

12TH
ANNUAL REPORT
2005 - 2006

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GRM OVERSEAS LIMITED



12TH ANNUAL GENERAL MEETING

Day : Saturday
 Date : 30th September, 2006
 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

Sh. Rohit Garg
(Whole-time Director)

Shri Udit Rai Kapoor
Director

Shri Raj Kumar
Director

Shri Chetan Kapoor
Director

COMPANY SECRETARY

Mr. Raj Kumar Arora

BANKERS

State Bank of India
 G.T. Road, Panipat

AUDITORS

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

REGISTERED OFFICE

GRM OVERSEAS LTD.
 219-A, Rama Market
 Pitam Pura,
 Delhi – 110 034.

WORKS

GRM OVERSEAS LTD.
 Gohana Road
 Panipat – 132 103 (Haryana)

REGISTRAR & SHARE TRANSFER AGENTS

ABHIPRA CAPITAL LTD.
 BM - 1, Abhipra Complex,
 Dilkhush Inds. Estate
 A-387, G. T. Karnal Road,
 Azadpur, Delhi - 110 033

CONTENTS	PAGE NO.
Notice	1
Directors' Report	2
Corporate Governance	5
Auditors' Report	9
Balance Sheet	12
Profit & Loss Account	13
Schedules	14
Balance Sheet Abstract	22
Cash Flow Statement	23



GRM OVERSEAS LIMITED

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Company will be held as under:

Day : Saturday
Date : 30th September 2006
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 2006.
2. To appoint a Director in place of Shri Raj Kumar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Chetan Kapoor who retires by rotation and being eligible offers himself for re-appointment.
4. 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.

By Order of the Board

Place : New Delhi
Date : 31st July, 2006

Sd/-
(ROHIT GARG)
 Whole-time Director

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 28th September 2006 to 30th September 2006 (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.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting the 12th Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2006.

	<i>(Rs. in Lacs)</i>	
FINANCIAL RESULTS	CURRENT YEAR (2005-2006)	PREVIOUS YEAR (2004-2005)
Profit before Depreciation & Finance Charges	369.59	317.51
Less : Finance Charges	191.52	159.56
Depreciation	42.52	41.40
Net Profit after Depreciation & Finance Charges	135.55	116.55
Income Tax	46.23	44.44
APPROPRIATIONS		
Transferred to General Reserve	89.32	35.22
Provision for Dividend	0.00	36.89

DIVIDEND

In view of the need to conserve the resources for further expansion, your directors regret their inability to recommend any Dividend for the financial year ended on 31st March 2006.

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 Bombay Stock Exchange Limited (BSE). The Annual Listing Fees has already been paid to BSE.

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.

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, 2006 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 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.

**GRM OVERSEAS LIMITED****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

Place : New Delhi
Date : 31st July, 2006

Sd/-
(ROHIT GARG)
Whole-time Director



GRM OVERSEAS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH 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 2006.

(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 2005-2006	PREVIOUS YEAR 2004-2005
A. POWER AND FUEL CONSUMPTION		
a) Purchase units	3024471.00	2771743.00
Total Amount (Rs.)	12491066.00	11447300.00
Rate/Unit (Rs.)	4.13	4.13
b) Own Generation		
Through Diesel Generator		
Units (approx.)	1435557.00	1211698.00
Cost of Fuel	10264237.00	7149020.00
Cost/Units (Rs.)	7.15	5.90
B. CONSUMPTION PER UNIT (M.T.) OF PRODUCTION		
Production Unit (M.T.)	25441.90	19891.10
Electricity	4460028.00	3983441.00
(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 2005-2006	PREVIOUS YEAR 2004-2005
(iii) FOREIGN EXCHANGE EARNING AND OUTGO		
Foreign Exchange Earnings (in Rs.)	776955287.00	675124977.00
Foreign Exchange Outgo	9909563.00	3857286.00

By Order of the Board

Place : New Delhi
Date : 31st July, 2006

Sd/-
(ROHIT GARG)
Whole-time 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 resets. 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 efficiency 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, bankers government and people at large.

2. BOARD OF DIRECTORS

The Board consists of the following:

(a) Promoter & Executive Directors: -

Shri Hukam Chand Garg aged 62 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 31 years of experience in rice processing and trade.

Shri Rohit Garg aged 33 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 33 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 30 years is a commerce graduate. He has in-depth knowledge of audit & accounts. He has been working as Software Engineer for last 10 years and has expertise knowledge of making software of different industries, especially rice industry.

Shri Raj Kumar, aged 36 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 15 years.

(d) Meetings:

Four Board meetings were held during the year on 30-06-2005, 29-07-2005, 28-10-2005 & 30-01-2006. Last Annual General Meeting was held on 30-09-2005. 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

**(II) Functions of the Committee**

- a) Review of Annual Financial Statement before submission to the board especially with regard to the changes in accounting policies and practices, major accounting entries, significant adjustments arising out of audit, the going concern assumption, compliance with accounting standards, compliance with stock exchange & legal requirements concerning financial statements and related party transactions.
- b) Discussion with auditors regarding their observation on accounts.
- c) Review of half yearly results before submission to the board.
- d) Discussion with auditors regarding adequacy & compliance of internal control system.
- e) Recommendation on appointment and removal of external auditor, fixation of audit fee, out of pocket expenses and payment of other services.
- f) Other compliances of companies Act and stock exchanges.

(III) Powers of the committee

- a) To investigate into any activity within its terms of reference.
- b) Full access to information contained in the company records.
- c) To seek information from any employees.
- d) Access to external professional advice.
- e) To bind the Board with its audit report on financial management.

(IV) Meetings

During the year 4 meetings of the audit committee were held and the same was attended by all the concerned directors of the company.

4. DIRECTORS' REMUNERATION

The remuneration of Managing Director and Whole-time Director is considered & recommended by the Board of Directors without participation of interested directors and is approved by the shareholders in General meeting. The remuneration of each Director's is fixed with the ceiling limits prescribed by the Government under Schedule XIII of the Companies Act, 1956.

5. SHAREHOLDERS' COMMITTEE**(I) Constitution of Shareholders/Investor Grievances Committee**

Mr. Udit Rai Kapoor (Chairman of the Committee)	<i>Non Executive Director</i>
Mr. Raj Kumar	<i>Non Executive Director</i>
Mr. Chetan Kapoor	<i>Non Executive Director</i>

(II) Shareholders Matters

In compliance with SEBI Circular No.D&CC/FITTC/CIR-15/2002 dated 27.12.2002, the company has appointed M/s Abhipra Capital Ltd. BM-1, Abhipra Complex, Dilkhush Industrial Estate, A-397, G.T. Karnal Road, Azadpur, Delhi – 110 033 as Registrar and Share Transfer Agent of the Company with effect from 15-07-2003, to look after and be responsible for the entire share registry and shareholders related matters of the company in Demat as well as physical mode. As on date no share transfer is pending. During the year 2005-2006, no complaint has been received from any shareholder.

Mr. Rohit Garg, Director of the company is the compliance officer of the company.

6. GENERAL BODY MEETING

Last three Annual General Body Meeting were held in Delhi on 10-09-2003, 30-09-2004 and 30-09-2005 at 9.30 a.m., 9.30 a.m. and 9.30 a.m. respectively. All resolutions at these meetings were passed by show of hands.

7. DISCLOSURES

There were no transactions of the company of material nature with related parties that may have potential conflict with the interest of the company at large. No penalties or stricture, were imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.