

SANWARIA GROUP

Serving Society through Industry

18th ANNUAL REPORT 2008-2009



SAOL

SANWARIA AGRO OILS LIMITED

A Sanwaria Group Enterprise

An ISO-9001:2000 Certified Company

A GOVT. RECOGNIZED ONE STAR EXPORT HOUSE

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



SAOL

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

Registered Office

19-30 Industrial Area,
Kheda, Itarsi.

Corporate Office

E-1/1, Arera Colony
Bhopal (M.P)

Bankers

Punjab National Bank
State bank of India
State Bank of Indore
IDBI Bank Ltd
Standard Chartered Bank
Axis Bank Ltd
HDFC Bank Ltd

Auditors

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

Registered & Transfer Agent

Karvy Computershare Pvt. Ltd.
Hyderabad

Company Secretary

Ms Reena Gurbani

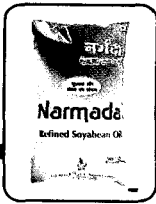
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PLANTS

(Name of the Unit and Locations)

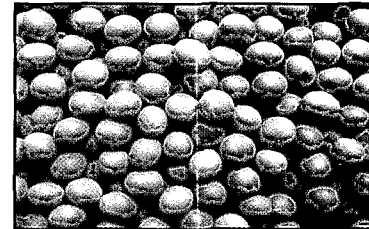
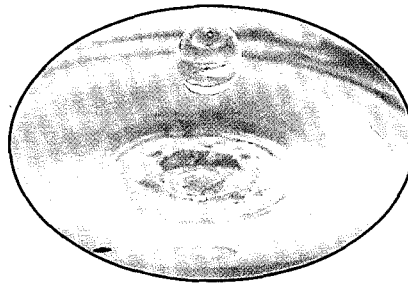
- 1) Soya Division
19-30, Industrial Area, Kheda, Itarsi (M.P.)
- 2) Soya Division Unit-I
53A, 53B & 55, Sec-A, Ind Area,
Mndideep (M.P.)
- 3) Soya Division Unit-II
53A, 53B & 55, Sec-A, Ind Area,
Mndideep (M.P.)
- 4) Soya Division
Kosmi, Ind. Area, Betul (M.P.)
- 5) Soya Division Unit-I
Pidgaon, Harda (M.P.)
- 6) Soya Division Unit-II
Pidgaon, Harda (M.P.)
- 7) WTGs – 11 Nos.
Location No.
10, 11, 12, 13, 16, 17, 18, 19, 20, 21 & 23
Nagda Hill, Dewas (M.P.)
- 8) WTGs – 3 Nos.
HT SC No. 2613, 2614, & 2615



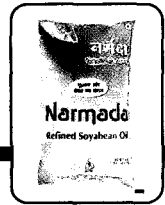
18th Annual Report 2008-09

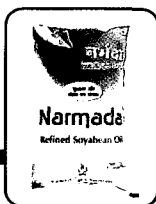
Board of Directors

Chairman	Shri Ram Narayan Agrawal
Whole Time Director	Shri Satish Agrawal
Whole Time Director	Shri Gulab Chand Agrawal
Whole Time Director	Shri Anil Agrawal
Whole Time Director	Shri Ashok Agrawal
Non Executive Director	Shri Rajul Agrawal
Independent Director	Shri Surendra Kumar Jain
Independent Director	Shri H. K. Agrawal
Independent Director	Shri Shyam Babu Agrawal
Independent Director	Shri Hans Kumar Verma
Independent Director	Shri Kesri Singh Chauhan
Independent Director	Shri Santosh Kumar Tiwari

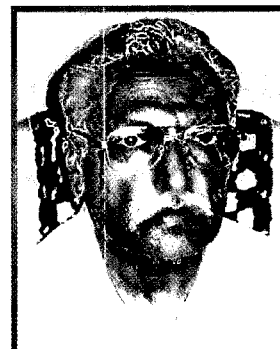


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R. N. Agrawal

Chairman's Words

Dear Shareowners,

I am pleased to introduce an 18th Annual Report of your company with financial statements of fiscal year 2008-09 that captures the progress we have made so far.

In this era Food and agriculture industry took economic center stage. Rising per capita income has given millions of people in developing countries the means to improve their diets and standards of living. This is a good sign in developing the demand of agricultural commodities your company is experiencing today.

No one can ignore the time of economic recession, which has taken place in the reporting year but Inspite of that your company has not lagged behind in achieving remarkable growth. There is 18% growth in top line of the company and EBIDTA margins are 7%.

This year company achieved the solvent extraction capacity to 3250 TPD and refinery capacity to 350 TPD as committed by it.

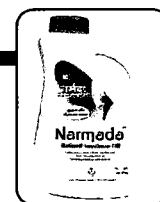
SAOL has shown ownership, commitment and drive in extending its business drastically with serving outstanding quality.

Today, as India's leading integrated edible oil company, Sanwaria has set the momentum for responsible and sustainable growth. Going forward it has begun spreading its footprint nation-wide, creating benchmarks in the industry and redefining paradigms.

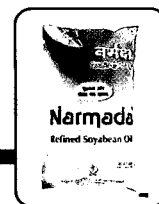
Your company has been awarded with Globoil India Awards 2008 for emerging company of the year 2008

Outlook for Soya Industry

World soyabean production has increased by over 500 percent in the last 40 years, it will continue to grow on strong demand for animal feed. Also demand for edible oil is constantly outstripping the supply and one because of the diversion of edible oil to bio fuels globally.



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Changing demographics i.e. growing urbanization, higher disposable incomes, more people eating out, young generation etc. will increase edible oil consumption.

Soyabean is the only major kharif oilseed that has shown drastic improvement in sowings, it has increased by 10.1 percent to 96.4 lac hectares. Total production of Soyabean has been 89 lac MT during the year.

Market size of edible oil in India is 13 mn MT. Due to non-availability of edible oil in domestic market 6 mn MT has to be imported out of which 95% is palm oil and soya oil.

If the import of edible oils is continue then it will adversely affect the growth of domestic industries. It needs a long-term policy for increase in oil seeds cultivation and increase in yields to reach near world standard to protect domestic industries.

The recent budget also lacks long-term policies and objectives. It has got some good announcements like abolishment of FBT, CTT, whereas some discouraging announcements like increase in MAT tax and non touching of corporate tax rate and dividend distribution tax. There is nothing in budget for edible oil industries and edible oil seeds in particular. Reintroduction of import duty on edible oils was badly needed which is not taken care.

Company Vision

Our impetus on building eternal and credulous relationship with our customers, suppliers and employees along with a legacy of caring for our communities remains the bedrock of our continued sustainability.

We are giving particular attention for establishing national presence by thrusting branded sale and addressing the challenges of middle income families.

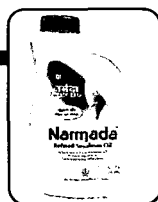
We involve a growth agenda in the sector of food, energy, and infrastructure by bringing expansion plans.

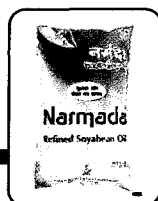
Additionally, we are trying to set standards in the development and implementation of eco-friendly environment through our Wind Turbine Generators green energy segment.

Sanwaria Agro is only trying to make good on promise and takes pride in making healthy lives.

In closing, I want to thank Board of directors, bankers, customers, suppliers and the dedicated staff of Sanwaria Group, who are committed us to transforming our ideas into a more dynamic, flexible, and innovative solutions. I also want to thanks to all the stakeholders of our company who has showed their valuable trust in the management of the company. We will need their constant help and counsel in the years ahead.

R.N. Agrawal
Chairman





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Director's Report

To
All the Shareowners

Your Directors are pleased to present the 18th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS:

The Financial Results for the year ended on 31st March, 2009 along with the Comparative figures for the previous year are given below:

(Rs. in lacs)

Particulars	FY 2009	FY 2008
Turnover (inclusive of other Income)	111144	94309
Gross Profit (before depreciation, Interest and Tax)	7337	7739
Less: Depreciation	562	327
Less: Finance charges	1056	977
Profit before Tax (Before Deferred Tax)	5718	6435
Less: Tax (Current)	1454	1340
Profit after Tax (Before Deferred Tax)	4264	5092
Less: Tax (Deferred)	459	760
Profit After Deferred Tax	3805	4332
Dividend	435	261
Reserves	13658	11456
Shareholders' Fund	15020	12172
EPS	2.27	2.52
DEPS	2.27	2.52

Operational Review

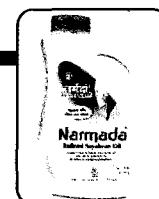
Division wise operational performance for the year ended 31st March, 2009 was as under:

Oil Division

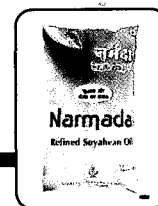
During the year Soya Seeds processed stood at 253548 MT. Your company sustained to be one of leading player in the Edible Oil sector. The Capacity Utilization of the solvent extraction plant has been constantly higher during the year under review.

Refinery Division

Production of Refined oil stood at 30733 MT with highest capacity utilization in the industry during the year under review.



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Dividend

The Board of Directors of the Company has declared an Interim Dividend @10% and recommended 15% Final Dividend for the year 2008-2009.

Transfer to Reserve

Your company proposes to transfer 10 % to the profit earned during the year i.e. Rs.400 lacs to the General reserve. The company proposes to retain an amount of Rs. 1868 lacs out of Current year's profit in the profit & loss account.

Achievements & Awards

During the year company has been awarded by ET under top 10 wealth creators and also honored under top 500 companies on the basis of overall performance.

Also company has been picked up by Time Group as a Trailblazers of Madhya Pradesh during the year.

Going forward company has launched one more consumer pack of edible oil in 500 ML pouch during the year by focusing on brand promotion.

“Emerging Company of the year 2008 Award” from the GLOBOIL INDIA in the year 2008.

During the year company has been assigned with “PR 2” rating by CARE for its short-term facilities.

New Projects/ Expansions/Acquisitions

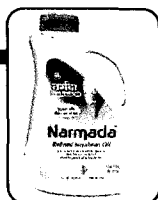
Company has achieved a combined extraction capacity of 3250 MT per day and refining capacity of 350 MT per day by acquisition of Betul and Harda Plants during the year. And it has plans to achieve up to 4250 MT per day by end of this year.

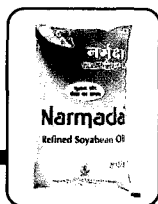
SAOL also has plans for entering into production and marketing of value added Soya based products by setting up a plant for manufacture of Soya flour, Soya nuggets, Soya Granules and Protein Isolates by next Soya season. All this is aimed at increasing the market share of the company in edible oil sector to 20 pc from existing 10 pc.

Future Strategy

The company is focusing on its brand promotion. It has three brands “NARMADA”, SULABH”, and “SANWARIA” in its product basket with the salable consumer units (SKUs) of ½, 1, 2, 5 & 15 litre(s)/kg(s). Currently the company has presence in various state like M.P., Chhattigarh, U.P., Maharashtra, Haryana, Delhi, Himachal Pradesh, Punjab, Uttarakhand, and Paschim Bengal.

Company has tie up arrangements with various retails like Vishal Retail, Reliance Fresh, Pantaloon (Big Bazar), and ITC Choupals etc. to promote its brand “NARMADA”. On other hand it has various C&FA





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and distributors also.

Company is getting long-term marketing and branding strategy in place and in process of appointing a firm of repute for the same to enable it to start campaign for branding. Within 2-3 years we will emerge with national presence through various products like soy flour, nuggets besides soy-refined oil.

Through these routes company will increase its branded sale to 25-30% from present level of 5% of total volume.

SAOL is in process of getting certified by ISO-14001 & 22000 and implementing of ERP solution.

Wind Power and Infrastructure.

Company has Wind Turbine Generators of 8.4 MW capacity out of which 1.8 MW at Tenkasi in Tamilnadu and 6.6 MW at Dewas in Madhya Pradesh. This Segment of your Company registered a revenue of Rs 414.59 lakhs and Profit Before Tax (PBT) of Rs 191.42 lakhs, for the year ended on 31st March, 2009. This has resulted in significant reduction in annual energy charges of the Company.

Being continue with the move of cost reduction it has plan of expanding its power generation capacity through wind turbines by 6 MW.

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-fuel production; it will be produced from the by-products of edible oil, other derivatives and origins of plant oils.

Capital Structure

In the Financial year 2008-09 the company has successfully issued bonus shares to its shareholders in the ratio of 1:1. Also your company has redeemed its 20,00,000 12% Convertible, Cumulative, Redeemable, Participating Preference Shares of Rs. 10/- each.

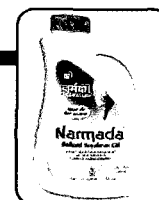
The said Bonus shares were allotted to the shareholders on 29th of December, 2008 and the preference shares were redeemed on 6th of January 2009. To give effect to the Bonus Issue the Authorised share Capital of the company has changed to Rs. 20,00,00,000 (Rupees Twenty Crores) consisting of Rs. 18,00,00,000 (Rupees Eighteen Crores) Equity Capital divided into 18,00,00,000 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

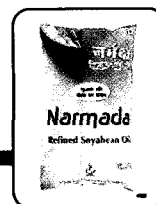
During the year ended March 31st 2009, your Company has not accepted any deposits from the public.

Directors

Mr. Rajul Agrawal, Mr. Shyam Babu Agrawal and Mr. Santosh Kumar Tiwari retire by rotation in



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accordance with the provisions of the articles of Association of the company and being eligible offers themselves for reappointment.

Subsidiary Company

The Reports of directors and Statement of Accounts of Subsidiary Shrinathji Solvex Limited together with the Auditors report thereon are attached. The requisite statement pursuant to Section 212 of the Companies Act, 1956 is also attached with.

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, 2009 and the profit and loss for the year ended March 31st, 2009.
- ◆ 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.

Personnel:

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

Auditors and Auditors' report

M/s M. Munshi & Co. Chartered Accountants, Indore had been appointed as Statutory Auditors for the financial year 2008-2009

The Auditors' Report for the year under review is self-explanatory and hence does not require any explanation.

Corporate Governance

The Company has in practice a comprehensive system of Corporate Governance. A detailed and separate Report on Corporate Governance forms part of this Annual Report.

