

10TH
ANNUAL REPORT
2003 - 2004

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GRM OVERSEAS LIMITED

**GRM OVERSEAS LIMITED**

TENTH ANNUAL GENERAL MEETING

Day : Thursday
 Date : 30th September, 2004
 Time : 9.30 A.M.
 Venue : **GRM OVERSEAS LTD.**
 219-A, Rama Market,
 Pitam Pura, Delhi -110034

BOARD OF DIRECTORS

Shri Hukam Chand Garg
Chairman cum Mg. Director

Shri Rohit Garg
Wholetime Director

Shri Udit Rai Kapoor

Shri Raj Kumar

Shri Chetan Kapoor

COMPANY SECRETARY

Ms. Preeti Chitra

BANKERS

State Bank of India,
 G.T. Road, Panipat

AUDITORS

Shashi Chadha & Co.,
 Chartered Accountants,
 579-A, Model Town,
 PANIPAT - 132 103

REGISTERED OFFICE

219-A, Rama Market,
 Pitam Pura, Delhi - 110 034

WORKS

GRM OVERSEAS LIMITED
 Gohana Road,
 Panipat - 132 103 (Haryana)

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**GRM OVERSEAS LIMITED****NOTICE**

NOTICE is hereby given that the 10th Annual General Meeting of the Company will be held as under:

Day : Thursday
 Date : 30th September 2004
 Time : 09:30 A.M.
 Venue : 219-A, Rama Market Pitampura, Delhi-110 034.

To transact the following businesses :

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, Auditors' Report and Audited Accounts of the company for the year ended 31st March 2004.
2. To declare dividend for the year ended 31st March, 2004.
3. To appoint a Director in place of Shri Raj Kumar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Chetan Kapoor who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s SHASHI CHADHA & CO., Chartered Accountants, Auditors to hold office from the conclusion of this meeting until the Next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

1. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII thereto and subject to such approvals, if any, as may be necessary, consent of the company be and is hereby accorded to the re-appointment of Shri Hukam Chand Garg, as Chairman cum Managing Director for a further period of 5 years w.e.f. 5th January 2005 on the terms and conditions as set out in the explanatory statement attached to this notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force".

2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **SPECIAL RESOLUTION** :

"RESOLVED THAT subject to provisions of the Companies Act, 1956, Securities Contracts Regulation Act, 1956, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, framed and or issued there under, including any amendment or modification thereof or any other guidelines issued or to be issued in this regard, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and modifications as may be prescribed or imposed by any while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the Board), which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on this Board, be and is hereby authorized to agree to if acceptable to the Board to delist the Equity Shares of the Company from the Stock Exchange at Ahmedabad, Jaipur, Madras and Delhi."

By Order of the Board

Sd/-

(ROHIT GARG)

Whole time Director

Place: New Delhi

Date : 31st August, 2004

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 29th September 2004 to 30th September 2004 (both days inclusive).
3. Members are requested to bring their copies of the annual report to the annual general meeting.
4. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
5. Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of item no.1 is annexed hereto.

**GRM OVERSEAS LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.1**

Mr. Hukam Chand Garg was appointed as the first Managing Director of the company for a period of 5 years with effect from 5th January, 1995 and subsequently re-appointed with effect from 5th January, 2000 in terms of Article No.108 of the Articles of Association of the Company, and his terms now would expire on 4th January 2005.

Mr. Hukam Chand Garg has handled all his responsibilities very efficiently during the period of his appointment keeping in view his expertise in the field the Board of Directors has recommended his re-appointment as Managing Director of the Company designated as Chairman cum Managing Director for a further period of 5 years with effect from 5th January 2005. The terms and conditions of appointment of Mr. Hukam Chand Garg are as under:

1. **Period** : Period of Appointment is five years with effect from 5th January 2005.
2. **Salary** : Rs.20,000/- p.m. including Dearness and all other allowance.
3. **Commission** : 1% commission on the net profit as computed u/s 349 and 350 of the Companies Act, 1956, subject to the ceiling of 50% of the Salary.
4. In addition to salary and personal pay the following perquisites will be provided as per the rules of the company :-
 - i. **HOUSING** : The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling: 60% of the salary, over and above 10% payable by the Managing Director.
 - ii. **MEDICAL REIMBURSEMENT** : Re-imbursement of actual expenses incurred for self and family subject to the ceiling of one-month salary in a year or three salaries over a period of three years.
 - iii. **LEAVE TRAVEL CONCESSION** : Leave Travel expenses for self and family once in a year incurred to and from any place in India in accordance with rules of the company.
 - iv. **CLUB FEE** : Reimbursement of fees of not more than two clubs. This will not include admission and life membership fees.
 - v. **PERSONAL ACCIDENT INSURANCE** : Personal Accident Insurance cover as applicable in line with the rules of the company.

In addition to above he shall also be entitled to following perquisites :-

- a) Contribution of Provident Fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity at a rate not exceeding half a month salary for each completed year of service.
- c) Encashment of Leave at the end of the tenure.
- d) Car with Driver as per the rules of the Company.
- e) Reimbursement of entertainment, traveling and all other expenses incurred for the business of the company.

The above may be treated as an abstract of the terms of the contract in relation to his appointment between the company and Mr. Hukam Chand Garg pursuant to section 302 of the companies act, 1956.

The company stands to gain considerably by the appointment of Mr. Hukam Chand Garg as Managing Director of the Company in view of his experience and expertise and in the circumstances the Directors recommend the resolution set out in this item no.6 of the accompanying Notice for your approval.

Mr. Hukam Chand Garg is deemed to be interested in the resolution as it relates to his appointment and Mr. Rohit Garg, being interested as he is the relative of Mr. H.C. Garg.

ITEM NO. 2

Equity Shares of your company are presently listed on five stock exchanges namely The Stock Exchange, Ahmedabad, The Stock Exchange Mumbai, Jaipur Stock Exchange Ltd., Madras Stock Exchange Ltd and The Delhi Stock Exchange Association Ltd.

Your Directors are of the view that no purpose is being served by having the Equity Shares of the Company listed on The Stock Exchange, Ahmedabad, Jaipur Stock Exchange Ltd., Madras Stock Exchange Ltd. and The Delhi Stock Exchange Association Ltd. and thereof propose that they are delisted from said Stock Exchanges. By this while trading in Equity Shares will not be affected in any way as the Stock Exchange Mumbai has nation wide trading terminals, your company will save Listing Fees being paid every year to said Stock Exchanges.

Resolution proposed is meant for aforesaid purpose and your Directors recommended passing of the same.

None of the Directors, save and except to the extent equity shares of the company are held by them, is concerned or interested in passing of proposed resolution.

By Order of the Board
Sd/-

(ROHIT GARG)

Wholetime Director

Place: New Delhi

Date : 31st August, 2004

**GRM OVERSEAS LIMITED**

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting the 10th Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2004.

| | <i>(Rs. in Lacs)</i> | |
|---|-------------------------------------|--------------------------------------|
| FINANCIAL RESULTS | CURRENT YEAR (2003-2004) | PREVIOUS YEAR (2002-2003) |
| Profit before Depreciation & Finance Charges | 207.47 | 229.66 |
| Less: Finance Charges | 82.24 | 117.67 |
| Depreciation | 38.75 | 35.80 |
| Net Profit after Depreciation & Finance Charges | 86.48 | 76.19 |
| Income Tax | 24.63 | 9.92 |
| APPROPRIATIONS | | |
| Transferred to General Reserve | 24.95 | 66.27 |
| Provision for Dividend | 36.89 | — |

DIVIDEND

Your Directors' are please to recommend Dividend @ 10% (i.e. Rs.1/- per Equity Share) for the financial year ended on 31st March, 2004, to all those shareholders whose name appears in the register of members of the Company as on Record Date fixed in this regard.

CURRENT YEAR WORKING

Your Directors hereby inform you that in the current year the company would further accelerate its' pace of growth and would make all efforts to further improve its performance.

DISCLOSURE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Equity Shares of the company are listed at Mumbai, Ahmedabad, Jaipur, Madras and Delhi Stock Exchanges. The Annual Listing Fees has already paid to all of these Stock Exchanges.

DELISTING OF EQUITY SHARES

Your Directors propose to have partial De-listing of Equity Shares from Ahmedabad, Jaipur, Madras and Delhi Stock Exchanges as per the recently notified SEBI Guidelines on Delisting of Securities and after this partial Delisting the Company's shares will remain listed on The Stock Exchange, Mumbai having a nationwide trading terminals.

DIRECTORS

Shri Raj Kumar and Shri Chetan Kapoor, Directors of the Company, retire by rotation at the ensuing Annual General Meeting & being eligible offers themselves for re-appointment.

Shri H. C. Garg being an existing Chairman cum Managing Director of the Company since inception and he has been proposed to be re-appointed for a further period of five year on the expiration of his term on 4th January, 2005. He was recommended to be re-appointed as such by the Board of Directors subject to the approval of the shareholders of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors give hereunder the Directors' Responsibility Statement relating to the accounts of the Company:

All the applicable accounting standards have been followed in the preparation of the accompanying accounts;

The directors have selected such accounting Policies and applied them consistently and made judgments and estimates that 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 on March 31, 2004 and of the Profit and Loss of the Company for the said period;

The directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and

**GRM OVERSEAS LIMITED**

detecting fraud and other irregularities; and

The Directors have prepared the Annual Accounts on a going concern basis.

AUDIT COMMITTEE

The Board of the Company has constituted an Audit Committee of the Directors under section 292 A of the Companies (Amendment) Act, 2000, comprising of three Directors viz. Mr. Chetan Kapoor, Mr. Udit Rai Kapoor & Mr. Rohit Garg.

AUDITORS

The Auditors M/S SHASHI CHADHA & CO., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

FIXED DEPOSITS

During the period under review, your company has not accepted any Fixed Deposit within the meaning of section 58(A) of the Companies Act, 1956 and the rules made there under.

PARTICULARS OF EMPLOYEES

None of the employees of your company is covered under section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, is annexed and forms part of this report.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the assistance received from the Company's Banker viz; State Bank of India for its continuous co-operation & support. Your Directors are pleased to place on record their deep appreciation, for the co-operation & support received from its valued customers, foreign buyers and also the hard, sincere and devoted efforts being made by executives, staff and workers at all levels of the company.

By Order of the Board
Sd/-

(H.C. GARG)

Chairman-cum-Mg.Director

Place: New Delhi

Date : 31st August, 2004

**GRM OVERSEAS LIMITED****ANNEXURE TO THE DIRECTORS' REPORT**

INFORMATION AS PER SECTION 217(1)(E) READWITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2004.

(1) CONSERVATION OF ENERGY

Regular preventive maintenance of all Plant & Machinery is carried out to enhance productivity and efficiency of Machineries resulting in considerable power saving.

| | CURRENT YEAR 2003-2004 | PREVIOUS YEAR 2002-2003 |
|---|-----------------------------------|------------------------------------|
| A. POWER AND FUEL CONSUMPTION | | |
| a) Purchased Units | 2312165.00 | 2201717.00 |
| Total Amount (Rs.) | 9558497.00 | 9090962.30 |
| Rate/Unit (Rs.) | 4.13 | 4.13 |
| b) Own Generation | | |
| Through Diesel Generator | | |
| Units (approx.) | 146800.00 | 168000.00 |
| Cost of Fuel | 3893205.00 | 3097392.30 |
| Cost/Units (Rs.) | 19.78 | 18.44 |
| B. CONSUMPTION PER UNIT (M.T.) OF PRODUCTION | | |
| Production Unit (M.T.) | 12158.60 | 14317.00 |
| Electricity | 2508965.00 | 2369717.00 |

**(II) TECHNOLOGY ABSORPTION
RESEARCH AND DEVELOPMENT**

| | | |
|---|------|------|
| Specific Areas in which R & D carried out by the Company | None | None |
| Benefit derived as a result of the above R & D | None | None |
| Future plan of Action | | |
| The Company would take R & D activities to improve quality and reduce cost by increasing cost efficiency at all levels. | | |

| | CURRENT YEAR 2003-2004 | PREVIOUS YEAR 2002-2003 |
|---|-----------------------------------|------------------------------------|
| (III) FOREIGN EXCHANGE EARNING AND OUTGO | | |
| Foreign Exchange Earnings (in Rs.) | 420172404.00 | 403125406.00 |
| Foreign Exchange Outgo | 2179427.00 | 531434.00 |

For and on behalf of the board of Directors

Place: New Delhi
Date : 31th August, 2004

Sd/-
(H.C. GARG)
Chairman cum Mg. Director



CORPORATE GOVERNANCE

In terms of the Listing Agreement, Management Discussion and Analysis Report is annexed and forms part of the Annual Report. A report on Corporate Governance along with the Auditors Certificate on its compliance also annexed forming part of the Annual Report.

1. COMPANY'S PHILOSOPHY

Company believes that fairness in corporate procedures, full disclosures in reporting system, total transparency in corporate culture, fiduciary and trustee relationship and maximization of share holders value in the long run are the pillars on which the structure of the corporate governance rests. The concept of corporate governance hinges on accountability, responsibility, and effective, monitoring, quality of information, integrity, trust & confidence.

Company believes that a well-constituted and competent Board of Directors can alone efficiently adopt corporate governance framework of "Perspective, Plans, Policy, Processes, Productivity, Performance & People". The Board must effectively monitor the corporate resources comprising of "Men, Money, Machines, Material, Marketing, Management, and Motivation".

Company's philosophy is to provide colorless document for fair, unbiased, accurate, authentic and factual information in most concise and succinct manner to its shareholder, lenders, customers, banker's government and people at large.

2. BOARD OF DIRECTORS

The Board consists of the following:

(a) Promoter & Executive Directors :-

Shri Hukam Chand Garg aged 60 years is chairman cum managing director and founder of the company, who holds a diploma in Electrical Engineering and has previously worked with Haryana State Electricity Board, he entered the rice business in 1974, when he established Garg Rice & General Mills, and has been in this trade since then. He has over 29 years of experience in rice processing and trade.

Shri Rohit Garg aged 31 years, is a commerce graduate from Delhi University. He has been actively involved in the family business of rice manufacturing since 1983. At present he is whole-time Director of the company and looks after the export marketing. His marketing skills and his contacts in the overseas markets will help the company in meeting its export target.

(b) Independent Executive Director :-

There has been no Independent Executive Director in the company.

(c) Independent Non-Executive Directors :-

Shri Udit Rai Kapoor, aged 31 years, had passed the B.E. (Architect) Examination and has vast experience of planning & construction of factory's building and well versed with the administration & other related matters.

Shri Chetan Kapoor, aged 28 years is a commerce graduate. He has in-depth knowledge of audit & accounts. He has been working as Software Engineer for last 8 years and has expertise knowledge of making software of different industries, especially rice industry.

Shri Raj Kumar, aged 34 years is a commerce graduate. He has vast experience of accounting procedures and has in-depth knowledge of rice industry. He has been engaged in this field for last 13 years.

(d) Meetings :-

Four Board meetings were held during the year on 30-06-2003, 30-07-2003, 30-10- 2003 & 30-01-2004. Last Annual General Meeting was held on 10-09-2003. The annual general meeting and all the four board meetings were attended by all the directors.

3. AUDIT COMMITTEE

(i) Constitution of Audit Committee

| | | |
|---------------------|-----------------------------|------------------------|
| Mr. Chetan Kapoor | (Chairman of the Committee) | Non-executive Director |
| Mr. Udit Rai Kapoor | | Non-executive Director |
| Mr. Rohit Garg | | Whole-time Director |