

SANWARIA AGRO OILS LIMITED
19-30, Industrial Area, Kheda,
Itarsi (M.P.) India



A. Govt. Recognized Export House

BOARD OF DIRECTORS

Chairman and Managing Director	Shri Ram Narayan Agrawal
Whole Time Director	Shri Satish Agrawal
Whole Time Director	Shri Ashok Agrawal
Whole Time Director	Shri Gulab Chand Agrawal
Director	Shri Anil Agrawal
Director	Shri Dagru Lal Goyal
Director	Shri Shyam Babu Agrawal
Director	Shri H.K. Agrawal
Director	Shri Uma Shankar Agrawal
Director	Shri Rajul Agrawal
Director	Shri Gopal Babu Agrawal
Director	Smt. Savitri Goyal

BANKERS

- Punjab National Bank
Jaystambh Chowk,
Itarsi.
- Punjab National Bank
New Market,
Bhopal.
- State Bank of India
Commercial Branch
Bhopal

AUDITOR

- M. Munshi & Co.
Chartered Accountants
305, Navneet Plaza,
5/2 Old Palasia,
Indore.

REGISTERED OFFICE & WORKS

- 19-30, Industrial Area
- Kheda, Itarsi

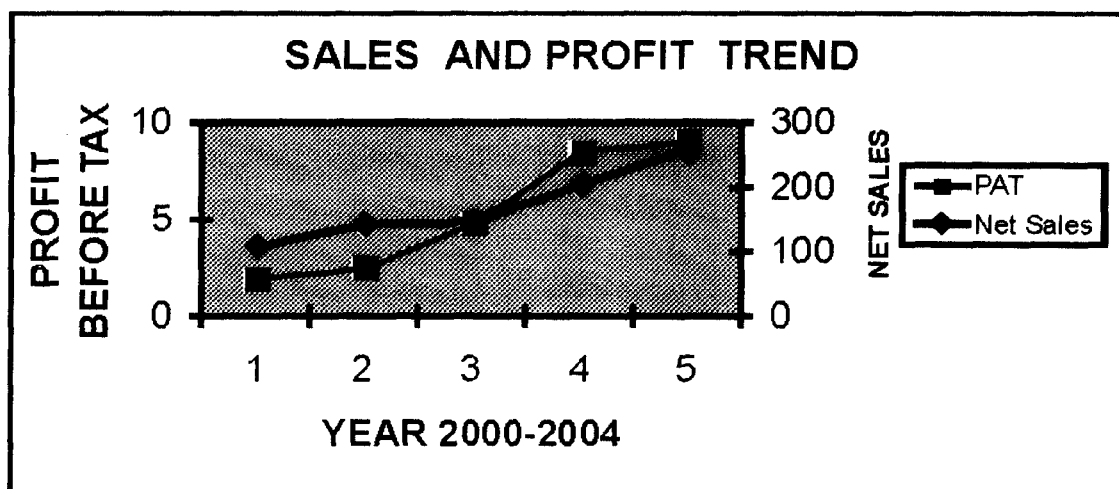
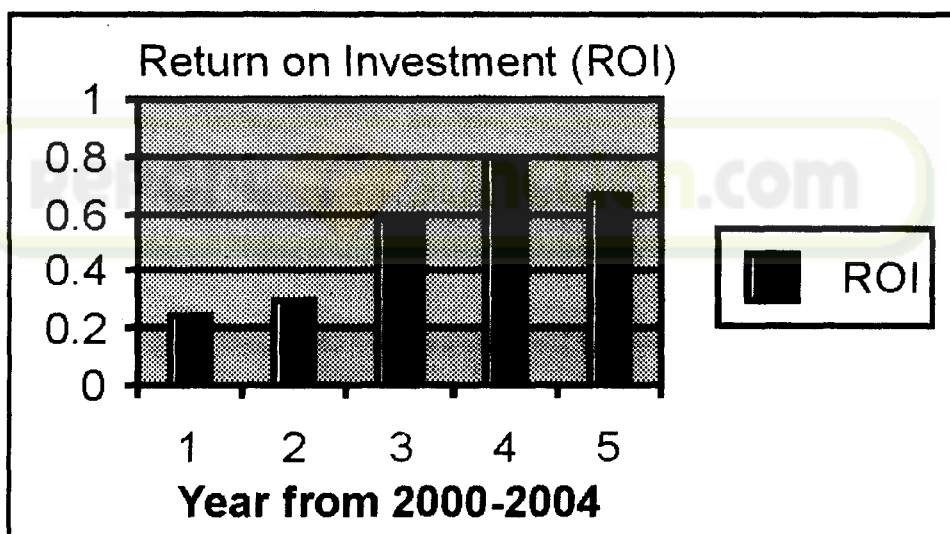
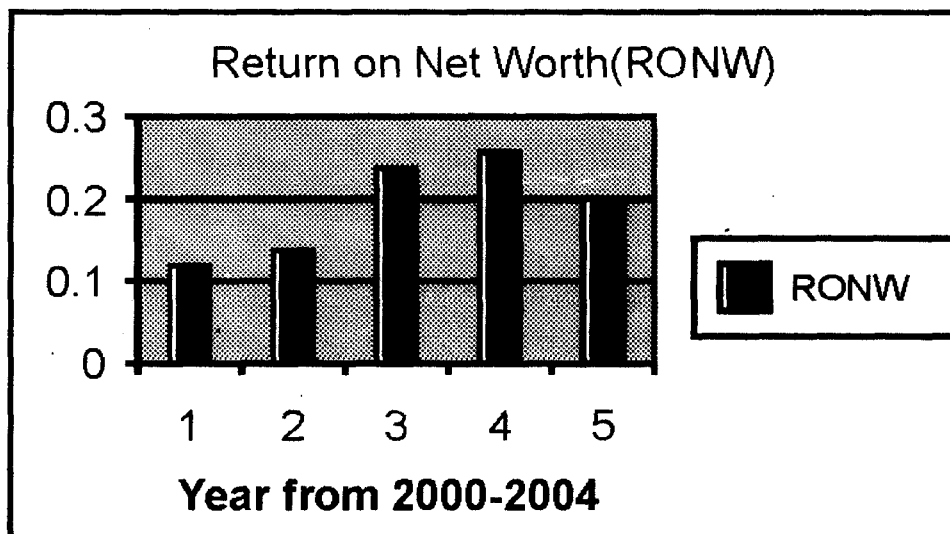
CORPORATE OFFICE

- E-6/MIG-127, Arera Colony
Bhopal

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Financial Performance of SAOL for past 5 years at a glance.



CHAIRMAN'S OVERVIEW

Dear Shareholders

There has been revival in Indian Soya Industries over couple of year after being considered as a "value destroyer " for several years.

In India Oilseeds are a major cash crop. The country is among the largest global producers, particularly of Soya seed, groundnut, rapeseed and cottonseed.

Unfortunately, India also holds another top rank, and that is in imports of vegetable oil, which constitutes about 70 per cent of India as agricultural imports. 43 per cent of edible oil available in India is imported. This situation arises due to lack of sufficient numbers of efficient Oil Refinery, oil mills, and lesser utilisation of existing capacity.

The crude oil refineries are also small, and hence uncompetitive. Because of the threat of increase in the international price of vegetable oils, and the removal of duties on imports, the availability of future stocks of vegetable oil may come at a heavy price. For domestic producers of vegetable oil, an easing of restrictions on import of oilseeds would be welcome, since the fluctuations and recent decline in domestic output of oilseeds along with a 40 percent duty on import of oilseeds places them in a very vulnerable position at the moment.

As far as domestic production of oilseeds is concerned, the low level of irrigation in the high-producing states means that cultivation is dependent on rain. Rising input costs have also had their adverse effects.

Against this backdrop, your company understandably outperformed and I am pleased to announce that your company has achieved its highest ever Turnover. The various initiatives under taken in the Company to control cost and improve productivity as also the investment made in existing capacity plant of surrounding areas to increase to production Capacity.

Your Company this time again awarded Highest Capacity Utilisation award by Soyabean Processors Association of India. for the year 2003-04

Your Company Placed at No. 1 among Solvent Extraction Sector by Super Ranking at 115th by BS1000 survey conducted on all India basis by Business Standard News Paper.

But through the peaks and valleys, the undisputable thing is that your company is delivering results against a well-defined strategy with a more balanced portfolio, and a renewed commitment to deliver.

We will continue to focus on performance, profitability and delivering the sustainable financial results.

Before I conclude, I would like to take this opportunity to convey my gratitude to all stakeholders, our employees, our bankers and all our customers. I am optimistic that your Company will continue to perform up to the expectations of all its stakeholders.

Thanking You

Yours sincerely

R.N. Agrawal

Chairman

DIRECTOR'S REPORT

To
All the Shareholders

Your Directors take pleasure in presenting the 13th Annual Report together with the Audited Accounts of the Company for the year ended March 31st, 2004.

FINANCIAL HIGHLIGHTS:

The Summary of Financial Results for the year ended on March 31st, 2004 along with the Comparative figures for the previous year are given below :

Particulars	(Rs. in Lacs)	
	2004	2003
Turnover (inclusive of other Income)	26010.37	20145.50
Gross Profit (before depreciation, Interest and Tax)	1121.59	1001.15
Less: Depreciation	79.76	54.69
Less: Finance charges	142.79	94.74
Profit before Tax (PBT)	899.04	851.71
Less: Tax (Excluding Dividend Tax)	305.36	223.18
Profit after Tax (PAT)	593.68	628.53
Dividend	285.09	240.83
Reserves	2047.46	1643.04
Shareholders Fund	2943.56	2426.64
Book Value	21.14	18.28
EPS	4.07	4.34
CEPS	4.64	5.07

Dividend

The Company had paid an Interim Dividend of 30% (Rs. 1.5/- per share) amounting to Rs.208.83 lacs to Equity shareholders and 12% (1.2/- per share) amounting to Rs. 24.00 Lacs to 12% Cumulative Participating Redeemable Preference Share holder. The directors recommend interim dividend as final dividend for the financial year 2003-04.

Financial Review

Company has recorded the ever highest Turnover of Rs. 257.94 Crores. Turnover were increased by 28.62% to Rs. 258.96 Crores From 200.54 Crores in the previous year. During the year Company has incurred a Profit of Rs 5.94 Crores against 6.29 Crores in previous year due to heavy Tax Provision.

Business Prospects

After receiving good response from its consumers for 15 Liters/ Kg under the brand "Narmada" and "Sulabh", Company has launched full range Edible Oil under the Brand, "Narmada" and "Sulabh" in the Consumer pack of 1 to 5 liters during the year and the company has received very good response from its consumers. Looking to the above facts and maintaining Company's track record of High Capacity Utilisation your company could become leading company in Indian in terms of total volume of Soya Crushing. Your Company embarking to enhance its Soya Crushing Capacity of 1800 MT per day by acquisition / leasing of Solvent Extraction Plants. Your company is also plan to establish power generation facilities to resolve the shortage of power supply in the state vis-a-vis for captive use also.

Public Deposits

During the year ended March 31st, 2004, your Company has not accepted any deposits from the public.

Directors

As per article 86 of the Article of Association of the company, Shri D.L. Goyal, Shri H.K. Agrawal, Shri Gopal Babu Agrawal and Shri Uma Shankar Agrawal retire by rotation in the forthcoming Annual General Meeting and being eligible offers himself or herself for reappointment.

Directors Responsibility Statement

Pursuant to section 217(2AA) of the Companies (Amendment) Act 2000, the Directors confirm that in the preparation of annual accounts:

- In preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- They have, in selection of the Accounting Policies, consulted the Statutory Auditor and applied consistently, judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year ended March 31st, 2004 and the profit and loss for the year ended March 31st, 2004.
- Proper and sufficient care has been taken 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 deducting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

Particulars of Employees

None of the employees of the Company were paid remuneration during the year under review, which attract the provisions of Section 217(2A) of the Companies act, 1956 as amended.

Auditors and Auditor's report

M/s M. Munshi & Co. Chartered Accountants, Indore have expressed their willingness to continue in office as Statutory Auditors for the financial year 2004-2005 and accordingly a resolution proposing their appointment is being submitted to the AGM and also Company received a Certificate from M. Munshi & 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 Exchange, a Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made a part of annual Report A note on the Company's corporate sustainability initiatives is also included

Voluntary de-listing of the Company's Equity Shares from Certain Stock Exchange.

The Equity Shares of the Company have been de-listed from Stock Exchanges of Delhi and Ahmedabad. The Shares of the Company are now compulsorily traded in dematerialised form only in the Mumbai Stock Exchange. The Company's application for de-listing is still pending with the M.P. Stock Exchange, Indore.

Conservation of Energy, Technology & foreign exchange Earnings / Outgo

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 Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure of the Directors Report.

Acknowledgements

Your Director acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and vendors. Your Directors place on records their appreciation for the significant contribution made by the employees at all levels. They have been instrumental in enabling your company to rapid progress during the year.

Your Directors also thank to the various Government and regulatory authorities, bankers and finally shareholder fraternity for their support and faith on the company. The Board looks Forward for their support in the same manner for the year to come.

Date : 01.09.2004

Place :ITARSI

For and on behalf of the Board

Ram Narayan 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 conversation of energy)

A. Power and Fuel Consumption

1. ELECTRICITY	Current Year	Previous Year
a) Purchased Unit (KWH)	3689148	3630668
Total amount	18332649	15925145
Average Rate/ Rs. Per Unit	4.97	4.39
b) Own Generation	100030	255024
Total amount	694834	1780480
Average Rate/ Rs. Per Unit	6.95	6.98
2. COAL 'C' & 'D' Grade for steam generation		
Quantity (MT)	12927.485	11474.550
Total Cost (Rs.)	21250758	18200510
Average Cost per MT (Rs.)	1643.843	1586.163
3. FURNACE OIL	--	--
4. OTHERS /INTERNAL GENERATIONS	--	--

B. Consumption one unit of production

Standard (if any) products (with details unit)		
Electricity	34.70	35.62
Furnance Oil Litre (KWH)/ MT	-----	--
Coal (Specify) MT	0.121	0.109
Others (Specify) MT	-----	--

FORM- B

A. Conservation of Energy:

Your company has over the period of time reduced the consumption of coal and electricity per unit of production and has been taken various measures to conserve and minimize the use of energy.

B. Technology Absorption, Research and Development:

Research was carried out in the areas of Raw Material including Coal, Energy utilization, energy conservation, waste utilization, product development and improvement of in life of Plant and machinery

Benefits Derived:

- * Improved productivity and higher quality ratings.
- * Improved capacity utilization.

Future plan of action

To improve consumption of energy a series of audit programme and continuous monitoring process of manufacturing has been undertaken.

C. Impact of above measures

Company is able to achieve the least possible consumption of energy in comparison to the industry average.

	Company's Consumption	Industry's Consumption
Electricity Consumption		
	34.70 unit	40 units
Coal Consumption	121 kg	125kg
FOREIGN EXCHANGE EARNINGS AND OUT GO :		
Foreign Exchange earned and used:(In US \$)	2004	2003
Foreign exchange earned	1.64 million	2.62 million
Foreign exchange used	0.00	0.00
Net Foreign exchange earned	1.64 million	2.62 million

Place : Itarsi

Date : 01.09.2004

For and on behalf of the Board
Ram Narayan Agrawal
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

Soya Industry is an Agro based industry. The Soya meal/DOC, which have good growth potential in the domestic market & have a high demanding export market. The Soya meal has its user in the poultry and live stock industry, dairy and cattle feed, and in aqua feed segments. Out of the total Soya meal produce, 1/3 usage is confined to the poultry and rest for dairy and cattle feed and for the production for aqua feed segments.

The price of the Soya and its derivatives depends on the domestic crop output, global demand and supply scenario and international prices. The raw material Soya seeds are available in plenty and India is a major producer of Soya bean and stands fifth in the production, next to USA, Brazil, Argentina and China and contributes nearly 3% of the total world Soya bean production.

Area under Cultivation

The overall area under cultivation in India has grown from 64.55 Lacs hectare in the last kharif season to 74.52 Lacs Hectares this year. Soya bean has exhibited unparallel growth in area & production in the last one decade. Soya bean is mainly cultivated in Central India and Madhya Pradesh being designated as "Soya State" is the leading state in producing Soya bean in India & provides nearly 60-70% of the Soya Bean output and the area under cultivation in Madhya Pradesh is 44.43 Lakhs hectares.

Opportunities, Risks and threats

2003-04 was turned out to be an eventful year for the Company. Our company is outperforming the Soya Industry by showing the consistent profitable growth while the Industry is feeling pressures due to high cost of production. Also, launching of edible oil in consumer packs has paved the new dimensions for the company especially in the retail market. The present brand structure of the company comprises of "Sulabh" and "Narmada".

On the export front, Indian Soyameal shares a prominent position in the Asian, South East Asia and Middle East Countries. International prices of soyameal were highest during the year due to re-appearance of mad-cow disease and shortage of soyabean meal in the world market. However the "Bird - flu" affected the sentiments adversely to some extent. Domestic sales growth of soyameal was in negative territory due to higher realisations from exports.

The Soya Industry Scenario is expected to be same in the current financial year in light of good rainfall, growth in area under cultivation by almost 14% & the Soya seed production is expected to be 7.0 Million Tones in current financial year, at the same level as last years.

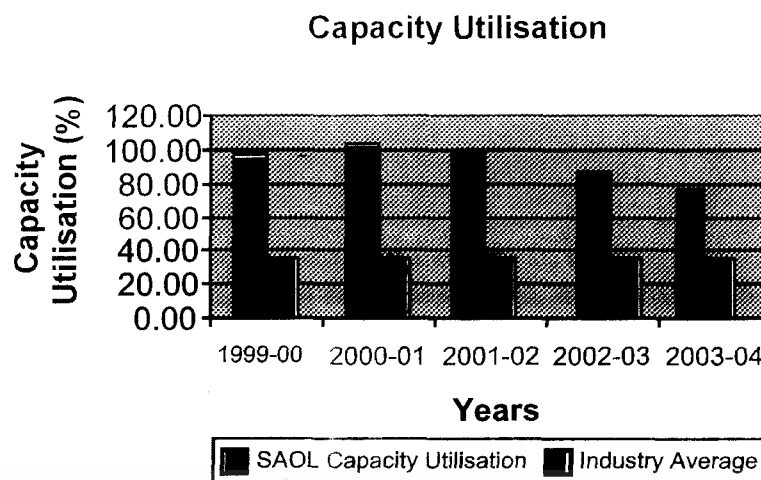
The Company is hopeful that through the combination of market development and expansion of its activities there would be healthy market growth over the next few years.

Operational Performance

The Companies performance during the year under review is quite satisfactory. The total Sales of the company were 25793.99 Lacs and the Profit after tax (PAT) was Rs. 593.68 lakhs. Showing a rising trend of sales had increased by 28.62% This was achieved through focused attention to market demand and improved capacity utilization. The Exports of the company shows a downward movement due to increase in demand indigenously and tough competition facing abroad by the Industry. As the Industrial performance expected to show a rising trend in the current year, both the domestic & export sales of the company is expected to show a positive growth.

Another key factor for the company to achieve this performance is on account of Operational Efficiency. The Company had achieved success in reducing the consumption of Coal and electricity per unit of production over the years and is expected to further improve the consumption of energy through audit programs. Consumption of Energy has been given as an Annexure to the Directors Report) by continuous monitoring of process of manufacturing. The Company was honored by SOPA award for the best capacity utilization for the last five years including this year, which is a certification of the company's continuous achievement in the said direction.

Capacity Utilization for the last five years



The Soya bean Solvent Extraction Plant of SAOL is situated at Itarsi which in turn comes under the Hoshangabad District of the 'SOYA STATE(Madhya Pradesh)'. Hoshangabad District of the said State is one of the highest Soybean Producing district in India in terms of total crop size and area under cultivation. Therefore, being situated in the heart of largest soya bean producing zone of India, SAOL is reaping the 'Locational Advantage' as it is availing the fortune of easy availability of raw material (Soya bean) throughout the year.

Financial performance

Financial performance of the company is covered in the Directors Report.

Internal control Systems and their adequacy

Corporate Governance being an area of continuous focus, your company has reviewed internal controls and its effectiveness through the Internal Audit Process. Internal audit were undertaken for every operational unit and all major corporate functions under the direction of the Auditors. The Thrust of the reviews were to identify Control weakness and areas of improvement, Inadequate Compliance with defined process, Non-compliance with applicable statutes. The audit committee of the Board has reviewed the adequacy of the internal control environment through continuous review of the audit findings and monitoring of the implementations of the Internal Audit recommendations through the compliance reports submitted to them.

Human resource Development

Your Company maintained cordial industrial relations with all its employees. All the issues are settled through regular discussion with the employees. During the year no man days were lost due to strike, lockout etc

Cautionary Statement

Statement in the Management discussion and Analysis describing the Company's objective, projections, estimates and expectation may be forward looking statements with in the meaning of applicable securities law and regulation. As 'forward looking statements' are based on certain assumptions and exceptions of future events over which exercise no control, the company can not guarantee their accuracy. Actual results could differ materially from those either expressed or implied.