

13<sup>TH</sup>  
ANNUAL REPORT  
2006 - 2007

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**GRM OVERSEAS LIMITED**

**GRM OVERSEAS LIMITED**

### 13TH ANNUAL GENERAL MEETING

Day : Wednesday  
 Date : 26th September, 2007  
 Time : 9.30 A.M.  
 Venue : **GRM OVERSEAS LTD.**  
 219-A, Rama Market,  
 Pitampura, Delhi -110034

**BOARD OF DIRECTORS**

**Shri Hukam Chand Garg**  
*Chairman-cum-Mg.Director*

**Sh.Rohit Garg**  
*(Whole-time Director)*

**Shri Chetan Kapoor**  
*Director*

**Shri Vikram Malik**  
*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  
 Pitampura,  
 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

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GRM OVERSEAS LIMITED

### NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Company will be held as under:

Day : Wednesday  
 Date : 26th September 2007  
 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 2007.
2. To declare dividend for the year ended 31st March 2007.
3. To appoint a Director in place of Shri Rohit Garg 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**

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** Mr. Vikram Malik, who was appointed as Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that the period of office of the Director shall liable to be determined by retirement by rotation."

By Order of the Board

Place : New Delhi  
 Date : 30th June 2007

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 September 25, 2007 to September 26, 2007 (both days inclusive). Dividend, if declared at the AGM shall be payable to those Members whose name will appear on Register of Members of the Company and / or the Register of beneficial owners maintained by the depositories (National Securities Depositories Limited and Central Depositories Services (India) Ltd.) as at the close of business hours on Monday, the 24th September, 2007.
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. The Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.6 of this notice is annexed hereto.

**GRM OVERSEAS LIMITED****DETAILS OF DIRECTORS**

Seeking appointment/re-appointment as required under clause 49 of the listing agreement with Stock Exchange.

1. Shri Rohit Garg aged 34 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.
2. Shri Vikram Malik, aged 29 years is a commerce graduate. He has vast experience of accounting procedures and has in-depth knowledge of handloom and rice industries. He has been engaged in the field of handloom industry for the last 7 years.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.6**

Shri Vikram Maiik, who was appointed as Additional Director during the year with a view to broad base the Board and to comply with the provision of section 292A of the Companies Act, 1956 relating to Audit Committee. Your company has received notice under section 257 of the Companies Act, 1956 from a member proposing the appointment of Shri Vikram Malik as a Director of the Company.

None of the Director other than Shri Vikram Malik is concerned or interested in the resolution.

Your Director recommended the resolution for your approval.

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By Order of the Board

Sd/-

**(ROHIT GARG)**

Whole-time Director

Place : New Delhi

Date : 30th June 2007

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

Your Directors have great pleasure in presenting the 13th Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2007.

	<b>(Rs. in Lacs)</b>	
<b>FINANCIAL RESULTS</b>	<b>CURRENT YEAR (2006-2007)</b>	<b>PREVIOUS YEAR (2005-2006)</b>
Profit before Depreciation & Finance Charges	429.40	369.59
Less : Finance Charges	203.09	191.52
Depreciation	46.89	42.52
Net Profit after Depreciation & Finance Charges	179.42	135.55
Income Tax	67.32	46.23
<b>APPROPRIATIONS</b>		
Transferred to General Reserve	75.21	89.32
Provision for Dividend	36.89	0.00

**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.

**DIVIDEND**

Your Directors are please to recommend Dividend @ 10% (i.e. Rs.1/- per Equity Share) for the financial year ended on 31st March 2007, to all those shareholders whose name appears in the register of members of the Company and / or the Register of beneficial owners maintained by the depositories (National Securities Depositories Limited and Central Depositories Services (India) Ltd.) as at the closed of business hours on Monday, the 24th September, 2007.

**DISCLOSURE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

The Equity Shares of the company are listed at the Bombay Stock Exchange Ltd.(BSE). The Annual Listing Fees has already been paid to (BSE).

**DIRECTORS**

Mr. Rohit Garg & Mr. Chetan Kapoor, Directors of the Company, retire by rotation at the ensuing Annual General Meeting & being eligible offers themselves for re-appointment.

Mr. Vikram Malik was appointed as Additional Director during the year and holds office upto the forthcoming Annual General Meeting. Your company has received notice u/s257 of the companies Act, 1956 proposing him for the office of Director to be elected by the members in the ensuing A.G.M. The proposal regarding his appointment as Director is placed for your approval.

During the period under review, Shri Raj Kumar & Shri Udit Rai Kapoor have resigned from the Directorship of the company. The Board appreciated their efforts during their tenure as Directors 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:

1. All the applicable accounting standards have been followed in the preparation of the accompanying accounts;
2. 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, 2007 and of the Profit and Loss of the Company for the said period;



## GRM OVERSEAS LIMITED

3. 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
4. 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. Vikram Malik & 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

Place : New Delhi  
Date : 30th June 2007

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 2007.

## (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 2006-2007	PREVIOUS YEAR 2005-2006
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>a) Purchase units</b>	2709309.00	3024471.00
Total Amount (Rs.)	11839681.00	12491066.00
Rate/Unit (Rs.)	4.37	4.13
<b>b) Own Generation</b>		
Through Diesel Generator		
Units (approx.)	1185055.00	1435557.00
Cost of Fuel	9302684.00	10264237.00
Cost/Units (Rs.)	7.85	7.15
<b>B. CONSUMPTION PER UNIT (M.T.) OF PRODUCTION</b>		
Production Unit (M.T.)	19454.70	25441.90
Electricity	3894364.00	4460028.00
<b>(ii) TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT</b>		
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 2006-2007	PREVIOUS YEAR 2005-2006
<b>(iii) FOREIGN EXCHANGE EARNING AND OUTGO</b>		
Foreign Exchange Earnings (in Rs.)	819614000.00	776955287.00
Foreign Exchange Outgo	15230864.00	9909563.00

By Order of the Board

Sd/-

(ROHIT GARG)

Whole-time Director

Place : New Delhi  
Date : 30th June 2007





## 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 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, 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 63 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 32 years of experience in rice processing and trade.

Shri Rohit Garg aged 34 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 Chetan Kapoor, aged 31 years is a commerce graduate. He has in-depth knowledge of audit & accounts. He has been working as Software Engineer for last 11 years and has expertise knowledge of making software of different industries, especially rice industry.

Shri Vikram Malik, aged 29 years is a commerce graduate. He has vast experience of accounting procedures and has in-depth knowledge of handloom and rice industries. He has been engaged in the field of handloom industry for the last 7 years.

#### (d) Meetings:

Five Board meetings were held during the year on 29-04-2006, 29-07-2006, 31-07-2006, 30-10-2006 & 30-01-2007. Last Annual General Meeting was held on 30-09-2006. The annual general meeting and all the five 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 Independent Director
Mr. Vikram Malik	Non-executive Independent Director
Mr. Rohit Garg	Whole-time Director