



**SANWARIA GROUP**

Serving Society through Industry

**"SANWARIA"** An Emerging FMCG Company



**21<sup>ST</sup> ANNUAL REPORT 2011-2012**



**SANWARIA AGRO OILS LIMITED**

**A Sanwaria Group Enterprise**

An ISO-9001:2000 Certified Company

A Govt. Recognized One Star Export House

E-1/1, Arera Colony, Bhopal - 462 016 (M.P.) India



**SANWARIA GROUP**  
Serving Society through Industry



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## SANWARIA FMCG COMPANY

### CORPORATE INFORMATION

#### BOARD OF DIRECTORS

Mr. R. N. Agrawal  
(Chairman)

Mr. Anil Agrawal  
(Whole Time Director)

Mr. Ashok Agrawal  
(Whole Time Director)

Mr. Gulab Chand Agrawal  
(Whole Time Director)

Mr. Satish Agrawal  
(Whole Time Director)

Mr. Rajul Agrawal  
(Non Executive Director)

Mr. Surendra Kumar Jain  
(Independent Director)

Mr. H. K Agrawal  
(Independent Director)

Mr. Shyam Babu Agrawal  
(Independent Director)

Mr. Hans Kumar Verma  
(Independent Director)

Mr. Keshri Singh Chauhan  
(Independent Director)

Mr. Santosh Kumar Tiwari  
(Independent Director)

#### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Shazia Afzal

#### AUDITORS

Sunil Saraf & Associates  
Chartered Accountants

#### BANKERS

Punjab National Bank I State Bank of India I Bank of India  
I IDBI Bank Ltd I Standard Chartered Bank I Oriental  
Bank of Commerce I Axis Bank Ltd I HDFC Bank Ltd I  
ICICI Bank Ltd I Yes Bank Ltd I China Trust Commercial  
Bank

#### PLANT LOCATIONS:

##### ITARSI

##### SOYA DIVISION

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

##### MANDIDEEP

##### SOYA DIVISION UNIT-I

53A, 53B & 55, Sector-A,  
Industrial Area, Mandideep (M.P.)

##### SOYA DIVISION UNIT-II

53A, 53B & 55, Sec-A  
Industrial Area, Mandideep (M.P.)

##### BETUL

##### SOYA DIVISION

Kosmi, Industrial Area, Betul (M.P.)

##### HARDA

##### SOYA DIVISION UNIT-I

Pidgaon, Harda (M.P.)

##### SOYA DIVISION UNIT-II

Pidgaon, Harda (M.P.)

#### MARKETING OFFICES:

First Floor, Room No. 5, Sunder Bhuvan, 32-38,  
Perin Nariman Street, Fort, Mumbai – 400 001.

Plot No-1, Flat No-2, Ground Floor, G-sector,  
Town Centre, CIDCO, Aurangabad -431003 (M.H.)

#### REGISTRAR & TRANSFER AGENT

Karvy Computershare Private Limited  
Hyderabad (A.P.)

#### CORPORATE CUM REGISTERED OFFICE

E-1/1, Arera Colony, Bhopal-462016 (M.P.)

#### SUBSIDIARY COMPANY OFFICE

##### Sanwaria Singapore Pte. Ltd

7500A Beach Road, #08-313  
The Plaza, Singapore (199591)



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## SANWARIA FMCG COMPANY

### FINANCIAL HIGHLIGHTS

(` in Lacs)

PARTICULARS	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<b>REVENUE ACCOUNT</b>					
NET SALES	141174.51	156252.31	111675.70	111143.55	93962.68
EBIDTA	8278.43	7088.35	7744.66	7336.88	7747.20
PROFIT BEFORE TAX(PBT)	1921.01	3831.91	5764.23	5717.99	6434.95
TAXATION	216.15	733.10	1882.74	1913.41	2103.37
PROFIT AFTER TAX (PAT)	1704.85	3098.80	3881.49	3804.57	4331.58
<b>CAPITAL ACCOUNT</b>					
SHARE CAPITAL	3480.50	1740.25	1740.25	1740.25	1070.12
RESERVES & SURPLUS	20016.27	20051.66	17119.10	13657.86	11456.47
SHAREHOLDERS FUND	23395.62	21598.41	18573.50	15019.90	12172.19
BORROWINGS	37596.34	42537.71	27215.46	15874.62	19325.24
<b>FINANCIAL RATIOS</b>					
EBIDITA TO SALES	5.86%	4.53%	6.93%	6.60%	8.24%
PBT TO SALES (%)	1.36%	2.45%	5.16%	5.14%	6.85%
PAT TO SALES (%)	1.21%	1.98%	3.48%	3.42%	4.61%
DEBT EQUITY RATIO	1.60	1.96	1.46	1.05	1.58
EPS(RUPEES) BASIC	0.49/-	0.84/-	2.27/-	2.27/-	2.52/-
DIVIDEND %	NIL	NIL	20	25 (10% Interim + 15% Final)	30





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## SANWARIA FMCG COMPANY

### CHAIRMAN'S MESSAGE

Dear Shareholders,

I, take great pleasure in welcoming you all to the 21<sup>st</sup> Annual General Meeting of our Company.

Sanwaria performed creditably in this challenging environment. The Company retained its market leadership across various brands and continued to launch innovative products supported by effective marketing campaigns. Even as the industry environment became progressively difficult, Sanwaria strengthened its position as one of the India's leading household brand in the markets of its presence.

The Company performed better in 2011-2012, Net Revenue Stood at ` 1433 crore and Net Profit ` 17.04 crore, following cost control.

Sanwaria possesses a robust foundation with around 40% of its total revenue derived from trading of CPO, Soya Degummed Oil, Crude Sunflower Oil, Wheat , Paddy, Gram, Soya DOC, Pulses etc through import and 60% from manufacturing. The Company has achieved branded sales from 2% to 10% in 2012.

Over the past year the Company has continued to build cost effective strategy to deliver affordable products to the consumers. Your Company has evolved to a size and scale that it's poised to address global opportunities.

Edible oil industry in India is expanding at a pace faster than its peers around the world because of increasing per-capita consumption that still stands at much lower levels compared with world average. Nearly 60 percent of the domestic demand is being met through imports. Due to rising imports, the industry is getting increasingly correlated with the global scenario where a lot of volatility has been seen in recent years because of financial crisis and expanding demand for bio fuels. In the near term, rising international prices coupled with strong demand scenario will help keep margins of industry strong. However, if there is a substantial surge in feed stock prices, it can impact the prices of standalone solvent extractors.

The foremost demand of the industry is that the government should restore the duty walls so as to support the local producer.

India's GDP is estimated to grow at 6.9 per cent in real terms in 2011-12. The growth is estimated to be 2.5 per cent in agriculture, 3.9 per cent in industry and 9.4 per cent in services. There is a significant slowdown in comparison to the preceding two years, primarily due to deceleration in industrial growth, more specifically in private investment. Rising cost of credit and weak domestic business sentiment, added to this decline. India's GDP growth for 2012-13 is expected to be 7.6 per cent +/- 0.25 per cent.



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In widening our revenue spread and climbing the value-chain, we expect to enhance value for our stakeholders more visibly over the foreseeable future. Going ahead, the Company intends to embark on the Commission of Basmati rice production in a couple of months.

We are augmenting our manufacturing, research and marketing base to pursue strong and sustained growth.

Sanwaria's attractive positioning for over two decades, Growing its business around edible oil manufacturing and is committed to emerge as a FMCG Company to make people healthy naturally. Sanwaria is to deliver innovative and effective products, sustain new product launches across emerging categories in global and Indian geographies to satisfy consumer needs.

Let me take this opportunity to acknowledge with pride the high spirit and sense of dedication of our employees, the support of farmers and the enduring faith of our bankers and shareholders in our corporate strategy. On the strength of our collective efforts and the external scenario Company is reviving gradually but firmly.

Warm Regards

**Ram Narayan Agrawal**





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## SANWARIA FMCG Company

### DIRECTOR'S REPORT

To The Members of Sanwaria,

Your Directors have pleasure in presenting their report along with the accounts of the Company for the year ended 31<sup>st</sup> March 2012.

### FINANCIAL RESULTS

(` in Lacs)

	FY 2012	FY 2011
<b>Net Turnover &amp; Other Income</b>	143315	159203
<b>Profit before depreciation, Interest and Tax</b>	<b>8278</b>	<b>7088</b>
Depreciation & Amortization expenses	590	578
Finance charges	5767	2678
<b>Profit before Tax</b>	<b>1921</b>	<b>3832</b>
Provision for Tax	300	708
<b>Profit after Tax (Before Deferred Tax)</b>	<b>1620</b>	<b>3124</b>
Less/Add: Tax (Deferred)	(84)	25
<b>Profit After Deferred Tax</b>	<b>1704</b>	<b>3099</b>
Dividend	-	-
Reserves	20016	20052
Shareholders' Fund	23396	21598

### PERFORMANCE REVIEW- OPERATIONAL

Company is making out all effort to ensure that the products developed are in tune with the needs of the consumers and initiated several steps to mark its presence in the premium markets, reducing the marketing lag and improve of the Company's product are some of the current initiative that are expected to help the Company to be a cost effective to enable its to meet the challenges of competitive markets in the future.

#### Oil Division

During the year Soya Seeds processed stood at 238852 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 than Industry average.

#### Refinery Division

Production of Refined oil stood at 26573 MT during the year under review.

### APPROPRIATIONS

#### Dividend

With a view to conserve resources for funding the business expansion plans of the Company, no dividend on the Equity Shares for the year ended 31<sup>st</sup> March, 2012 was recommended.





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### Transfer to Reserves

The Board has recommended to transfer of ` 200 Lacs, being 11.7% to the profit earned during the year to the General reserve and an amount of ` 1505 lacs out of Current year's profit is retained in the profit & loss account.

### MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the management discussion and analysis provided in separate section elsewhere in this Annual report.

### BRANDING, AWARD AND RECOGNITION

Your Company won many accolades and Crowned with **“fastest wealth creators”** award and top with 1<sup>st</sup> rank by **“Motilal Oswal** creation study during (Financial Year 2006-2011”).

Ranked 379<sup>th</sup> in terms of Net Sales, Ranked 512<sup>th</sup> in terms of Cash Profit and 459<sup>th</sup> in terms of PAT by **“Fe 500 India's Finest Companies out of 500 companies”**.

Ranked 194<sup>th</sup> in term of Market Capitalization by **“Fe 500 India's Finest Companies”** out of 500 companies.

Ranked 347<sup>th</sup> in terms of Net Sales, 747<sup>th</sup> in terms of Operating Profit, 657<sup>th</sup> in term of Net Profit, 663<sup>rd</sup> in terms of Total Assets, 755<sup>th</sup> in terms Net Worth and 577<sup>th</sup> in terms of Market Cap by **“Business Standard 1000”**.

Ranked at 263<sup>rd</sup> being **“the fastest – Growing mid size Company by Inc. india magazine”** and awarded with 1<sup>st</sup> position in terms of Top Public Wealth Creator during tenure of 2007-2010 and Stood in Top 25 Companies in terms of top line CAGR with 35.6% among the turnover (Topline) range of ` 1000 crore to ` 1500 crore.

Ranked by **“Plimsoll Global Analysis, United Kingdom”** at 290<sup>th</sup> largest Company in the Global Food Manufacturing industry amongst the World's top 500 Food Manufacturers and also listed as a top performer at 230<sup>th</sup> most profitable food manufacturing of the World.

### STEPPED DOWN AREA

Your Company continues to rein envially in its product portfolio-both in number and performance. The Company has launched:

**WHOLE WHEAT CHAKKI FRESH ATTA** under the brand **“SANWARIA SETH”** in a consumer pack of 1, 2, 5 & 10 Kg. Currently it has been launched in M. P., CG. Going forward it shall be launched in some other parts of central region and in North & South (Andhra Pradesh, Tamil Nadu) region also. We are going for fortification of this Chakki fresh Atta which is enriched with more protein and nutrient that meet the WHO standards.

**SOYA NUGGETS /CHUNKS – “SANWARIA PRODIET”**, Leveraging new capabilities to open up new growth vectors new products like “ Sanwaria Prodiet” launched which is currently being outsourced. Consumption opportunities were successfully tapped and widened through Introduction of (Soya Nuggets /Chunks), In the upcoming year the Soya Nuggets production plant is also on the radar.

**BASMATI RICE**, Additionally your Company focused attention on building new capabilities and a robust pipeline of innovation, While building brand differentiation and relevance the Company has entered into Basmati rice segment which is expected to be launched in a couple of months under the brand strategy.

**“SANWARIA”** brand, promoted during the year in addition to **“NARMADA”** hold promise and hope for the Company business. Import of commodities like Soya Crude Degummed Oil, Crude Palm Oil, Coal, RBD Palmolien and sunflower Oil etc. are already placed to strengthen the business.

The Company is gaining momentum for Supply of **“SULABH”** RBD Palmolien domestically with a view of growing demand in the upcoming years. Fortified Soya refined Oil, Blended edible oil, Refined Bleached Deodorized Palm olien, High protein soya meal, Full fated and Defatted Soya flour are the new avenues to capture market.



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### FUTURE PROSPECTS

Your Company will invest more in marketing initiatives with an aim to grow the non-credit based segment. Some new retails like Wall Mart, Metro, Carry Four are likely to be inducted, On the other hand we are expanding our own marketing network into various regions. The core business and will work with strategic partnerships or alliances in the various divisions to create more value for the shareholders with a vision to emerge as an FMCG player and focusing to promote its “SANWARIA” brand by entering into long-term marketing and branding strategy in place and through this Company will increase its branded sale to 35-40% from 10% of current level. Further the step of government to ban the loose oil sale will also support branded sale contribution significantly.



Operation have also been streamlined for differentiated products Like “SALT” in addition to existing portfolio of Whole Wheat Chakki Fresh Atta (SANWARIA SETH), Soya Nuggets (“SANWARIA PRODIET”), Basmati Rice. “Sanwaria”, “Narmada”, and “Sulabh”, are placing prominent position of the Company into the market.

Some value added Soya based products Like Soya Flour, Soya Tofu and Potato based –Like Chips, Flakes, and Vanaspati, Vegetable oil refinery are in pipeline.

### WIND POWER DIVISION-HIVED OFF

Board considered and approved hive off Wind power division of the Company to purely concentrate on FMCG sector and its branded sales. Thereby disposed off its Wind power division with effect from 1st April 2012 to its subsidiary Company Sanwaria Energy Limited incorporated solely for the purpose of wind power generation.



### SUBSIDIARY Company

There has been no business activity during the year by Sanwaria Singapore Pte. Limited (Singapore), a wholly owned subsidiary of Sanwaria.



### DIRECTORS

Mr. Santosh Kumar Tiwari, Mr. Surendra Kumar Jain and Mr. H. K. Agrawal, are Directors retire by rotation in accordance with the provisions of the articles of Association of the Company and being eligible offers themselves for reappointment.

### 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 31<sup>st</sup>, 2012 and the profit and loss for the year ended March 31<sup>st</sup>, 2012.

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.



### 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