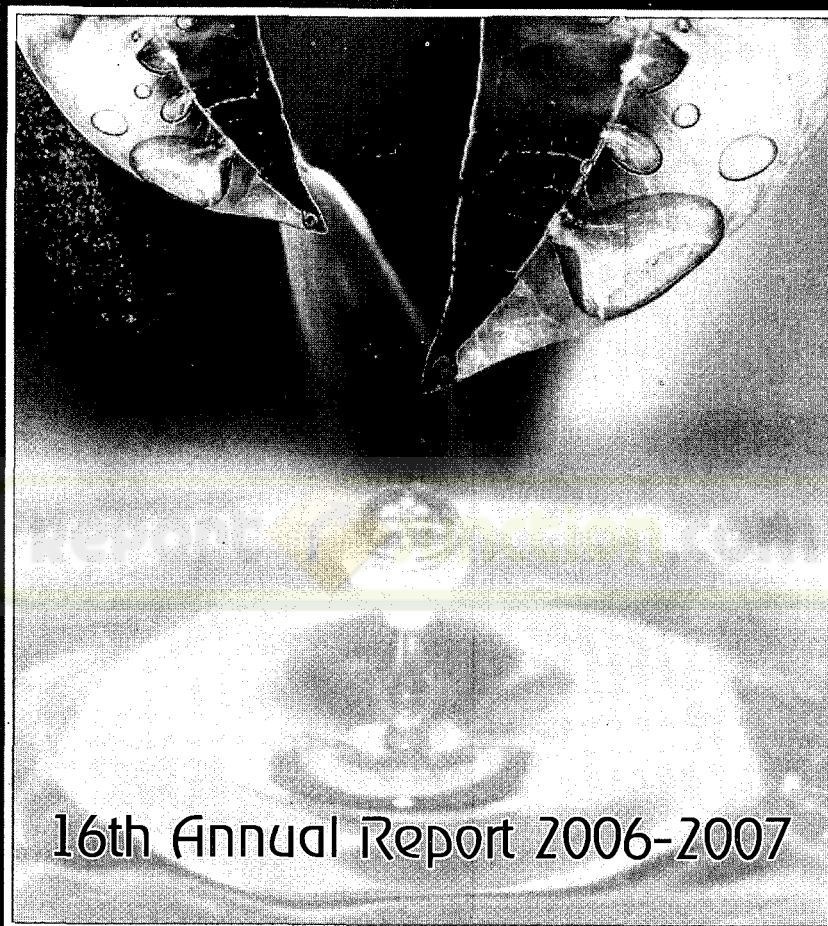


SANWARIA GROUP

Serving society through Industry



16th Annual Report 2006-2007



SAOL

SANWARIA AGRO OILS LIMITED

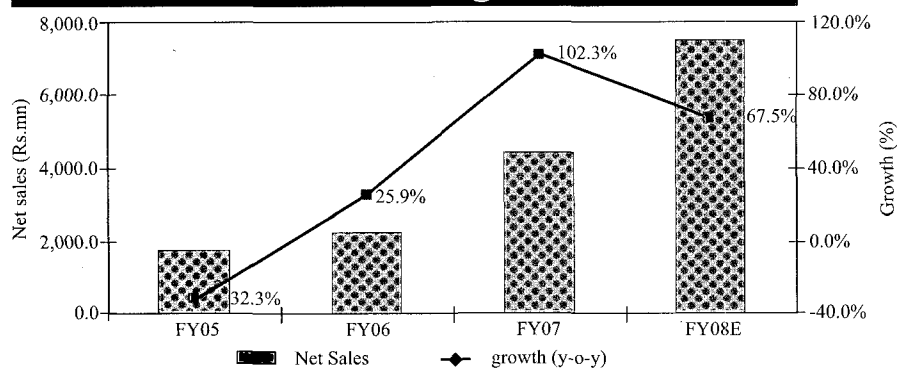
A Sanwaria Group Enterprise

A Govt. Recognized One Star Export House

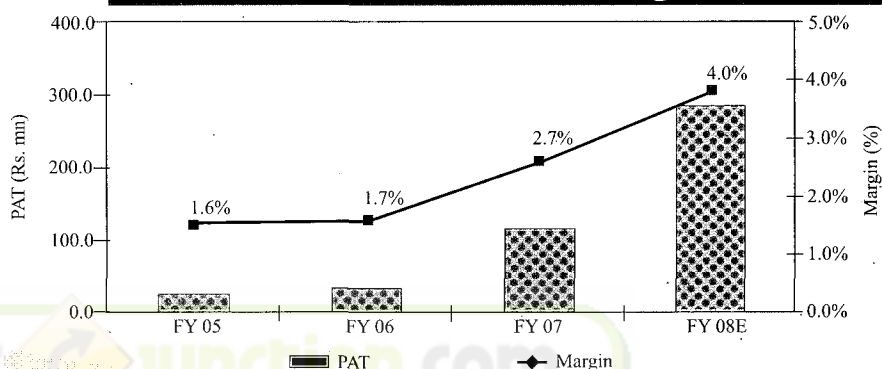
19-30, Industrial Area, Kheda, Itarsi (M.P.) India

Financial snapshot

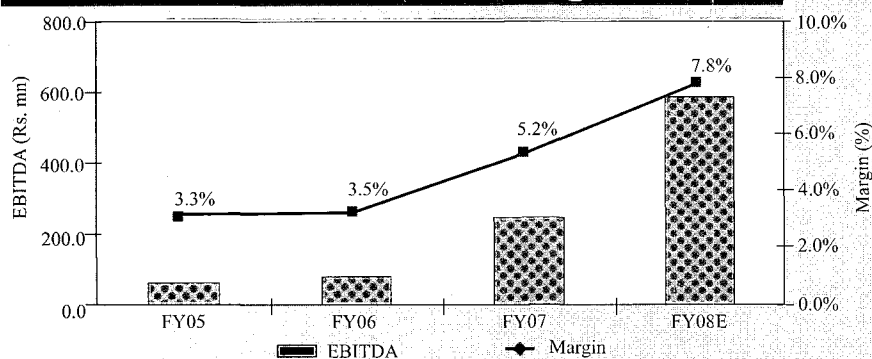
Trends in Revenue growth



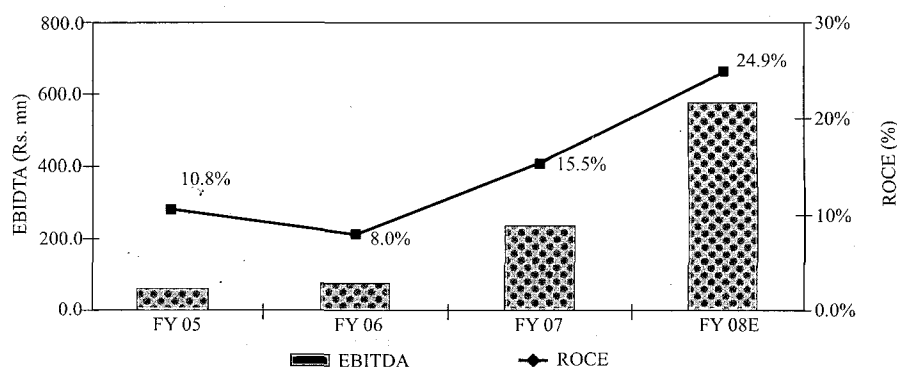
PAT and PAT margins

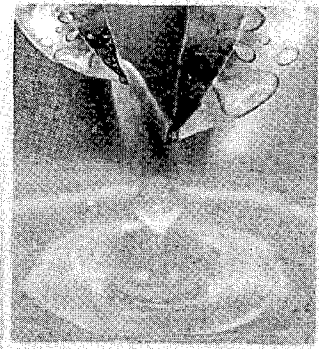


EBITDA and EBITDA margins



Return on Capital Employed





Board of Directors

Chairman	Shri Ram Narayan Agrawal
Whole Time 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 Rajul Agrawal
Director	Shri Shyam Babu Agrawal
Director	Shri H.K. Agrawal
Director	Shri Keshav Premy
Director	Shri Rajendra Agrawal
Director	Shri Ajay Agrawal
Director	Shri S.K. Tiwari
Company Secretary	Ms. Susan Sujatha Lyall





SAOL

SANWARIA AGRO OILS LIMITED
A Sanwaria Group Enterprise

Registered Office
 19-30, Industrial Area,
 Kheda, Itarsi

Works – Itarsi Unit
 19-30, Industrial Area
 Kheda, Itarsi

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

Works – Mandideep Unit
 Plot No. 53A, 53B & 55,
 Sector “A” Industrial Area,
 Mandideep

Punjab National Bank
 New Market, Bhopal

Punjab National Bank
 Jaystambh Chowk, Itarsi

Bankers

HDFC Bank Limited
 Arera Colony, Bhopal

State Bank of India
 Commercial Branch, Bhopal

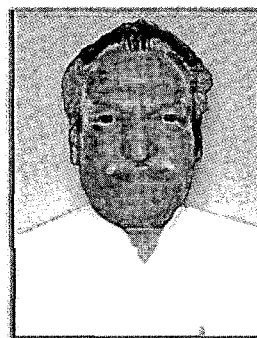
Auditors

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

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Chairman's Speech



R.N. AGRAWAL

Dear Shareholders,

I have great pleasure in extending you a warm welcome to the 16th Annual General Meeting of our Company. I consider it a great privilege to address this gathering.

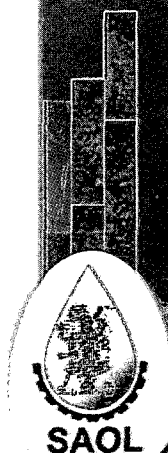
The Annual Accounts, Balance Sheet and Directors' Report for the year ended 31st March, 2007 are already with you and with your permission, I take them as read.

This has been a wonderful and a very eventful year, and through the combination of proper ingredients like proper planning, strategy formulation, professional management and successful implementation has helped us achieve our target for the year i.e profit making and customer satisfaction. Our motto has always been to achieve success and constantly re-invent and better ourselves, not only in what we are doing right now, but also by exploring, entering and capturing new avenues.

In the years gone by, we have always concentrated on the growth and even today our intention being, to provide the industry with the best of the products and serve to the needs of our society. In the past year, we at Sanwaria Agro have worked towards adoption of strait and sound policies, which has helped us in providing complete service to all our stakeholders employees, customers, shareholders, investors and suppliers.

The Company's performance in the previous financial year has cracked many milestones, with a turnover of Rs 445.45 crores and Profit after Tax (After Deferred Tax) of Rs 12.22 crores. I take this opportunity to say that with such huge profits we are now recognized globally. Such huge sales figure establishes us, as the single player in our segment in India and also reinforces our capability and scope for investment and market aggression.

In the Twenty First Century, life styles are changing, and the consumer being well aware of the options available to him, is ready to invest in expensive products and brands, which are better, even if they are costlier and thus our vision is to offer such high quality products in the most cost effective manner We aim at becoming more and more consumer centric and also to emerge as the leading market player in the Edible Oil Consumer Health Segment and in other FMCG



Chairman's Speech

segments. We have already left our footprints in the Soya Industry and, we now aim to create our impression in the Retail Segment as well.

The future belongs to those who dare. We have never fought shy of challenge and today we embrace all the new opportunities with even greater zeal. There are greater plans on the anvil Which includes focusing on the Retail and Branded Product Market and also the expansion of retail product basket by inclusion of Mustard Oil, Cotton Seed Oil, Soya Flour and other value added soya based products.

The Soya Industry.

Soya Bean has been used from the dawn of the history in the orient, both for its food value and for its technical purpose. Recently considerable strides have been made in the Soya Bean Technology. Soya Industry is an Agro based Industry. Soya Beans are major source of vegetable protein and edible oil. India is a leading producer of Oil seeds and this Sector occupies an important position in the economy of the Country.

Soya Bean has varied uses. It finds its way into food products and industrial products. The edible uses of soybean includes baby foods, bakery ingredients, breakfast cereals, cooking oils, dietary supplements, emulsifying agents, food drinks, salad dressings, and soups. It has many industrial uses such as, adhesives, animal care products, anti corrosion agents, antibiotics, asphalt emulsifier, cleaning products, cleansing agents, dust control agents, hair care products, paper coating, pesticides, stabilizing agents, and varnishes.

Soya Bean is suited for the animal consumption as well. The various uses of the animal consumption include cattle feeds, dairy feeds, fish foods, pet foods, poultry feeds, protein concentrates, stock feeds and milk replacers for young animals.

Soya Flour and grits are used in the commercial baking industry. They aid in the dough conditioning and bleaching. Their excellent moisture-holding qualities also help retard staling.

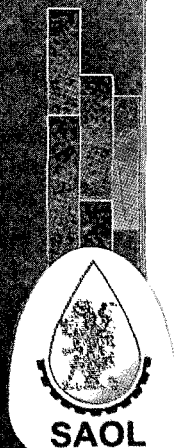
In the next part of my speech, I will walk you through certain key happening, which I feel are strategic for your Company's successes and will also help your Company reaching higher peaks in the future.

Company Scenario

Achievements/ Expansion and Diversification.

It has been a watershed year and we have completely changed the way we do business which has made us witness the beginning of the new era for your Company. In the past year both the Production Units of your Company were awarded the ISO 9001:2000 TUV NABCB QM002 Certification which is awarded in accordance with the TUV India Auditing and Certification Procedures for Quality. More in line with this we were also informed of being designated for the annual International Star Award for Quality (ISAQ) in the Gold Category in Geneva by the Spain based organization B.I.D World Congress. The grant of such awards has helped in publicizing the mantra of Sanwaria Group i.e continuous improvement in the quality of products along with the creation of the brand image of the products in the market.

SAOL being a part of Sanwaria Group, its production units are going for expansion organically and inorganically and after this expansion it will gain a total combined capacity of 2000-2200 MT per day by October 2007. It also aims to increase its production capacity from 1000 MT to



Chairman's Speech

3000 MT in the next two years. Such capacity expansion will help in building rapport, and will help in increasing the cost competitiveness of the Company's product basket.

Your Company is continuing to make its plans of expansion a reality, not only at the existing locations but also through the acquisition of other Solvent Extraction Plants. SAOL also has plans for entering into production and marketing of value added Soya based products by setting up a plant for manufacture of Soya flour, Soya nuggets, Soya Granules and Protein Isolates.

Wind Power and more.

The starting of the 6 MW Wind Power Project at Dewas (M.P.) has led to higher efficiency and saving of cost. The commencement of the first phase i.e. 2.4 MW wind power, generated energy, which is being used captively and the SAOL intends to commission the second phase i.e. 3.6 MW wind power in the coming financial years 2007-09. Such energy generated shall not only, will reduce the per unit of power consumption but it will help in making our Company as the anti pollution organization. Thus sharing with you, this important move of the Company I am extremely delighted as we fulfill our social responsibility of making our society as a better one, through providing it as green and a healthy habitat for living and creating and making our environment safe and sound for living.

Your Company intent to venture into bio-diesel production; which will be produced from the by-products of edible oils, other derivatives and origins of plant oils. The bio-diesel so produced shall be utilized captively and we wish to sell the surplus, if any.

With such plans on mind, we aim at creating and making dominant market position in our core edible oil and wind power business, which will increase our operational efficiency continuously and with investment in R & D and technology, will lead us to be on the peak than all those who are belonging in the industry.

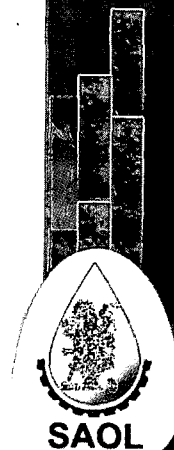
Aimed at becoming "People Centric"....

With an intention of becoming People Centric, increasing liquidity and generating higher financial returns, the Company in the previous Financial Year 2006-07 Split the existing fully paid-up Equity Shares of the face value of Rs. 5/- each into fully paid-up Equity Shares of the face value of Rs. 2/- each.

We at Sanwaria Agro Oils Ltd, are on a mission to create and enable a People Ready Business, and to provide at all times the new found consumer, products and services of international standards. It is my dream to create an organization where the leadership and management style is not "dominance and dictation" but is "leading and motivating through example", an organization where employees are content and are constantly empowered and inspired to better themselves, solve problems, collaborate with fellow employees, serve the customer and capture new avenues.

Before I conclude, I would like to take this opportunity to convey my heartfelt gratitude to all our employees, bankers, customers and last but not the least, to all the Company's stake holders, whose continued patronage and faith have remained a source of inspiration to the Company and have made us what we are and which, in the very near future, will help us transcend new and greater heights.

R.N. AGRAWAL
Chairman



Director's Report

To

All the Shareholders

Your Directors are pleased to present the 16th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2007.

FINANCIAL HIGHLIGHTS:

The year 2006-07 has been a very good year and path-breaking journey for your Company. Through a combination of careful planning, strategy formulation and successful implementation, the turnover for the year under review being Rs. 445.45 Crores as against Rs. 220.13 Crores in the previous year. The PAT (After Deferred Tax) for the year being Rs. 12.22 Crores as against Rs. 3.65 Crores in the previous year.

The Summary of Financial Results for the year ended on 31st March, 2007 along with the Comparative figures for the previous year are given below :

Particulars	2007	2006
Turnover (inclusive of other Income)	44760.37	22157.04
Gross Profit (before depreciation, Interest and Tax)	2322.79	775.50
Less: Depreciation	178.24	96.54
Less: Finance charges	431.63	201.80
Profit before Tax (Before Deferred Tax)	1712.92	477.15
Less: Tax (Current)	293.19	69.58
Tax (Deferred)	197.74	42.49
Profit after Tax (After Deferred Tax)	1222.01	365.08
Dividend	217.53	nil
Reserves	7440.56	6791.29
Shareholders Fund	8391.85	7656.29
EPS	2.81	0.84
CEPS	3.67	1.16

Operational Review

Division wise operational performance for the year ended 31st March, 2007 was as under:

Oil Division

During the year Soya Seeds processed stood at 208352 MT against that of 147505 MT in previous year thus recording a significant jump of 41.25% as compared to previous year. Your company continued to be a major player in the Soya Oil segment. The Capacity Utilization of the Plant was 69.2% during the year under the review.

Refinery Division

Production of Refined oil stood at 30967 MT against that of 20057 MT in previous year, recording an increase of 54.39 % as compared to the previous year. The Capacity Utilization of the Refinery was 73.44 % during the year under the review.



Dividend

The Board of Directors of the Company has recommended 20% Dividend for the year 2006-2007.

Transfer to Reserve

Your Company proposes to transfer 17.51 % to the profit earned during the year i.e. Rs. 214.00 lacs to the general reserve. The Company proposes to retain an amount of Rs 479.49 lacs out of current year's profit in the profit and loss account.

Achievements

During the year, your Company has been awarded the prestigious **ISO 9001:2000 TUV NABCB QM002** certification for both its Production Units located at Mandideep and Itarsi respectively. This certification is awarded in accordance with the TUV India Auditing and Certification Procedures for Quality.

Recently the B.I.D. World Congress has informed your Company of having being designated for the prestigious annual **International Star Award for Quality (ISAQ) in the Gold Category in Geneva**. This award is meant for those companies selected, medium and large, as well as those listed in the Global Fortune 500, demonstrate exercising leadership excellence within the designated industry, increased market share, improved results as well as sustainability. Such recognitions will establish Sanwaria Agro Oils Limited as a quality-oriented organization, and encourage the Company for continuous improvement and enhancement of customer satisfaction and also improving relations with all those who are associated with the Company.

New Projects/ Expansions/Acquisitions

As you are well aware that both the solvent extraction plants of the Company are undergoing Extensive Capacity Expansion and your Company will achieve a combined capacity of 2000-2200 MT per day by the time the next Soya Season and the Company also intends the acquisitions of solvent extraction plants in other locations.

SAOL also has plans for entering into production and marketing of value added Soya based products by setting up a plant for manufacture of Soya flour, Soya nuggets, Soya Granules and Protein Isolates. All this is aimed at increasing the Company's market share in Soya processing in M.P. from the present 8 percent to 20 percent.

Future Outlook

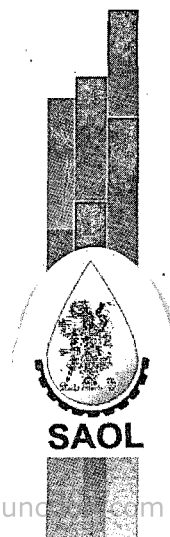
Continuous efforts of the Company, in developing its brands, through its various products assure bright competition. Competition is getting fierce and your Company is fit and fine to face challenges. The Company will now focus on Retail and Branded Product Market, and as a part of its Retail Strategy and also expand its retails product basket by inclusion of Mustard Oil, Cotton Seed Oil, Soya Flour and other value added soya based products.

Such measures, will establish your Company as a leading market player in the Edible Oil Consumer Health Segment and in other FMCG segments. More in line with this your Company aims to increase the market for Soya Meal DOC by 7% to 11% as the against the current market of 5% to 7%.

Wind Power and Infrastructure.

Your Company had earlier disclosed its plans of foraying into Infrastructure and Energy. In line with this your Company has planned a 6 MW Wind Power Generation Project at Dewas (M.P.) and the first phase of 2.4 MW has already been commissioned and was started on 31st March 2007. The wind power generated in Phase One is being used captively and wind power generated in phase two will be first put to captive use and remaining power if any will be sold. This will result in substantial savings in power charges in addition to the income-tax benefits.

This will lead to increase in efficiency and reduction in cost of production also create pollution free and healthy environment. To ensure maximum efficiency and create value by backward integration, the company intend to venture into bio-diesel production; it will be produced from the by-products of edible oil, other derivatives and origins of plant oils.



Capital Structure

Your company is planning to raise funds, to the tune of Rs. 150 Crore in the next two years for its projected Capex for capacity expansion of existing core business of edible oil and wind power, through a combination of internal accruals/FCNRB/GDR/FCCB/Private Equity Placements/ Long Term Debt.

In the financial year 2006-07 the Company Split/Sub-divided the existing fully paid-up Equity Shares of the face value of Rs. 5/- each (Rupees Five) into fully paid-up Equity Shares of the face value of Rs. 2/- each (Rupees Two).” This move was aimed at achieving greater liquidity and affordability to the Shares of the Company.

The said Split was effected on 15th December, 2006, the Record Date for the Split and post Split the Authorised Share Capital of the Company is Rs.15, 00,00,000/- (Rupees Fifteen Crores) consisting of Rs. 13,00,00,000 (Rupees Thirteen Crores) of Equity Capital divided into 6,50,00,000 Equity Shares of Rs.2/- each and Rs. 2,00,00,000 (Rupees Two Crores) Preference Capital divided into 20,00,000 Preference Shares of Rs.10/- each.

Public Deposits

During the year ended March 31st 2007, your Company has not accepted any deposits from the public during the year review.

Directors

As per the provision of Section 260 of the Companies Act, 1956 and article 86 of the Article of Association of the Company, the aforesaid Additional Directors hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notices under Section 257 of the Companies Act, 1956 in respect of the above persons, proposing their appointment as directors of the Company, along with the requisite deposit, therefore the approval of members is being sought at the ensuing Annual General Meeting.

Shri Rajul Agrawal, Shri Ajay Agrawal and Shri Keshav Premy retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Shri Keshav Premy, Shri Santosh Kumar Tiwari, Shri Rajendra Agrawal and Shri Ajay Agrawal were appointed Additional Directors of the Company on 23rd Dec, 2005 and they were reappointed as Directors in the 15th AGM of the Company held on 15th September, 2006.

Directors Responsibility Statement

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

- In preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures.
- They have consulted the Statutory Auditor in the selection of Accounting Policies. The Policies have been applied consistently and the judgments and estimates made are 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 ended March 31st, 2007 and the profit and loss for the year ended March 31st, 2007.
- 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 detecting fraud and other irregularities.
- The Annual Accounts have been prepared on a going concern basis.

