

SANWARIA AGRO OILS LIMITED

A FMCG FOOD PRODUCTS COMPANY

Investors Presentation June 2017



SAFE HARBOR

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FY17 PERFORMANCE HIGHLIGHTS



PERFORMANCE HIGHLIGHTS

- Revenue for the FY17 has increased by 30.32% to Rs. 35124.35 mn from Rs. 26952.46 mn in FY16.
- In FY17, the Company marked the Net Profit of Rs. 439.74 mn against Rs. 156.79 mn in the FY16 reflecting growth of 180.46%.
- In the FY17, EBIDTA stood at Rs. 1243.36 mn as against Rs. 1188.59 mn in FY16.
- In the FY17, PBT stood at Rs. 501.58 mn as against Rs. 399.23 mn FY16.
- EPS of the Company stood at Rs. 1.19 in FY17 against Rs. 0.45 in FY16.
- Change in business from Soya based Company to FMCG Food Products Company.

30%

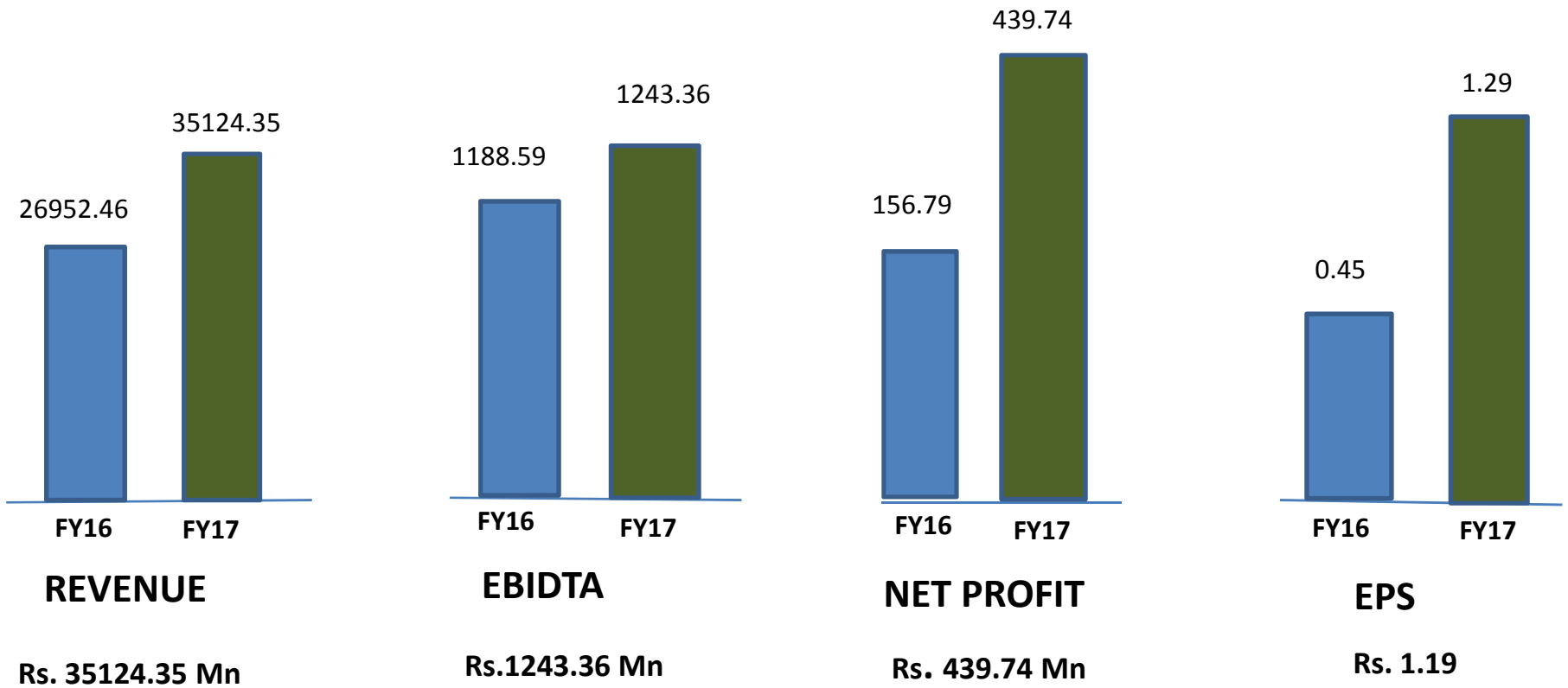
Growth



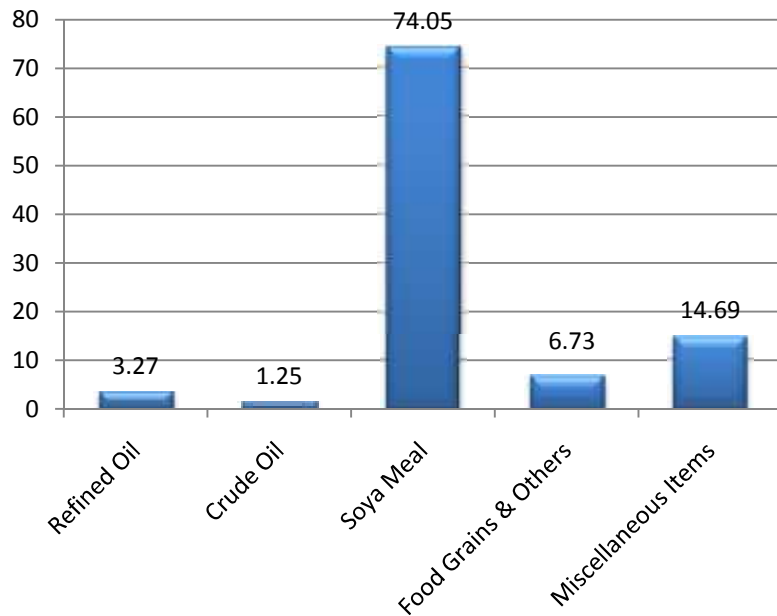
YoY In Turnover



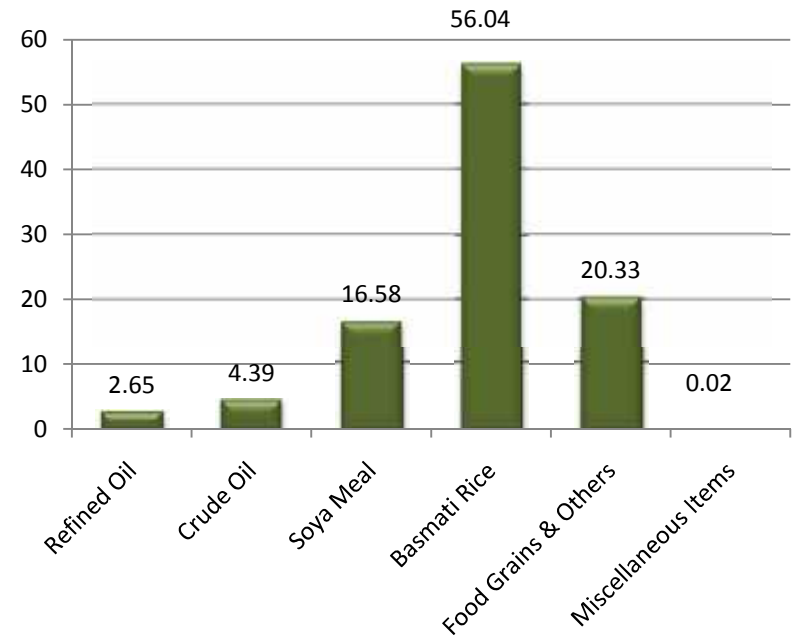
STRONG FINANCIALS



Revenue Mix for the period FY 14-15



Revenue Mix for the period FY 16-17



“Product mix of the Company has been changed from Commodity based business to FMCG Company with Basmati Rice as the main contribution.”



CORPORATE ACTION

PREFERENTIAL ISSUE

- The Company allotted 2.00 Crore Equity shares to Promoters and Promoter group through Preferential Issue at the premium of Rs. 24.00

DIVIDEND

- Declared Interim Dividend @5% for the FY17.

BONUS ISSUE

- Recommended Bonus Issue in the ratio of 1:1 i.e. One Bonus shares for every one Equity Shares held.



ANNUAL PROFITABILITY STATEMENT

Value (Rs. In mn)	FY16	FY17
Description	12m	12m
Net Sales	26952.46	35124.35
Other Income	119.66	137.52
Total Income	27072.12	35261.87
Expenditure	25883.53	34018.51
Operating Profit	1188.59	1243.36
Interest	710.06	669.05
Gross Profit	478.53	574.31
Depreciation	79.31	72.73
Profit before Extraordinary item and tax	399.22	501.58
Tax	58.28	61.84
Profit After Tax and before Extraordinary Items	340.94	439.74
Extraordinary Items	184.16	-
Net Profit	156.79	439.74
Equity Capital	348.05	368.05
Reserves	2854.80	3752.39
Face Value	1.00	1.00
EPS	0.45	1.19



STANDALONE BALANCE SHEET

LIABILITIES	Rs. In Mn	
	FY16	FY17
Shareholder's Funds		
Share Capital	348.05	368.05
Reserves & Surplus	2854.80	3752.39
Share Application Money	500.00	-
Non-Current Liabilities		
Long Term borrowings	93.44	93.78
Deferred Tax Liabilities	167.43	162.89
Long Term Provisions	2.03	2.03
Current Liabilities		
Short Term Borrowings	8411.87	9037.39
Trade Payables	1939.70	1257.63
Other Current Liabilities	302.42	268.62
Short Term Provisions	147.21	175.99
Total Liabilities	14766.95	15118.78

ASSETS	Rs. In Mn	
	FY16	FY17
Non- Current Assets		
Fixed Assets		
a) Tangible Assets	1142.32	1069.60
Non Current Investments	362.97	362.97
Long Term Loans & Advances	201.39	170.66
Other Non Current Assets	0.60	-
Current Assets		
Inventories	5341.20	5052.66
Trade Receivables	6737.69	7271.63
Cash & Bank Balances	157.34	166.33
Short Term Loans & Advances	823.44	1024.93
Total Assets	14766.95	15118.95



ABOUT SANWARIA AGRO OILS LIMITED



COMPANY OVERVIEW

- Sanwaria Agro Oils Limited is one of the largest integrated food processors in India and is engaged in the business of manufacturing and selling of edible oil and other staple food products like Soya, Rice, Pulses and Wheat etc.
- Sanwaria is presently one of the top names in the industry having its presence in various growing sectors like Renewal Energy, Infrastructure, Hospitality, Warehousing, and more prominently FMCG food processing.
- As a Flagship company in the Group “Sanwaria Agro Oils Ltd” is primarily engaged in food processing which includes:
 - Soybean Processing- for extraction of Soya Oil, Soya Meal (De-oiled Cake), Soya Flour, and Soya Chunks (Soya Bari)
 - Paddy Processing- for Basmati and Non Basmati Rice
 - Rice Bran Oil Processing
 - Wheat Processing-for Flour, Maida, Rawa, Suji, Daliya, Chakki Fresh Atta
 - Gram Processing- for Besan
- Sanwaria Agro Oils Limited is a mission driven company Incorporated in 1991 and listed on BSE and NSE.
- Started with regional presence and grown up worldwide. It is ISO 14001, 22000, GMP and Halal Certified. Also awarded as a Government Recognized Export Trading House by DGFT.
- The Company has manufacturing units at 3 location - Mandideep, Itarsi and Betul, strategically located in the food production and consumption belt in India.
- The Company is involved in the food business for more than 25 years and has built a very strong sourcing capabilities by direct procurement of agricultural produce through more than 80 direct collection centre. This has lead to significant cost economies in procurement.



- The Company has a strong distribution network with reputable brands like **Sanwaria, Narmada, Sulabh and Nashira**.
- The company has strong backward integration for its raw material having innovative model of Direct Procurement Centers (DPC) across the state.
- Amazing forward network of C&F agents, Distributors, Retail chains, Malls for sale and marketing of its products.
- Sanwaria has adopted strategy to convert its conventional commodity and agro based business into an FMCG Business by adding new product range like Suji, Maida, Dalia, Besan, Chakki Fresh Atta, Poha, Soya Flour, Sugar Pulses and packaged food, etc.
- Presently have 25 no. of products which will gradually taken to 50 and the finally to 100 no. of products basket with in next 2-3 years.
- It has an installed capacity of 2,500 TPD for soya bean crushing and extraction of crude oil and de-oiled Cake (Soya Meal) installed capacity of 250 TPD for oil refining.
- The Company has commissioned and started the production of Basmati Rice with a capacity of 200 TPD in Mandideep in 2013 and 300 TPD in Kiratpur Itarsi in 2015.
- The Company has planned to open 100 ATM size stores starting with MP and then rest of India to sell our products directly to consumers. 11(Eleven) of such stores are already opened at different places of MP and another 10 (Ten) in pipeline.
- The Company is recently ranked **336th** in amongst 1000 India's finest Companies on the basis of Turnover by the “**The Financial Express**”.



INDUSTRY OVERVIEW

Food sector in India :

- India is the world's second largest producer of food products next to China and has the potential of becoming the largest producer in the near future.
 - In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry.
 - The food industry, which is currently valued at US\$ 39.71 billion is expected to grow at a Compounded Annual Growth Rate (CAGR) of 11 per cent to US\$65.4 billion by 2018.
 - Food and food products constitute ~35% of the wallet spend. Out of this more than 50% comprise of staples like wheat, rice and edible oil.
 - Current per capita food expenditure in India is 1/6th of China and 1/16th of US.
 - Spending on processed food is likely to surge 4x by 2020 as the segment has grown at a CAGR of 18% in the past five years.
- **Increasing demand of Soya based products :**
- Soybean has 60% protein content and the fats in soybean oil has shown to help reduce total cholesterol, lower LDL or bad cholesterol levels and increase HDL or good cholesterol levels.
 - Soya based products are the cheapest source of proteins for vegetarians worldwide.
 - Soya foods provide high quality protein and are low in saturated fat. This along with the growing health consciousness amongst people has lead to rapid acceptance of soya foods like soya milk, soya flour, soya nuggets, soya pasta, soya flakes etc.
 - With growing urbanization, favorable demographics, increasing health consciousness and the instances of adulteration in unbranded goods, the branded foods category is expected to continue its growth.
 - The packaged part of the F&B segment is estimated to grow at a CAGR of ~10% for the next 5 years.



GROUP COMPANIES

➤ **Sanwaria Foods Limited**

The Company operates a 70 TPD flour mill at Itarsi in Madhya Pradesh where in wheat and wheat products such as Atta, Rawa, Maida, Suji etc. are manufacturing.

➤ **Sanwaria Warehousing & Logistics Limited**

The company has 5 warehouses in M.P. having total capacity of 9857 MT.

➤ **Sanwaria Energy Limited (100% Subsidiary of Sanwaria Agro Oils Limited)**

Sanwaria Energy Limited (SEL) is engaged in the business of generation, distribution, supply, and accumulation of electricity. It has commissioned 6.6 MW Wind Power plant at Dewas, Madhya Pradesh, as well and 1.8 MW in Tenakashi, Tamil Nadu for supply for captive use and supply to EB.

➤ **Sanwaria Infrastructure Limited**

Sanwaria Infrastructure Limited (SIL) is in the business of construction building, roads, including highways, wells dams, canals, etc. Recently it has completed a hotel project having name of “The Celestial Park”.

➤ **NS Agrawal Trading Corporation Limited**

NS Agrawal Trading Corporation Limited (NSATCL) is engaged in trading of Food Grains, Pulses, Wheat, Oil Seeds, Cereal etc and having Ashok Dall & Oil Mill (ADM) unit at Itarsi. The Company has setup 50 TPD Flour Mill at Itarsi and manufacture fortified wheat flour, wheat meal and Bran etc.

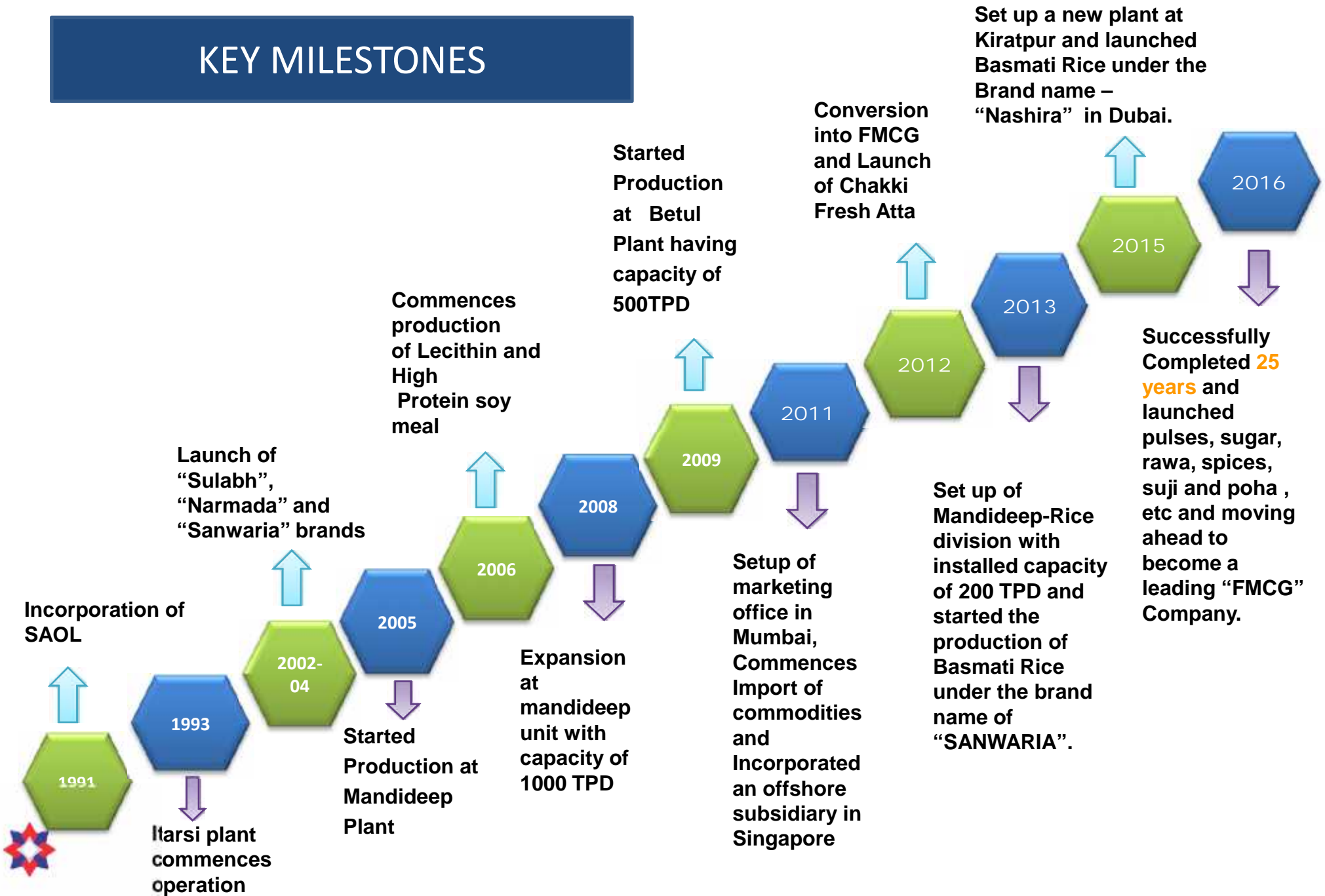


PROMOTERS PROFILE

Name	Description
Shri Anil Agarwal	He is a Doctor of Philosophy in Management, Chartered Accountant and Master of Commerce. He looks after finance, accounts and taxation matters of the company. Being a qualified person his contribution in company is always appreciative. His suggestions are always in best interest of the company. He is actively involved in fund management. He deals with all finance and law related matters coming in day to day activities. He keeps on trying his best efforts essential for success and prosperity of the company. He has developed overall internal control system in company.
Shri Gulab Chand Agarwal	He is commerce Graduate and has 25 years of experience of handling cash, dealing with banks. He looks after working capital management of the company apart from cash and mandi/farmers payment management. He has a very good contribution in developing internal control system for the cash.
Shri Ashok Agarwal	He is a Commerce graduate and has more than 25 years experience of production /manufacturing. He has been involved in Factory Management, Marketing, Personnel Recruitment, Labor Management, and General Administration. He looks after overall factory/plant, sales/market of the company's all products.
Shri Satish Agarwal	He is a Commerce graduate and has 25 years of experience related to Dal mill, trading and procurement of various items from mandi and farmers. He has been involved to forging strong relationship with farmers. He looks after overall procurement activity of soya seed and other items for the company. He is also associate with day to day affairs of Roller Flour Mills and Solvent Extraction Plant.

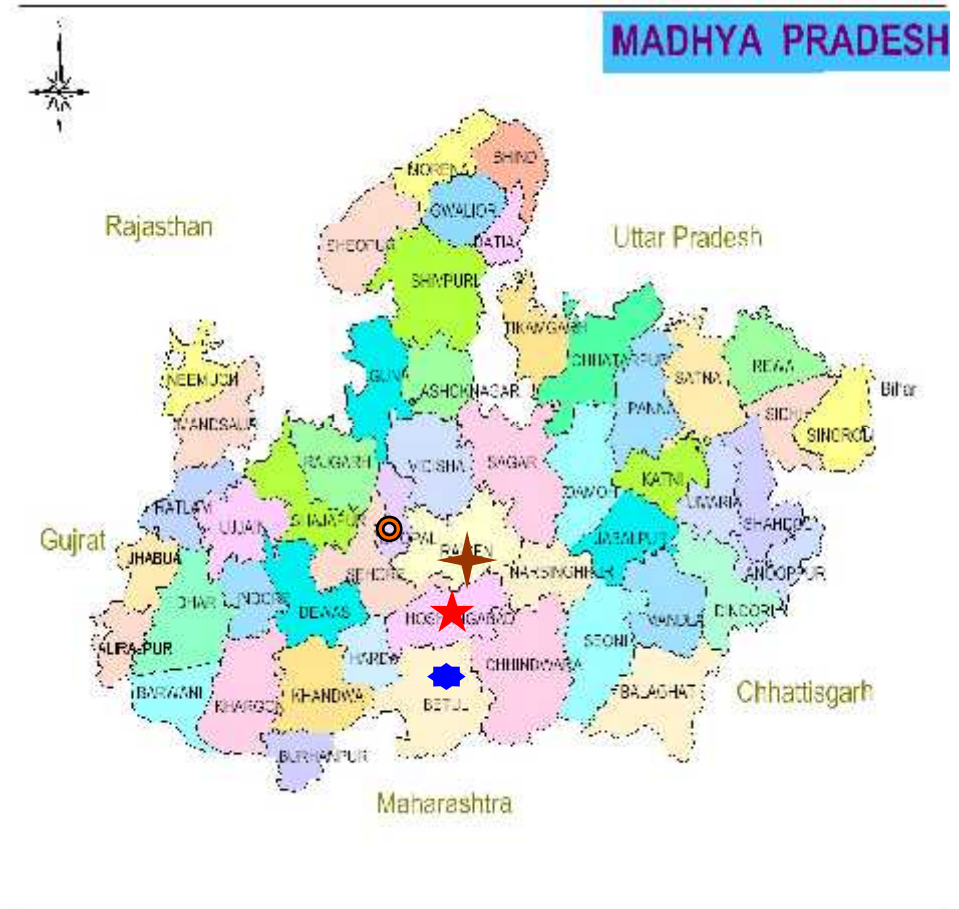


KEY MILESTONES



MANUFACTURING LOCATIONS

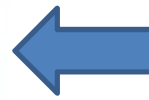
S.No.	Process - Location	Installed Capacity TPD
1	SEP – Itarsi ★	500
2	SEP – Mandideep ★	1500
3	SEP- Betul ★	500
4	Rice Plant- Mandideep ★	200
5	Rice Plant- Itarsi ★	400
6	Soya Flour-Mandideep ★	10
7	Soya Chunks- Mandideep ★	10



FMCG FOOD PRODUCTS COMPANY WITH GLOBAL AND REGIONAL BRANDS



**SANWRAIA
BASMATI RICE**



NASHIRA BASMATI RICE



SANWARIA SOYABEAN REFINED OIL



**PULSES
SALT
SUGAR
SOYA BARI
BESAN
MAIDA**



PRODUCT PORTFOLIO

Company's premium products basket consist of:

- Basmati Rice (Exotic & Premium- Raw/Sella)
- Refined Soyabean Oil, Refined Rice Bran Oil/ Fortified with vitamins
- Chakki fresh Atta fortified with Soya Flour
- Chakki fresh fortified Protein & Iron rich Atta
- Maida, Suji, Rawa, Besan, Daliya, Pulses (Dals),
- Soya Flour, Soya Chunks (Bari)
- Salt, Sugar, Poha
- Soya Meal, Soya Meal High Protein
- Rice Flour, Lecithin
- Aqua Feed
- Poultry Feed



To be Launched:-

- Tea
- Mustered Oil

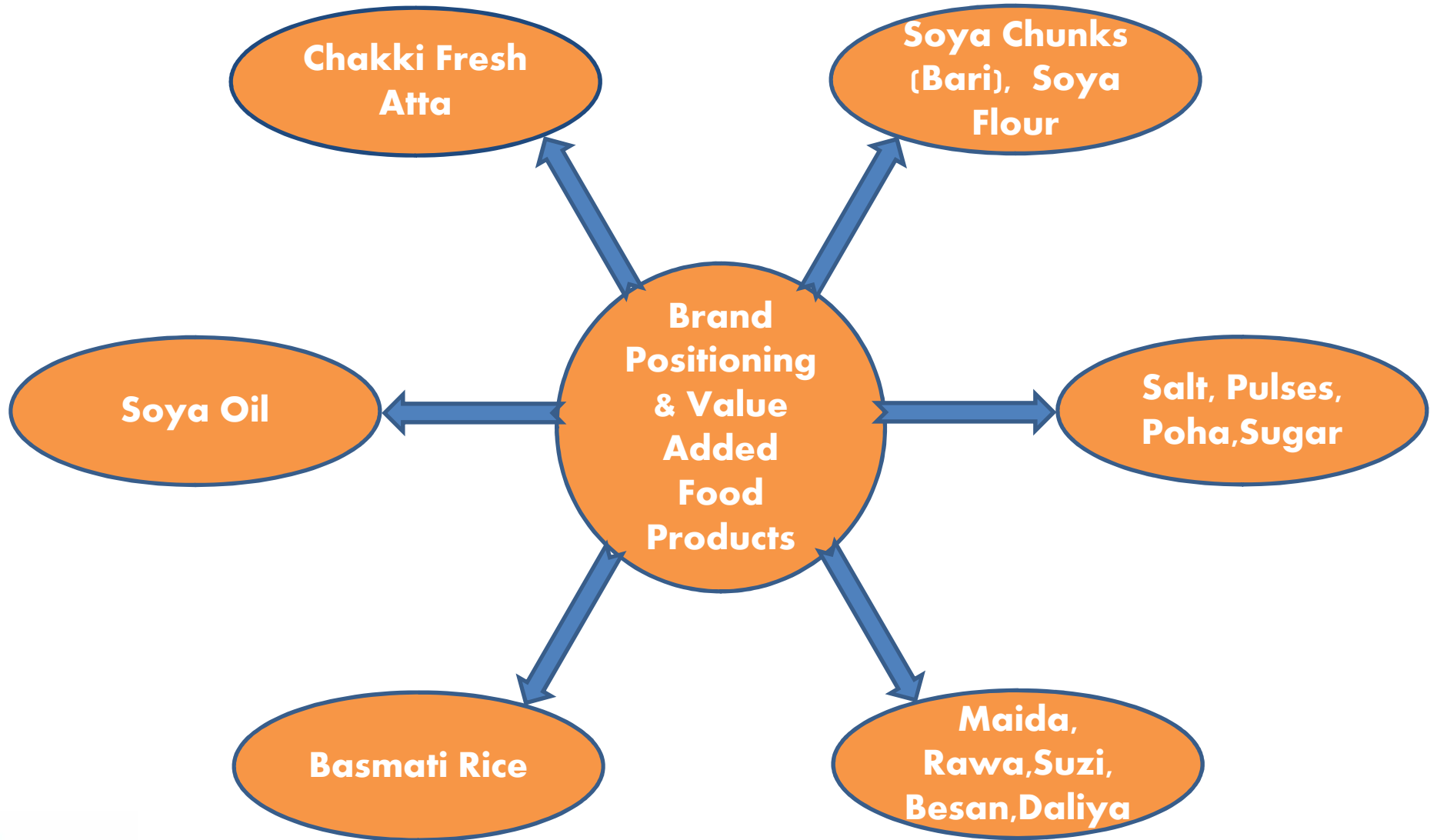


Present across the entire process chain

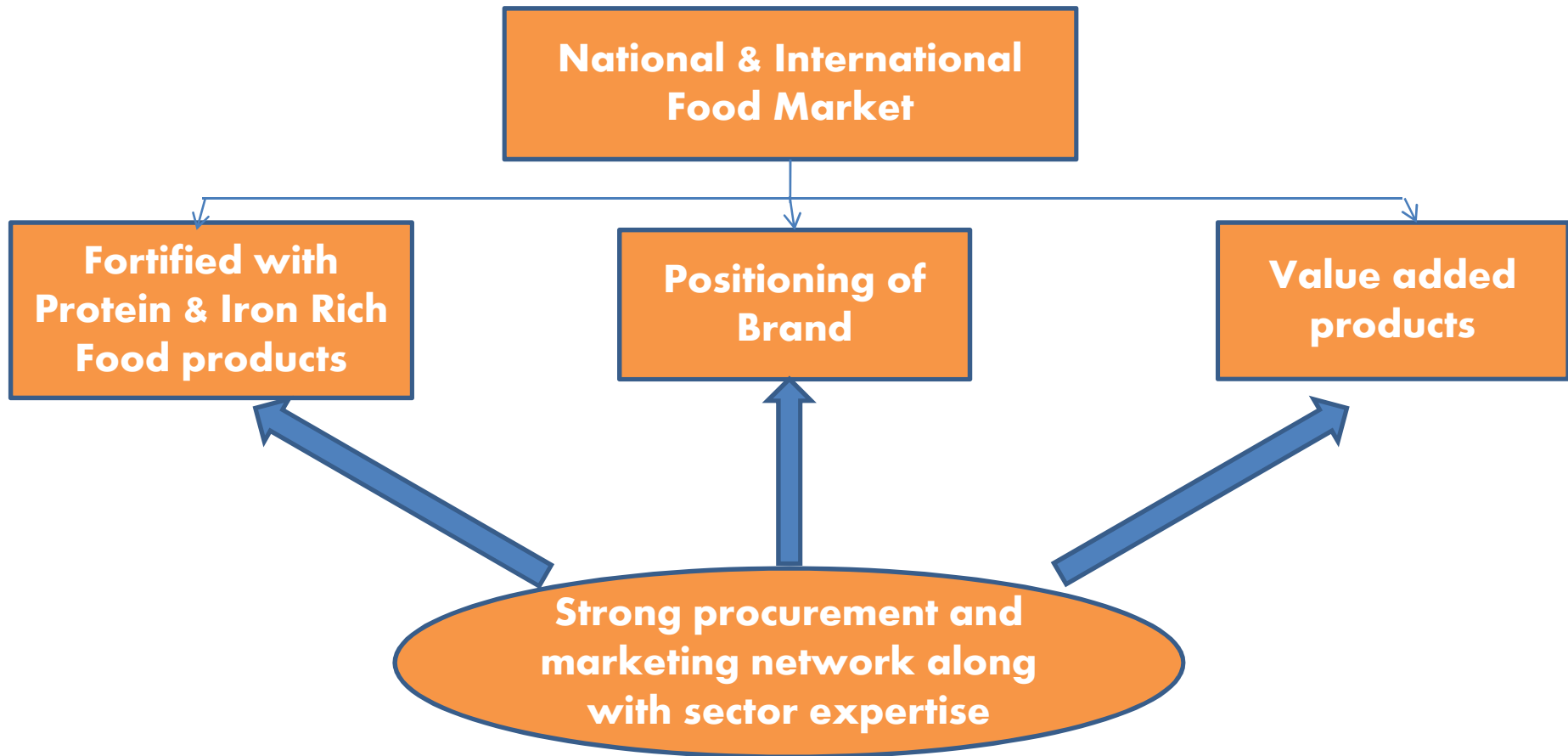
Procurement	Processing	Products	Marketing and Distribution
<p>Procurement</p> <ul style="list-style-type: none"> • Company's experience and extensive relationships with various entities in the value chain provide significant cost economies in procurement. • Strong procurement ability through Direct Procurement agents working exclusively for Sanwaria, giving 2-3 % of cost savings to the company. • Company's testing facilities gives it the benefit of price adjustment and quality control, at the procurement stage itself. 	<p>Processing</p> <ul style="list-style-type: none"> • Presence across the entire manufacturing value chain • 3 manufacturing plants strategically located in M.P. <ul style="list-style-type: none"> • Extraction capacity : 2,500 MT per day • Refining capacity – 250 MT per day. • Paddy processing capacity: 500 MT per day 	<p>Products</p> <ul style="list-style-type: none"> • The Company has recently launched 25 new products in its Product portfolio as in Sugar, Pulses, Poha, Basmati Rice and has taken a step ahead to become a leading FMCG Company. • Value added products include soya nuggets, soya flour, textured vegetable proteins. 	<p>Marketing & Distribution</p> <ul style="list-style-type: none"> • Owns various brands including “Sanwaria”, “Narmada” “Sulabh” and “Nashira” • Direct Consumer Reach through D-Mart Hypercity, Reliance, Big Bazar and Vishal. • The Company has recently ventured opened eleven retail outlet in state of Madhya Pradesh and planned to expand the same to 100 outlets throw out the country.



KEY GROWTH DRIVERS



FUTURE STRATEGY



Key Investment Highlights:

Presence in a large and fast growing segment :

- ❑ The Company is amongst the top food producers of soya/Paddy/Wheat products in India.
- ❑ The Group has sustained exposure in trading of food grains and pulses apart from soyabean products, wheat products, rice , oils and other food products.

Location Advantage :

- ❑ The company's operations in the heartland of the soya & Paddy & wheat belt of India gives it a major locational advantage reducing the logistics costs substantially.
- ❑ The plants are located in Madhya Pradesh which is a power surplus state and hence the Company has access to cheap and uninterrupted power supply.
- ❑ The region has good access to skilled and semi skilled labour.

Strong procurement capabilities :

- ❑ The Promoters of the Company have been in the business for over 45 years, enabling it to establish a very strong and efficient procurement system .
- ❑ It has strong relationship with farmers with 80 direct procurement centers across Madhya Pradesh wherein the farmers bring their crop and the company purchases directly from farmers.
- ❑ The Company also procures goods from international markets to meet its requirements of soya oil.



Key Investment Highlights (contd...)

Strong and Widespread Distribution Network :

- ❑ The Company has a strong network of C&F agents and distributors/Dealers.
- ❑ In addition, it has ventured into modern trade by tying up with various retail chains/malls like, Aaporti Super Market, Reliance Mart, Pantaloon Big Bazar, and ITC Choupals, Wall Mart etc.
- ❑ The Company with the aim of reaching end consumers is exploring innovative distribution channels like the associating/ tying up with Online Chains, gyms and dieticians for its products.
- ❑ The Company has already established separate channel to export the branded rice to Middle East and Africa.

Experienced Promoters:

- ❑ The Promoters have been engaged in the field of agro products through trading of various commodities since last 45 years.
- ❑ This has enabled them to develop vast experience in the agro based products and also enabled them to build an efficient procurement system.

Future growth strategy :

- ❑ The Company intends to continue capitalizing on its strong procurement capabilities by strengthening its presence across agri based and staple food product categories.
- ❑ The Company is poised to leverage its distribution network venturing into branded segments across a wide product basket comprising of soya Chunks, soya flour, soya Pasta, basmati rice, wheat flour, refined oil, salt, Poha, Sugar etc.

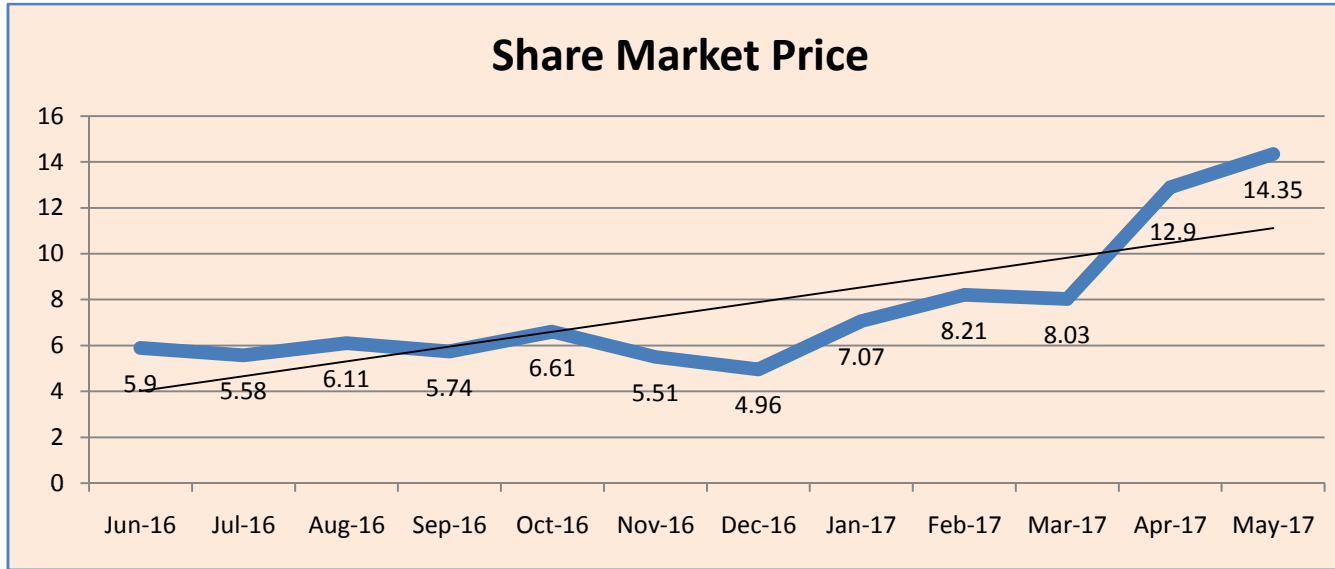


ROAD AHEAD

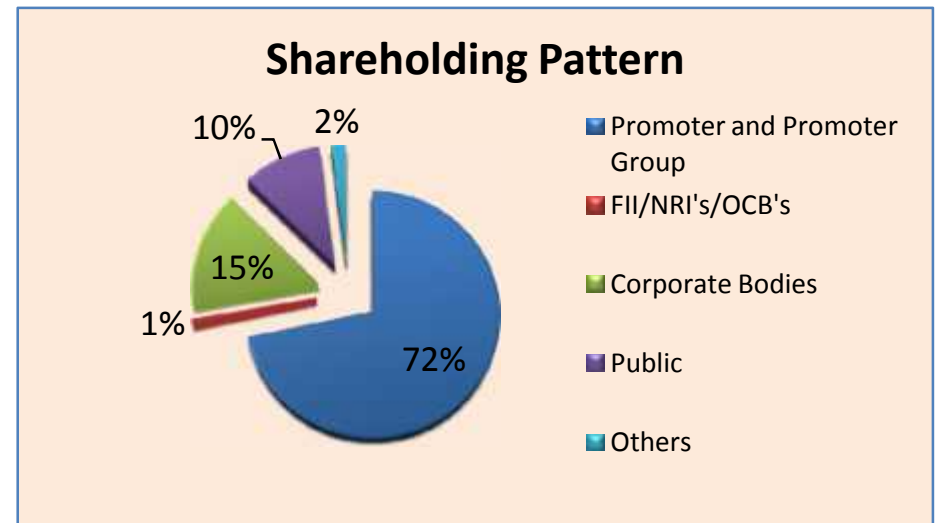
- The Company with the focus of becoming a leading FMCG player in the next few years, intends to leverage its strong procurement and marketing network to capture the sub segments of the growing National and International food market.
- The Company is foraying into direct retail by opening up company owned retail outlets under the brand name **'Sanwaria Kirana'** to reach the end customer directly. The Company has already opened up 11 stores at different locations of Madhya Pradesh and another 10 retail stores are in pipeline.
- The Company is venturing into different geographical locations through Franchise Route.
- Change in management strategy to diversification and growth
- Opening 100% subsidiary in Dubai to get the overseas market business of Middle East & Africa.
- Starting business in Singapore through 100 %Subsidiary which will get business from rest of the world along with cheaper finance facilities.
- Net Sales and PAT of the Company are expected to grow at a CAGR of 13% and 35% Over 2015 to 2018E, respectively.
- EBIDTA Margins are expected to increase due to improvement in manufacturing efficiency, increase in sale and change in product mix.



SHAREHOLDING PATTERN



Stock Data	
Sector	FMCG Food Products
BSE Code	519260
Face value	1.00
52wk High/Low (Rs.)	4.35/16.30
Volume (2wk. Avg)	357540 (BSE) 1179052 (NSE)
Market Cap (Rs. In mn.)	4873.00





Company:

Sanwaria Agro Oils Limited

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