

SANWARIA GROUP

Serving Society Through Industry

17th Annual Report 2007-2008



SAOL

SANWARIA AGRO OILS LTD.

A Sanwaria Group Enterprise

An ISO-9001:2000 Certified Company

A Govt. Recognized One Star Export House

10-30, Industrial Area, Kheda, Itarsi (M.P.) India



SAOL

SANWARIA AGRO OILS LIMITED
A Sanwaria Group Enterprise
An ISO-9001:2000 Certified Company

Registered Office

19-30, Industrial Area,
Kheda, Itarsi

Wind Power Generation Project

Dewas M.P.
Tenkashi, Tamilnadu

Corporate Office

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

Works –Itarsi Unit

19-30, Industrial Area
Kheda, Itarsi

Works – Mandideep Unit

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

Bankers

Punjab National Bank
New Market, Bhopal

HDFC Bank Limited
Arera Colony, Bhopal

Punjab National Bank
Jaystambh Chowk, Itarsi

State Bank of India
Commercial Branch, Bhopal

State Bank of Indore
Shahpura Branch, Bhopal

Axis Bank Ltd.
M.P. Nagar, Bhopal

Auditors

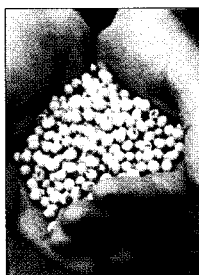
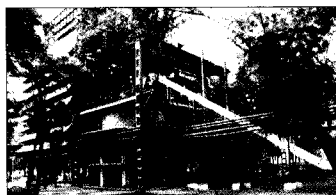
M. Munshi & Co.
Chartered Accountants
305, Navneet Plaza, 5/2 Old Palasia, Indore.

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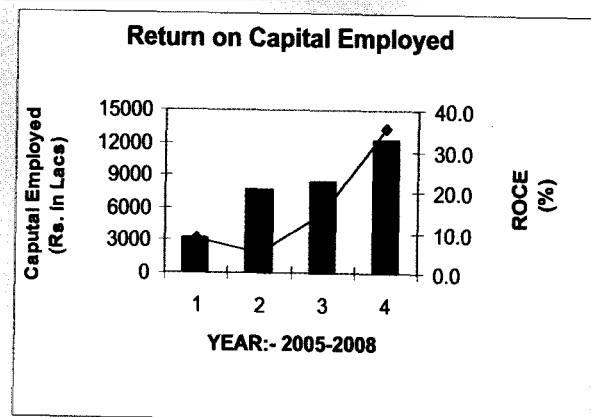
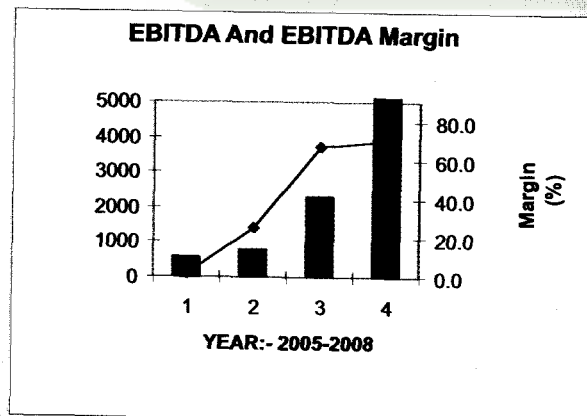
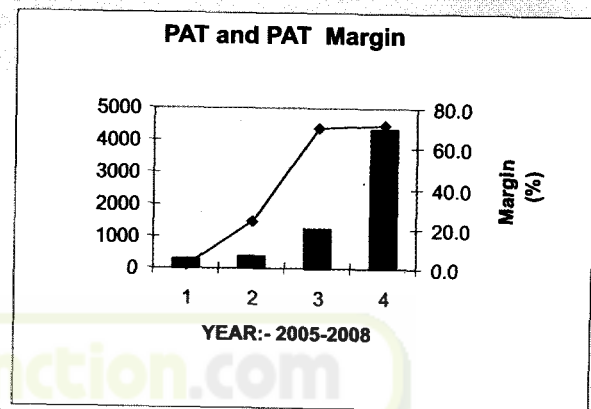
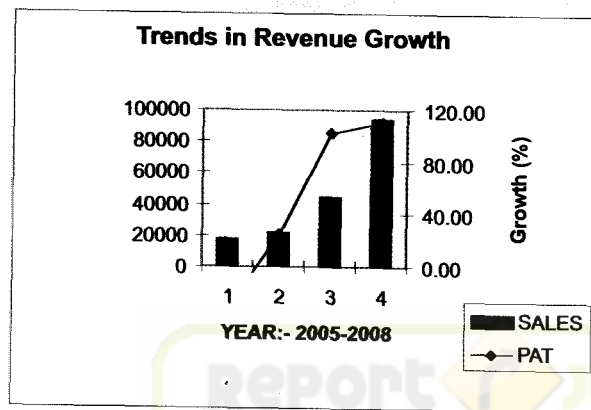
Board of Directors

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 Surendra Kumar Jain
Director	Shri Shyam Babu Agrawal
Director	Shri Hans Kumar Verma
Director	Shri H.K. Agrawal
Director	Shri Kesari Singh Chouhan
Director	Shri S.K. Tiwari

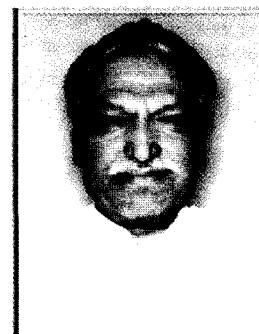


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Financial Snapshot



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R.N. AGRAWAL

Chairman's Message

Dear Members,

India is undergoing a paradigm shift and is transforming rapidly in order to chalk out global presence for itself. At the same time your company is continuously looking forward to keep itself with this present scenario.

I have great pleasure in presenting you the 17th Annual Report of your Company along with the Balance Sheet as of 31st March 2008, Profit & Loss Account for the year ended 31st March 2008 and Directors' Report, which are already with you and with your permission, I take them as read.

It may be recalled that the FY 2007-08 has been a significant and a very eventful year. I am delighted to report you that your company has once again posted a remarkable growth of 111% in terms of turnover and 234% in terms of EBIDTA. I take this opportunity to say that with such huge growth 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.

Thoughtful leadership of our business extended us a support for formulating resourceful, proficient & deliberated plans and their successful implementation resulted fruitful rewards i.e. maximization of shareholders' return as well as wealth.

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.

Although a number of factors have contributed to our success we believe that the support and commitment of our stakeholders including our customers, shareholders, employees, vendors and management is what empower us the most.

Global inflation rates are climbing to historic levels after five years of solid growth in the world economy. Inflation has soared to its highest level in sixteen years across the Europe, to a 14 year high in Switzerland, a 25 year high in Singapore, an 11 year high in china, and a 13 year high in India. Rising crude oil prices and the food crises are supposed to be the causes for this inflationary trend.

The world will have to address this issue collectively. It seems we have tremendous potential that can be unlocked through new opportunities that 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.



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The Soya Scenario

The soyabean crop cycle in India starts from June, the climax arrives in December in the form of harvest, the other months are lean period for the crop of Soyabean.

The basic nature of this industry has been changed over the years from edible oil, commodity in the industry to FMCG and energy sector. A correlation has been seen between the prices of crude soy oil and crude palm oil. The use of edible oil into manufacturing of bio diesel world over is an issue of debate which requires a trade off between world's food and energy needs.

Soyabean has attained a vital status in agriculture and oil in economy of India. The average yield of soyabean is 9.5 million metric tones under area of cultivation 8.850 Million Hectares and for the current year the expectation of production of soyabean is 12 million metric tones under area of cultivation 8.850 Million Hectares.

India is the fifth largest producer of soyabean in the world, with average production of 9.5 mmt (million metric Tonnes) of soyabeans. India is primarily a closed economy in the soyabean arena. India, every year, exports around 4 to 5 Million Metric Tonnes de-oiled cake (DOC) and earns foreign exchange of \$ 1800 Million to 2250 Million.

Whole soyabean products are primarily edible products such as the seed, bean sprouts, baked soyabean, full fat soya flour used in various products of baking, roasted soyabean used as confectioneries, soya nut butter, soy coffee, and other soya derivatives of oriental foods.

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 maxim

Success depends on company's skill in evolving and innovating in conformance with market trends. During the year your company has been rated in top 500 companies by Dun & Bradstreet in terms of revenue, profit, and net wealth.

SAOL being a part of Sanwaria Group, its production units are going for expansion organically and inorganically and achieved a total combined solvent extraction capacity of 2150 MT per day. It also aims to increase its solvent extraction capacity to 3650 MT and refining capacity from 150 MT per day to 300 MT per day by January of this year. The timely acquisitions of different units engaged in edible oil and soya business illustrates our upbeat approach. Such Brownfield expansion will help in building bond, and will help in increasing competitive edge of the Company's product portfolio.

We are re-assessing our strength and areas of improvement to augment our market share. In this line your Company is continuing making 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 foraying into production and marketing of value added Soya based products by setting up a plant for manufacture of Soya flour of 200 MT per day, and 100 MT per day capacity of TVP Soya nuggets, Soya Granules and Protein Isolates.

Your company is planning for certification of ISO 14001 and certification of HACCP (Hazard Analysis Critical Control Point)

Wind Power and more.

The commencement of the first phase i.e. 2.4 MW wind power has led to higher efficiency and saving in cost. The commencement of the second phase i.e. 6 MW wind power during the year 07-08 will reduce cost of production and generate the revenue significantly. SAOL has also plan to expand its renewable energy capacity to 14.4 MW by end of this year. Such energy generated shall not only, will reduce per unit of power consumption but it will also 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 surroundings for living and creating our environment safe & pleasant for living.



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The Sanwaria Group intends 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.

Your company is poised to benefit from emerging opportunities in the sector to create superior values for its shareholders. And it aims to include living our corporate values with the goal of having minimal impact on the natural environment, enabling local communities to develop their potential, empowering employees to be responsible civil society members and committing ourselves to business practices that are fair to all stakeholders so that we can collectively contribute towards creating a better world for all.

Now I am thankful to the Board of Directors, bankers, employees, customers, suppliers and last but not the least, to all the Company's stake holders, whose continued numerous support and trust bestowed in the management of the company. We will continuously strive to enhance the value of your company and all our stakeholders in the years ahead.

R.N. AGRAWAL
Chairman

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Director's Report

To
All the Shareholders

Your Directors are pleased to present the 17th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS:

During the FY 2007-08 there has been a significant rise in turnover of your company. This symbolic growth has been attained through a strategic planning and its efficient & effective implementation. The turnover for the year under review is Rs. 938.12 Crores as against Rs. 445.45 Crores in the previous year. The PAT (before Deferred Tax) for the year is Rs. 50.92 Crores as against Rs. 14.20 Crores in the previous year.

The Financial Results for the year ended on 31st March, 2008 along with the Comparative figures for the previous year are given below :

Particulars	2008	2007
Turnover (inclusive of other Income)	94309.05	44760.37
Gross Profit (before depreciation, Interest and Tax)	7738.81	2322.79
Less: Depreciation	326.61	178.24
Less: Finance charges	977.24	431.63
Profit before Tax (Before Deferred Tax)	6434.95	1712.93
Less: Tax (Current)	1340.37	293.19
Profit After Tax (Before Deferred Tax)	5091.82	1419.74
Less: Tax (Deferred)	760.24	197.73
Profit after Tax (After Deferred Tax)	4331.58	1222.01
Dividend	261.04	217.53
Reserves	11456.47	7440.56
Shareholders Fund	12172.19	8391.85
EPS	4.96	1.11
CEPS	5.33	1.31

Operational Review

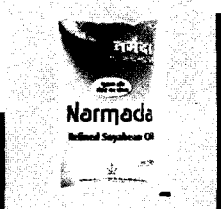
Division wise operational performance for the year ended 31st March, 2008 was as under:

Oil Division

During the year Soya Seeds processed stood at 279603 MT against that of 208352 MT in previous year thus recording a significant jump of 34.20% 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 76.08% during the year under the review (for leased plant 47.76%).

Refinery Division

Production of Refined oil stood at 36394 MT against that of 30967 MT in previous year, recording an increase of 17.53 % as compared to the previous year. The Capacity Utilization of the Refinery was 86.7 % during the year under the review.



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Dividend

The Board of Directors of the Company has recommended 30% Dividend for the year 2007-2008.

Transfer to Reserve

Your Company proposes to transfer 12.5% to the profit earned during the year i.e. Rs.804.40 lacs to the general reserve. The Company proposes to retain an amount of Rs. 3172.02 lacs out of current year's profit in the profit and loss account.

Achievements

During the year SAOL has been rated in top 500 companies by Dun & Bradstreet. This rating has been done on the basis of Income, Net Profit, and Net Wealth of the companies.

In October 2007, we have entered into a Memorandum of Understanding (MoU) with Madhya Pradesh Trade & Investment Facilitation Corporation Limited (TRIFAC), a wholly owned undertaking of the State Government of Madhya Pradesh for capital investment of Rs. 3,000 mn to be made during the next 3 years in various projects as per the expansion plans of our Company which, would be eligible for various fiscal & non-fiscal incentives.

Going forward the company got its three of brands registered i.e. Narmada, Sulabh, and Sanwaria. It launched one more consumer pack of edible oil in 1 Ltr pet bottle during the year.

Awards

“International Star Award for Quality in Gold Category” from the Business Initiatives Directions (BID), Madrid, Spain

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 has achieved a combined capacity of 2150 MT per day during the year and plan to achieve 3650 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 by next soya season. All this is aimed at increasing the Company's market share in M.P. from the present 10 percent to 20 percent.

Future Strategy

The company is aggressive to thrust its branded portfolio. To increase its proportion of sale from branded consumer pack products and to focus more on brand building by penetrating neighbouring markets like Chhattisgarh, Maharashtra and Uttar Pradesh launch of smaller SKUs of less than 1 litre/kg. penetrating neighbouring markets like Chattisgarh, Maharashtra & Uttar Pradesh.



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Such moves, will take your Company to a more competitive leading position in the market of the Edible Oil Consumer Health Segment and in other FMCG segments. Going ahead with this your Company aims to increase the market for Soya DOC from 10% to 20% as against the current market of 8% to 10%. SAOL is also planning for getting certified by ISO-14001 and HACCP.

Wind Power and Infrastructure.

Going forward with its plans of foraying into Infrastructure and Energy, during the year your company has installed of 6 MW Wind Turbine Generators out of which 1.8 MW at Tenkasi in Tamilnadu and 4.2 MW at Dewas in Madhya Pradesh besides 2.4 MW which was already commissioned and started during previous year. The wind power generated by WTGs commissioned during the previous year is being used captive.

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 intends to venture into bio-diesel production; it will be produced from the by-products of edible oil

Capital Structure

Your company has raised the funds to the tune of Rs. 21.5 crores for wind power project through Term Debt and planned to raise funds, to the tune of Rs. 100 Crore in the coming year for its projected Capex for capacity expansion of existing core business of edible oil, through a combination of internal accruals/FCNRB/GDR/FCCB/QIP/Private Equity Placements/ Long Term Debt.

In the financial year 2007-08 the Company Split/Sub-divided the existing fully paid-up Equity Shares of the face value of Rs. 2/- each (Rupees Two) into fully paid-up Equity Shares of the face value of Rs. 1/- each (Rupee One).” This move was aimed at achieving greater liquidity and affordability to the Shares of the Company.

The said Split was effected on 11th of February, 2008, 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 13,00,00,000 Equity Shares of Rs.1/- 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 2008, 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.

