SHALL BE A LEADING GROUP WITH A FOCUS ON MARKET CAPITALISATION THROUGH: LEADERSHIP IN PROFITABILITY AND REVENUE GROWTH IN OUR CHOSEN BUSINESSES BEING A CUSTOMERCENTRIC ORGANISATION AND BEING THE MOST EXCITING WORK PLACE.

VALUES

- CUSTOMER SOVEREIGNTY
- PEOPLE ORIENTATION
- INNOVATION AND ENTREPRENEURSHIP
- TRANSPARENCY AND INTEGRITY
- ANTICIPATION SPEED & FLEXIBILITY
- PASSION FOR SUPERIOR PERFORMANCE

BOARD OF DIRECTORS

SHRI RAM NARAYAN AGRAWAL	CHAIRMAN AND MANAGING DIRECTOR
SHRI SATISH AGRAWAL	WHOLE TIME DIRECTOR
SHRI ASHOK AGRAWAL	WHOLE TIME DIRECTOR
SHRI GULAB CHAND AGRAWAL	WHOLE TIME DIRECTOR
SHRI ANIL AGRAWAL	DIRECTOR
SHRI DAGRULAL GOYAL	DIRECTOR
SHRI SHYAM BABU AGRAWAL	DIRECTOR
SHRI H.K. AGRAWAL	DIRECTOR
SHRI UMA SHANKAR AGRAWAL	DIRECTOR
SHRI RAHUL AGRAWAL	DIRECTOR
SHRI GOPAL BABU AGRAWAL	DIRECTOR
SMT MEENU GARG	DIRECTOR

AUDITORS
M.MUNSHI & CO.
CHARTERED ACCOUNTANTS,
105, NAVNEET PLAZA,
5/2 OLD PALASIA,
INDORE (M.P.)

BANKERS
PUNJAB NATIONAL BANK
JAYSTAMBH CHOWK,
ITARSI.

PUNJAB NATIONAL BANK
NEW MARKET
BHOPAL.

REGISTERED OFFICE & WORKS
29-30, INDUSTRIAL AREA,
KHEDA, ITARSI.

PH: (07572) 30045,30089
FAX: (07572) 30082/31464

CORPORATE OFFICE
"G"/MIG-127,
AHERA COLONY
BHOPAL.

CONTENTS

KNOW YOUR COMPANY

Sanwaria Agro Oils Limited (SAOL) is an MP based Company, Incorporated in 22nd April 1991 in Bhopal. SAOL has p[illegible] a solvent extraction plant with crushing capacity of 200 tonnes Per Day of Soybean and other minor oils seeds at Indu[illegible] Area Itarsi and commenced commercial production from 5th December 1993. Subsequently the capacity has been expa[illegible] to 300 MT per day, which is invested from internal accruals. During the current year your company installed and st[illegible] commercially a state of art continuous oil refinery of 75 MT per day capacity as forward integration step and to take up [illegible] inevitable globalization regime.

Since inception your company has been performing consistently on all fronts and been one of the best soybean process[illegible] the country and its products commands premium in both domestic and international market. Government of Indi[illegible] awarded Export House Status to the Company.

Corporate Governance

Corporate Governance is a system by which the various entities are directed to control the entire function of the compan[illegible] & a periodic review of activities of the company and put systematic checks and balances between shareholders, dire[illegible] auditors and the management.

Corporate Governance is a phrase, which implies transparency of the management system in the industry and business.

Your company has improved investor protection and governance

- The Board has met 4 times during the year with agenda for each meeting.
- Key Information is being provided to the Board at regular intervals.
- Information on high and low of share prices of the company is disclosed under the heading Shareholders Informa[illegible] Net worth of the company, book value of the share, earning capacity of the share and movements of share value [illegible] different Stock Exchange are given in detail.
- During the year under review, the transfer committee had met 12 times for approving the transfer of s[illegible] expeditiously.

MISSION STATEMENT

Sanwaria Agro Oils Limited is committed:

- To add an Ethical Value to the business practices and conduct business with integrity.
- To operate in a Safe & Environmental -friendly atmosphere.
- To be benevolent towards all Employees.
- To serve Customers, Shareholders and Society at large.
- To be a Contributing Partner for cost effective fulfillment of Soya Based products needs especially of developing [illegible] Under developed countries.

FOCUS

The focus of SAOL is to achieve the targeted results with its visionary and technical competence to produce high qua[illegible] products there by to maximize the return from each rupee. The strength of SAOL is its ability to supply superior qua[illegible] products, to the core competency to its value customers thereby

- Consolidating its gains in marketing
- Sustaining International Product quality and
- Upgrading the facilities to International Standards.

CONCERN FOR ENVIRONMENT

Environment Protection & Management is adopted as a fundamental tenet of the Corporate Philosophy.

Protection of environment, health and safety of our employees and the public are accepted as an ethical res[illegible] because SAOL wishes to be a Good Corporate and also a Good Neighbour.

Therefore, conscious measures have been taken towards Waste Minimization and Prevention and Environment Protection and Management and significant budgetary allocation is being made for this purpose.

Measures Taken

- An integrated system of environmental control to reduce emissions into the air land & water are developed.
- Air emission control devices are installed to significantly reduce the air pollution.
- Waste minimization programs are in operation to reduce the amount of disposable waste.
- Where disposal is required, it is done in permitted, well operated facilities.

Concern For Safety

SAOL recognises its obligation to protect its human, physical and financial resources.

All SAOL employees are aware of their responsibility to perform their jobs in a manner that protects, conserve a[illegible] effectively utilize these resources.

We anticipate safety measures at all levels, based on two principles.
"Prevention and Intervention"

Through prevention, the risk of accidents is reduced to an absolute minimum.
Intervention consists of controlling the consequences of an accident, should one occur.

Measures Taken

- To comply with laws regulating employees safety and health.
- To furnish work places that promote health and safety.
- To hold supervisory and also non-supervisory employees accountable for the safe performance of their activity.
- To monitor periodically the progress towards a safer and healthier environment.

BUSINESS ANALYSIS & MANAGEMENT PRACTICES

The Company's Financial Statements are prepared conforming with the requirements of the Companies Act, 1956 and as p[illegible] the Accounting Standards issued by the Institute of Chartered Accountants of India are fully in agreement with th[illegible] Generally Accepted Accounting Principles.

Capital Structure

The company has only two classes of shares Equity and Preference shares. The paid up capital of the company i[illegible] 65,300,000 divided into 1,10,00,000 equity shares of Rs 5/- each and 10,00,000 Preference Shares of Rs. 10/- each.

Reserves and Surpluses

The total reserve and surplus of company consist of the general reserves and accumulated profits, revaluation reserve[illegible] capital reserve and preference share redemption reserves of Rs 933.34 Lacs. During the year under review an amount of Rs[illegible] 211.78 Lacs has been reserved.

Loan Profile

During the year under review, the company availed cash credit limit of RS. 50 Lacs and Export packing Credit limit of RS. 700 Lacs (Punjab National Bank, Batala) against the hypothecation of stocks and, moveable assets and equitable mortgage of Land & Building and Personal Guarantees of Directors. Apart from the above the company has also availed an amount of RS 207.63 Lacs in the form of unsecured loan from Directors and their Associates.

Loan Cost

Secured loans drawn from PNB bear a cost of 15.75% (cash credit) and 8% (export packing credit) p.a. and the cost of working capital works out in the range of 10 to 11% p.a. on an average.

Debt Philosophy

The Company's Total debt equity ratio is 0.59 as on 31-03-2002. The debt philosophy of the company is to expand out of accruals and debts, the later being sourced at rates as modest as possible according to the prevailing circumstances. The company is using innovative financing techniques for availing low cost funds in order to maximize its shareholders' holding value.

Gross Block

SAUL continues to concentrate on building up its fixed assets in various forms with an intention to reap long term benefits that will increase the shareholders' value in the coming years. The addition made during the year under review amount to Rs.221.27 Lacs which takes the total Gross Block to Rs.1143.86 Lacs as on 31-3-2002 against Rs.892.04 Lacs as on 31-3-2001.

Depreciation Policy

The company has provided Rs.40.26 Lacs towards depreciation as against 38.61 Lacs in the previous year, on its assets which is in accordance with the stated accounting policy of the company. There is no change in the depreciation policy of the Company as compared to the previous year. An amount of Rs. 8.41 Lacs has been amortised out of preliminary & public expenses.

Investments

The company's policy is to make its accruals available for its own projects and investments which are selected very carefully, analysed, screened, risks monitored closely with an eye on flexibility so as to avoid any risk. They are all very high yielding and capable of delivering long term benefits.

Sundry Debtors

The liquidity of the company prima facie depends on the company's Debtor Policy. During the year under review, there has been appreciable decrease in the debtors due to the improved collection efforts. The average debt collection period during the year under review is 13 days. The debtors are considered as good and realisable, except as stated otherwise in the accounts.

The overall collection of debtors is satisfactory. As a measure of assets utilization, the debtors as a percentage of total revenue stood at 1.79% as on compared to 5.19% in the previous years.

Inventories

The company is continuing its emphasis on better inventory management that will enable the company to balance the risks and rewards. The inventory as at 31-03-2002 is 1646.58 Lacs as against 997.90 Lacs on 31-3-2001. This increase in the Inventories are partly due to increase in capacity and partly due to addition in items by installation of refinery.

Loan and Advances

Advances are recoverable either in cash or kind, which are primarily made towards supply of materials. Apart from [illegible] the exceptions of deposits like income tax receivables, prepaid insurance and expenses, sundry deposits and advances to employees.

The working capital as at the end of 31-3-2002 utilized for the day to day operations [illegible] Working Capital to turnover ratio is at 7.92 as compared to 9.01 in the previous year. The average working capital [illegible] by the company is 1692.853 Lacs during 2001-2002.

Product Profile

Soyabean oil (DOC) and crude oil are the principal products of the company manufactured in [illegible] factory, which are prepared from soybean seeds.

	2002	2001
Refined Oil	314,980,270	
Crude Oil	169,721,777	
Soya Meal	853,447,557	365,348,748
Food Grains	10,275,799	1,009,280,856
Miscellaneous Items	10,945,857	16,405,987
		5,515,650
	1,446,371,260	1,386,551,228

Sales

The sales and other income for the financial year under review, were Rs. [illegible] Lacs as against Rs. [illegible] Lacs in the previous Financial year registering an increase of 4%. The increase in net sales is led by 84% increase in export sales [illegible] 3021.82 Lacs from Rs. 1646.16 Lacs during the period. The Management is confident about to maintain the export [illegible] rate in next 2-3 years.

Taxation

The Company has made provision of Rs. 102.16 Lacs towards Income Tax as against Rs. 55.00 Lacs during the previous year. The company has taken the benefits of deduction u/s 80 HHC of the Income Tax Act, in arriving at the tax [illegible]

DIRECTOR'S REPORT

The Members
Sanwaria Agro Oils Limited

Your Directors have pleasure in presenting before you the 11th Annual Report and the Audited Statement of Accounts for the year ended on 31st March 2002.

FINANCIAL HIGHLIGHTS

Particulars	2002 Rs.in Lacs	2001 Rs.in Lacs
Turnover (Inclusive of other Income)	14514.57	13996.36
Gross profit (before depreciation, interest & tax)	631.80	370.92
Less : Depreciation	49.26	38.63
Less: Interest	102.61	85.36
Profit Before Tax	479.93	245.73
Less Tax	102.16	55.68
Profit After Tax	376.87	190.05
Dividend (incl. of Dividend Tax)	17.22	34.12
Reserves	453.34	341.56
Share Holder Fund	1606.34	1394.56
Book Value	29.04	25.28
EPS	6.58	3.10
CEPS	7.705	4.14

DIVIDEND

Your Directors did not recommend any dividend to Equity share holders for the financial Year ended on 31.03.2002, due to amendment in the current Taxation policy.

Issue of Bonus Shares

Your Directors recommend the issue of Bonus Shares in the ratio of 1 share for every 5 shares held to members of the company. This will be subject to the your approval.

Stock Split

During the year under review, a stock split in the ratio of 2 for 1 was announced and effected. Consequently, the outstanding 55,30,000 equity shares of Rs. 10/- each were sub-divided into 110600 equity shares of Rs 5/- each. The record date for the split was June 20, 2002.

Refinery

During the last year company has successfully started a commercially 35 Tonnes Per Day Refinery. Besides company also completed the process of further expansion of capacity of Solvent Extraction Plant to widen margins.

Overview

Capacity Utilisation :

The Company has continuously outperformed the Solvent Extraction /Edible Oil Industry on number of counts. The Company was able to achieve a capacity utilisation in excess of 100% against industry average of 35% and had received Best Capacity Utilisation Award for the year 1998-99 and 1999-2000. This helped us to improve our margins while the industry is facing pressure on margins due to low operating capacity and high overheads.

Operational Efficiency

Another key factor for the company to achieve this performance is on account of its operational efficiency by reduc[illegible] of manufacturing cost and administrative cost.

The increase in net sales is led by [illegible]% increase in export sales to Rs. 3021.02 Lacs from Rs. 1646.36 Lacs during [illegible] period. The sales and other income for the financial year under review, were Rs. [illegible] Lacs as against Rs. [illegible] Lacs for the previous financial year. The Management is confident about to maintain the export growth rate in next [illegible] years. The profit before tax (after interest and depreciation charges) of Rs. 479.03 Lacs and Profit after tax of Rs. 376.[illegible] Lacs for the financial year under review as against Rs. 245.73 Lacs and RS. 190.05 Lacs respectively for the previo[illegible] financial year, improved significantly by 94.94% and 98.20% respectively.

Future Prospects

Your company is major player in Solvent Extraction Industry of India. Your company is considering the furth[illegible] expansion in capacity by installing new plant & machinery and by acquisition of existing capacity during curr[illegible] financial year.

Despite the recession in the economy, the company achieves the reasonable growth in demand of products. The pri[illegible] trend of Soya Oil since April 2002 is encouraging. Due to the imposition of higher import duty on various oils, the[illegible] import become less attractive, which in turn improved prices of domestically produced oils, in comparison wi[illegible] corresponding previous period. The price trends look comfortable.

Export prospects for the current financial year are encouraging due to the fact that Central Government recent[illegible] increased the MSP for various oil seeds, which in turn will ensure higher production of the same. Indian DOC is no[illegible] supposed to command premium in export market due to Non-GMO certificate stipulations. Due to higher duty, demand [illegible] imported oils market is not likely to flooded with cheap imported Oils. In result competitiveness of Indian Soya DO[illegible] producer is supposed to be improved handsomely.

Public Deposits

Your Company has not accepted any deposits from the public during the year under review.

Directors

Shri Hari Shanker Agrawal, Shri Digambar Goyal, H.K. Agrawal and Shri Gopal [illegible] Agrawal are retiring by rotatio[illegible] and being eligible offer themselves for reappointment.

And Smt. Beenu Garg was appointed as an Additional Director of the Company with effect from 31[st] May, 2002 and wil[illegible] hold office till the date of the forthcoming Annual General Meeting. A notice has been received from a Member [illegible] proposing the candidature of Mrs. Beenu Garg for being appointed as a Director of the Company.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors[illegible] Responsibility Statement it is hereby confirmed :

(I) That in the Preparation of the Financial year ended on 31.03.2002, the applicable accounting standards have bee[illegible] followed along with proper explanation relating to material departures.

(II) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and Loss of the company for the year under review.

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

(iv) That the Directors have prepared the accounts for the financial year ended on 31.03.2002 on a going concern basis.

Personnel

Total number of employees of the company as on 31[st] March, 2002 are 100. The Company has maintained peaceful and harmonious industrial relations with its employees.

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is not given as none of the employees attract provisions of section 217(2A) of the Companies Act, 1956.

Auditors & Auditor's Report

M/s. M. Mundi & Co. Chartered Accountants, Indore have expressed their willingness to continue in office as Statutory Auditors for the Financial Year 2002-03 and accordingly a resolution proposing their appointment is being submitted to the AGM and also company received a certificate from M. Mundi & Co. Chartered Accountants to the effect that the appointment, if made would be within the prescribed limit u/s 224 (1-B) of the Companies Act, 1956.

Corporate Governance

Pursuant to Clause 49 of the Listing agreement with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

Conservation of Energy, Technology & Foreign Exchange earnings/outgo

The Company has over a period of time has reduced the consumption of coal and electricity per unit of production and is expected to further improve consumption of energy through a series of such programs and continuous monitoring of process of manufacturing.

Details of energy conservation and research and development activities undertaken by the Company along with information in accordance with the provisions of Section 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in annexure 'A' of the Directors' Report.

Acknowledgements

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and vendors. Your Directors take this opportunity to thank the regulatory and governmental authorities. Your Directors also place on record their delight for the contribution of all employees associated in achieving commendable performance.

PLACE : HARSI
DATE : 15/07/2002

By the order of the Board
B.N. Agrawal
Chairman

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988

ANNEXURE

FORM - A

(Form for disclosure of particulars with respect to conservation of energy)

A. **POWER & FUEL CONSUMPTION**

1. ELECTRICITY	Current Year	Previous Year
a) Purchased Unit (KWH)		
Total Amount	3400358	2401261
Average Rate/Rs. Per Unit	14004059	10013005
	4.11	4.16
b) Own Generation		
a) Total Amount	97424	92505
b) Average Rate/Rs. Per Unit	528199	475112
	5.41	5.91
2. COAL "C" and "D" Grade for Steam Generation		
Quantity (MT)		
Total Cost (Rs.)	11391.180	8168.695
Average Cost per MT (Rs.)	17380013	8245646
	1531.26	1025.12
3. FURNACE OIL	---	---
4. OTHERS/INTERNAL GENERATIONS	---	---

B. **CONSUMPTION PER UNIT OF PRODUCTION**

Standard (if any) products (with details) unit

Electricity UNIT (KWH/MT)		
Furnace Oil LITRE/MT	35.62	20.90
Coal (Specify) MT	---	---
Others (Specify) MT	0.109	0.085
	---	---

FORM - B

A. CONSERVATION OF ENERGY :

Your Company has introduced various measures to conserve and minimize the use of energy.

Measures introduced include using energy efficient computer terminals, purchasing energy efficient equipment, incorporating the latest technology, time clock operation, staggered start up equipment's, purchase of energy saving air conditioner, air conditioned areas with heat resistant materials to reduce heat absorption and preventive maintenance program for all mechanical & electrical equipment. All office lighting equipment have been fixed with electronic ballast to conserve power.