



GRM OVERSEAS LIMITED

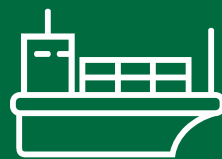
— ANNUAL REPORT 2020-21 —

G R O W I N G
10x



3rd

Largest rice exporter
to the world



45+

Years of legacy and
rich experience

27+

Number of countries
where GRM developed
a market for its rice



1800

Number of stores,
tied-up to reach its
customers globally

261+

Suppliers



#3

GRM possesses
rice milling plants



2

Number of
Warehousing
facilities

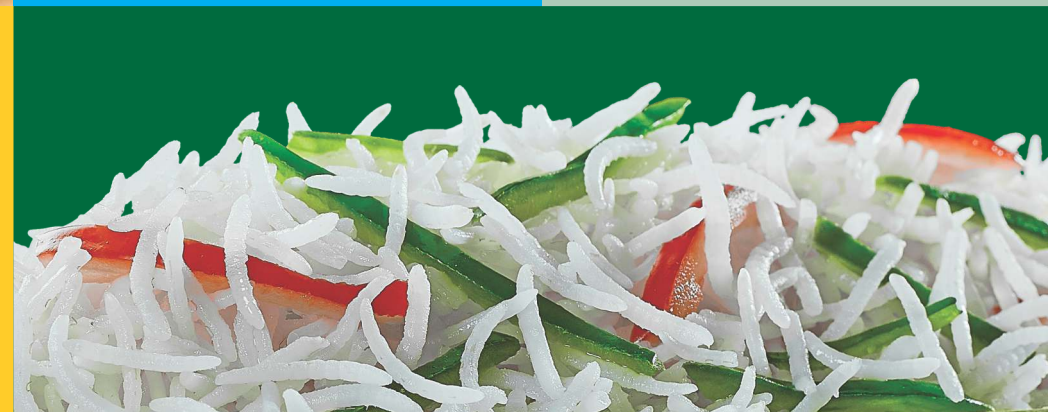


3

Number of rice
brands sold under
the banner of GRM

125+

Distributors



430

Employees
(Direct & Indirect)

STRATEGIC REVIEW



Company Overview **04**
Message Chairman & MD **06**
International Market **08**
Domestic Market **10**
10X Product Range **12**
Manufacturing Facilities **14**

STATUTORY REPORTS



Management Discussion & Analysis **16**
Corporate Information **21**
Board Report **22**
Corporate Governance Report **43**
Business Responsibility Report **66**

FINANCIAL REPORT



Standalone Financial Statements

a. Independent Auditors' Report **76**
b. Balance Sheet **84**
c. Statement of Profit and Loss **86**
d. Statement of Cash Flow **88**
e. Notes to the Financial Statements **92**

Consolidated Financial Statements

a. Independent Auditors' Report **120**
b. Balance Sheet **128**
c. Statement of Profit and Loss **130**
d. Statement of Cash Flow **132**
e. Notes to the Financial Statements **136**

Notice **167**

COMPANY OVERVIEW

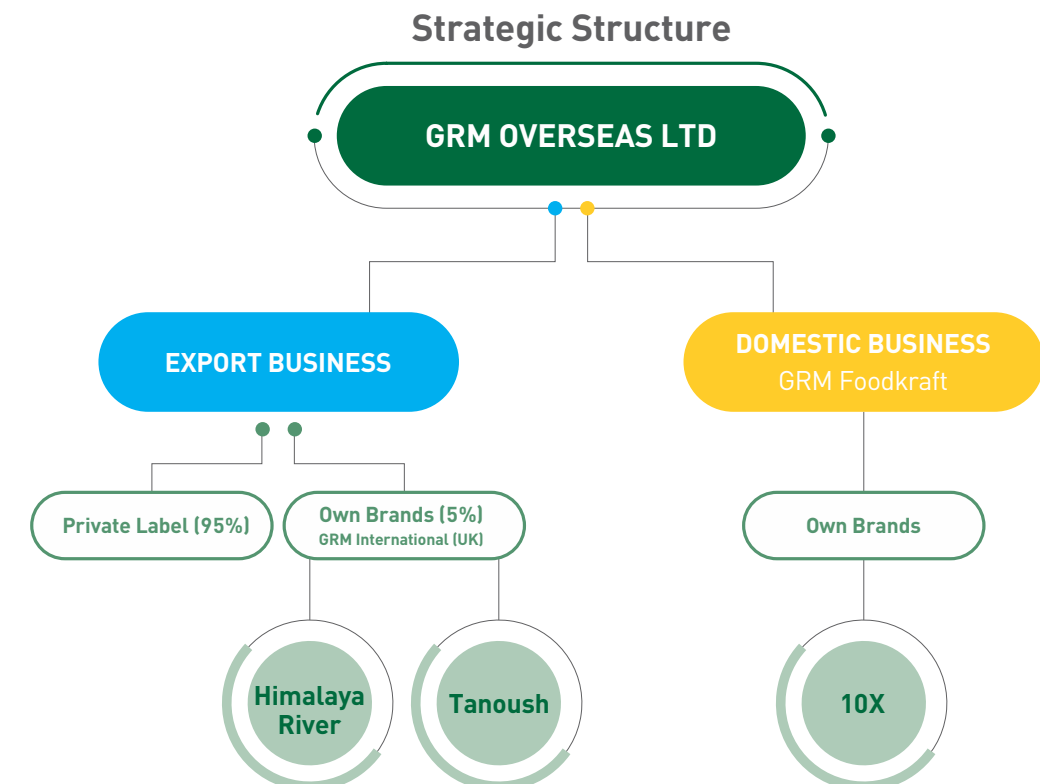
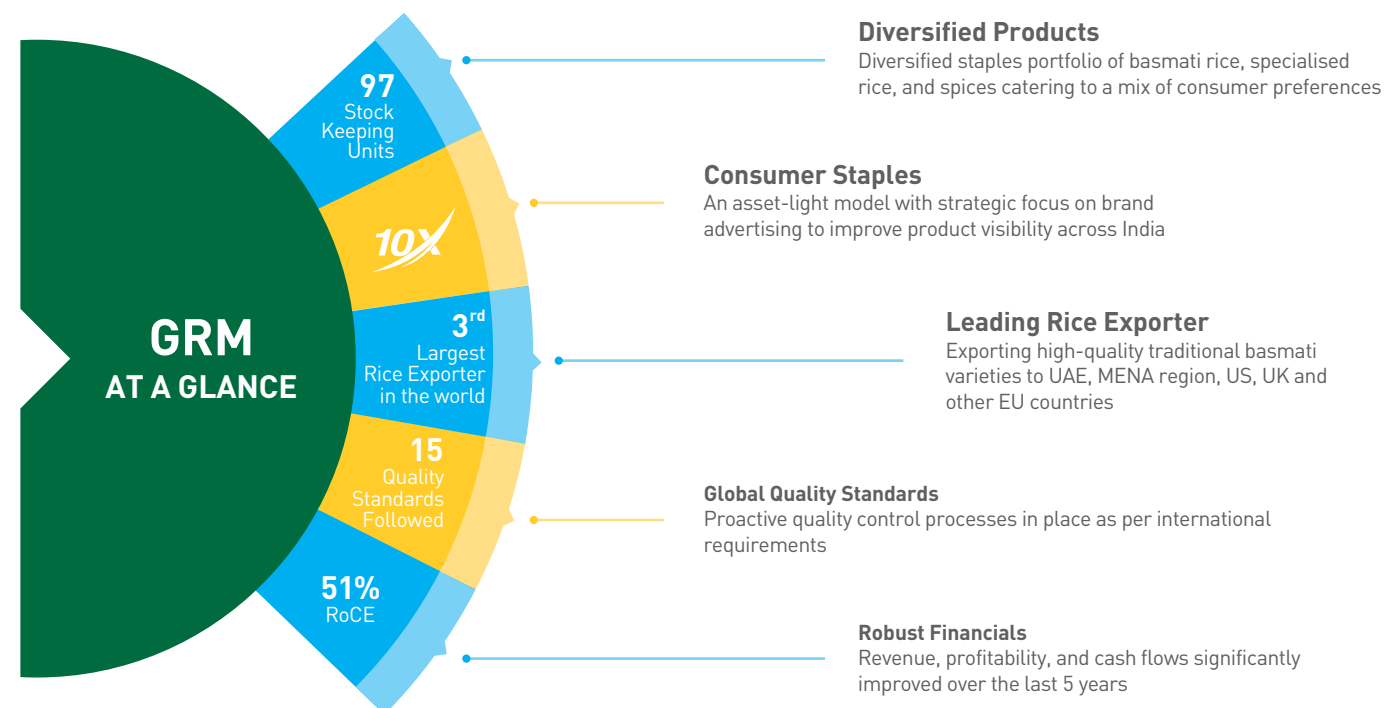
SETTING THE PACE TOWARDS THE GOAL

From humble inception in 1974 to redefining ourselves in the form of GRM, we are India's leading rice exporter, primarily focused on all varieties of basmati rice. Our growth story is a result of our never-ending quest for excellence. Investing in the latest technology and giving importance to our R & D division has helped us in adapting our products to the ever-growing market.



GRM was established in 1974 and it has travelled a long way since then. Initially setup as a rice manufacturing and trading house, it is growing to become a consumer staples organization. During the initial years, GRM exported rice to the Middle East, United Kingdom and the United States. Gradually expanding its reach, GRM has developed a market for its rice in more than 38 countries, thereby achieving the title of the Third Largest Rice Exporter in India. In recent years, GRM has endeavoured to reach the consumers directly with its brands and products. By placing its products on the shelves of several major retailer in India and abroad, GRM has ensured that the end consumer always has easy access to their high-quality products.

GRM has established itself as a quality Basmati Rice producer and supplier worldwide. It has reached this height through its incessant quest for excellence and commitment to customer taste. With its well-defined strategy of employing cutting edge technology, while investing considerable time and money into R & D, the company has excelled in anticipating the changes in food industry trends and bringing in products accordingly to cater to the ever-growing market. It functions through a network of sales and distribution offices in the UK, USA & Middle East and has tied up with 1,800 stores globally to reach its customers.



MESSAGE FROM CHAIRMAN & MD



Mr. Atul Garg
Chairman & Managing Director

Life in 2020-21 was overshadowed by the impact of the pandemic, and on behalf of the Board, let me start by saying that our thoughts go out to all those who have suffered from the effects of this terrible pandemic. Equally, we remain deeply thankful to all those front-line workers – including in our own business – who have worked tirelessly to help keep others safe and our economies moving forward. Despite the inevitable and widespread disruption to our business, the group responded with commendable resilience and ingenuity, delivering a good set of results in very challenging circumstances. Importantly, we also took the opportunity last year to progress our strategic change agenda of GRM 2.0, with each of us overwhelmingly supporting our proposal to simplify.

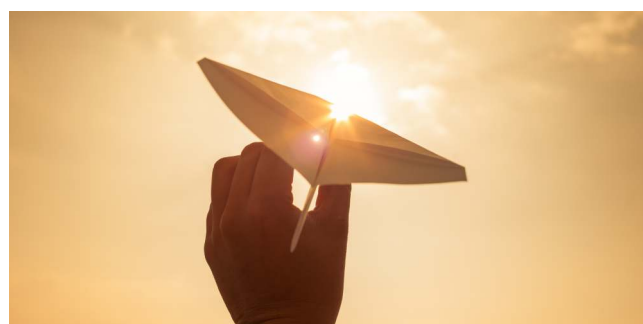
BEATING THE PANDEMIC

The pandemic has tested the world in ways few anticipated. They also tested the resilience of our business – our people, our operations, our financial strength. While this has not been an easy year for many, but it's made our company more robust and better prepared for a fast-changing world. We have responded with speed and agility to protect our people while growing our business. We are driving a progressive agenda on our people's physical and



mental well-being and the future of work. We also continue to serve our consumers through our purposeful brands, which are more relevant than ever. Above all, this year has strengthened our commitment to being the domestic leader in consumer staples. We have reciprocated vigorously to our GRM 2.0 business model and delivered superior performance.

TAKING GRM 2.0 FORWARD



GRM has made a reputation as a purpose-driven company founded on strong values, wonderful brands, and a talented and committed workforce. GRM 2.0 is not just a statement or phrase; it's a passion we live by and are sure to achieve by 2024-25. GRM 2.0 isn't just something we say – it steers our decisions and shapes our actions at every business level. GRM 2.0 also means anticipating the significant changes shaping our industry—becoming fully digitised, lowering cost and more agile. We will use our scale and influence to create positive change well beyond the industry dynamics. We wish to expand into high-growth markets with superior products that are good for both people and the environment. Further, we will attract the very best people into a diverse, inclusive and flexible working culture.

The Consolidated **EBITDA** has increased from ₹ **48 Cr.** in FY 2020 to ₹ **67 Cr.** in FY2021. We registered an increase of **40%** in our **EBITDA**.

The **Profit After Tax (PAT)** has increased from ₹ **31.7 Cr.** in FY2020 to ₹ **45.42 Cr.** in FY2021.



OUR PERFORMANCE

Given the need to manage the business dynamically in the wake of the far-reaching effects of the coronavirus pandemic, we took the prudent decision early in the year to focus on volume-led competitive growth and the delivery of underlying operating profit and free cash flow, as the best means of maximising value. Our results confirm that those objectives were met, improving underlying operating profit and strong free cash flow. Responding quickly and decisively to events – combined with a sharper focus on operational basics – contributed significantly to the step-up in competitiveness. We are strongly backing our GRM 2.0 approach, including the strategic review of new segments and products. We are confident that everything possible will help accelerate topline growth and its vision to make GRM a premier consumer staple company.

LOOKING AHEAD

Even though conditions will remain challenging, and we will be living with the effects of Covid-19 for some time to come, GRM has already shown it can withstand shocks and emerge stronger. With its powerful brand portfolio,

enviable position in the growth markets of the future, and recognised leadership, GRM has some enduring and unrivalled strengths. Combined with its strong leadership team and outstanding workforce, we are confident that the group is well-placed to deliver competitive returns while meeting the needs of its multiple – and highly valued – stakeholders.

Finally, on behalf of the Board, let me express our profound appreciation to the hardworking women and men – and the many more the company partners with – Farmers, Distributors, Stakeholders, Shareholders, Investors etc for their impressive efforts and commitment during one of the most complex and challenging year ever. It's because of your support that we have been able to deliver outstanding results and growth.

Warm Regards,

Atul Garg
Chairman & Managing Director

INTERNATIONAL MARKET

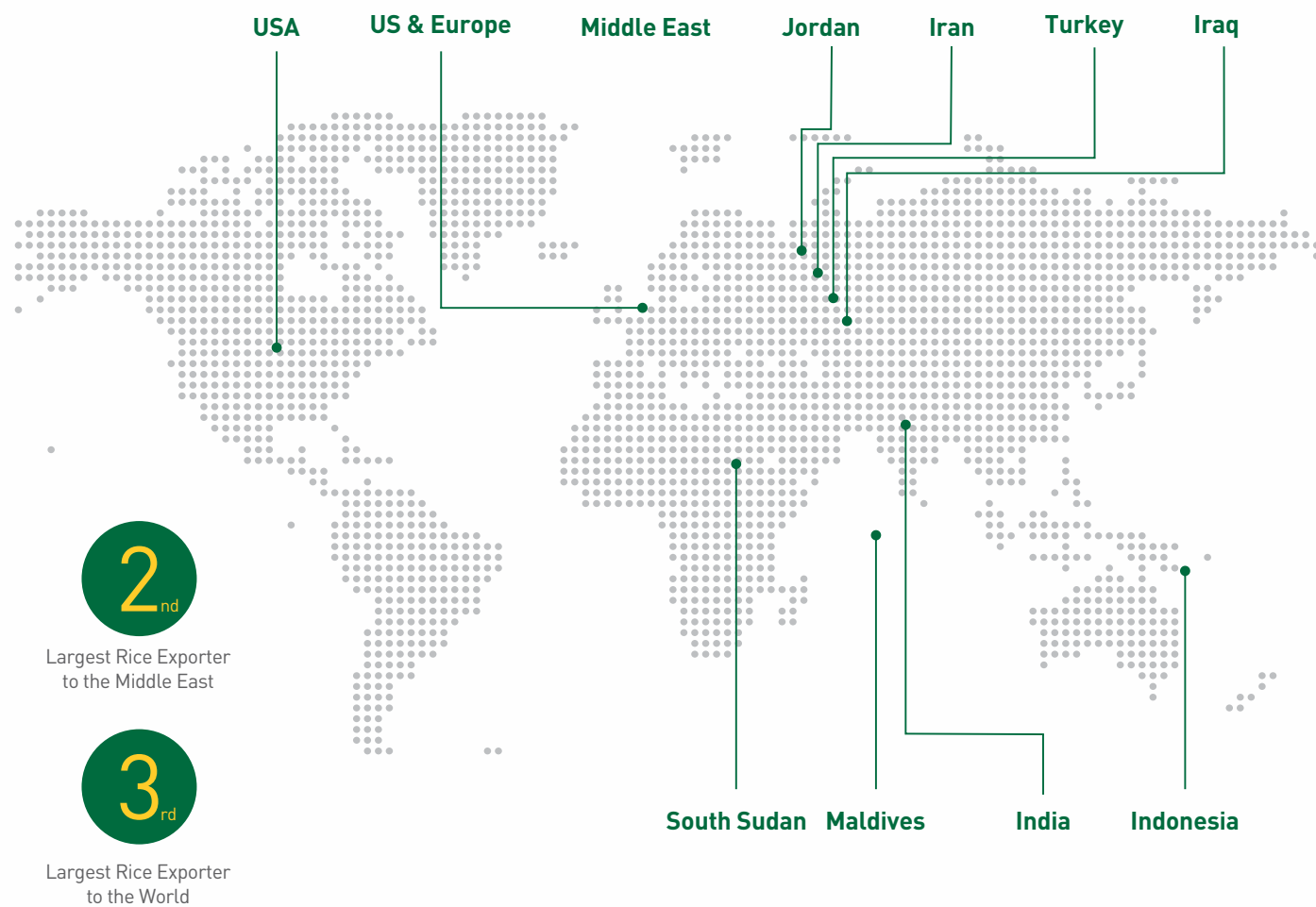
GRM has always wanted to be the first choice for all its customers across the geographies. It has continued to manufacture excellent quality products that have fulfilled its customer's expectations. This ideology of persistence has allowed GRM to be a leader in the global arena; especially in the United Kingdom, Europe, the United States and the Middle East.

₹748 Cr.
Export Business Revenue
on Consolidated Basis*

Private Label (95%)
Exports to MENA Region

Own Brands (5%)
Exports to UK, Europe, and
25 countries

*for the year ended 31st March 2021



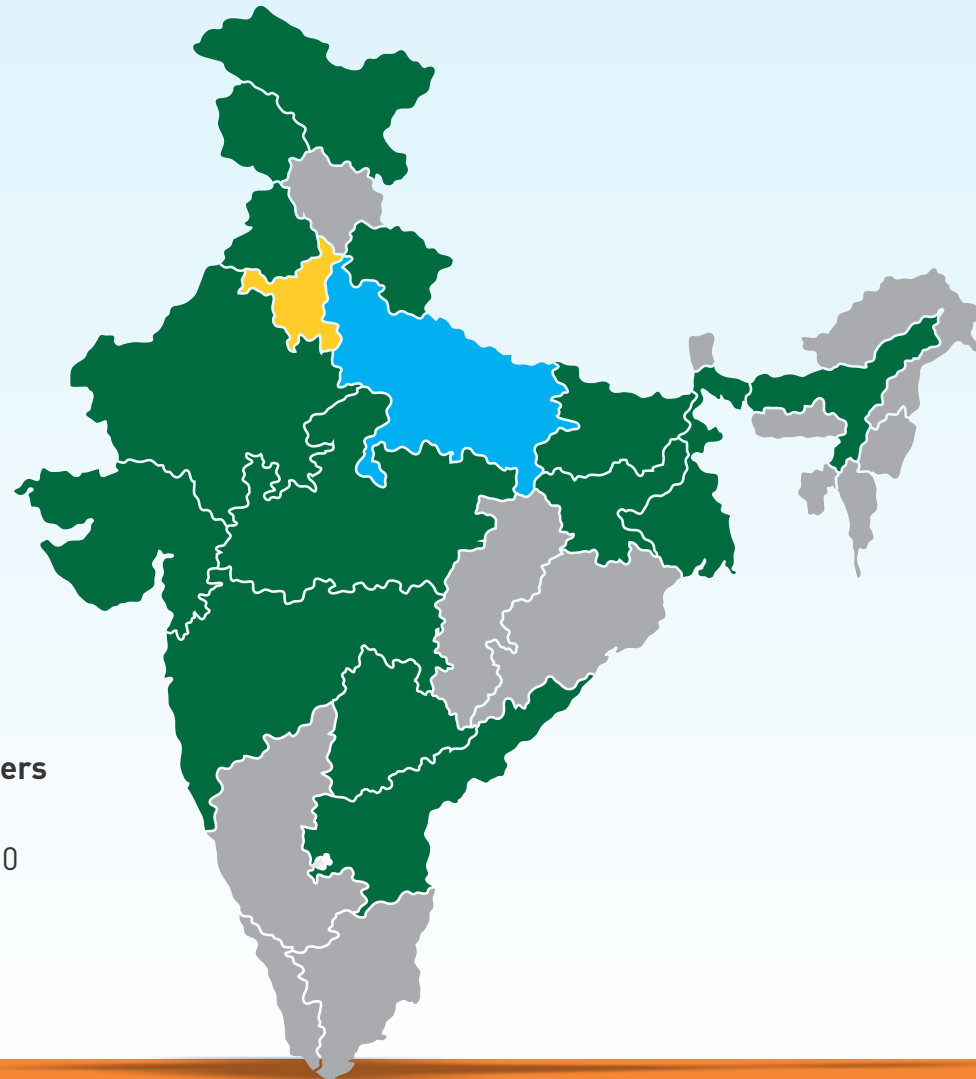
Key Customers



EXPORT MARKET BRANDS



DOMESTIC MARKET



Number of Dealers

- Less than 10
- Between 11-20
- More than 20

Expanding to

52+

DISTRIBUTION CENTRE (DC)

Supplying to

1,60,000+

KIRANA STORES

Reaching out to

1.3 Billion

TARGET CONSUMER



10X

DOMESTIC BUSINESS

58
Cr.

GRM Foodkraft
Revenue[#]

[#]for the year ended 31st March 2021

GENERAL TRADE

105

Distributors

over
90K

Touch Point
(Kirana Stores)

^{*}for the quarter ended 30th June 2021

MODERN TRADE (B2B)

Jio
MART

Walmart
India

10X PRODUCT RANGE

10X

*Capturing the very essence
of India through its taste*



**Premium
Biryani Steam
Basmati Rice**



**Regular
Range Steam
Basmati Rice**



**Premium
Biryani Cream Sella
Basmati Rice**



**Regular
Range Cream Sella
Basmati Rice**



**Kheer
Rice**



**Extra
Long Grain Golden Sella
Basmati Rice**



**Regular
Range Golden Sella
Basmati Rice**



**Perfect
Daily Choice
Long Grain Rice**



**Premium
Biryani Golden Sella
Basmati Rice**



**Extra
Long Grain Cream Sella
Basmati Rice**



**Perfect
Choice for Rozana
Basmati Rice**



**Golconda
Range**



MANUFACTURING FACILITIES

Technologically Equipped. Technically Advanced.

Coming this far without adhering to stringent quality measures was impossible. Our facilities conform to world-class standards and regulations. We do regular audits by certified and accredited agencies to make sure we do not fail at any step. When it comes to quality we maintain a ZERO ERROR policy.

- Strong long-standing relationships with farming communities
- Manufacturing and procurement facilities in the Basmati growing regions
- Fully automated rice processing plant equipped by Buhler (Germany) and Stake (Japan)
- Advanced in-house laboratories
- Production of 2,800 MT of packed rice in a single day at all sites combined
- Warehousing space with the most hygienic storage conditions, on-going fumigation and safe custody of cargo
- Sufficient capacity for future growth

Top Notch Product Quality & Certified Facilities

At GRM, we procure the paddy in the optimal season and store it in the most hygienic conditions to age to perfection. We are equipped with comprehensive systems that ensure ongoing fumigation, maximum production from the ground, optimal moisture & humidity and protection from all forms of infestation.

QUALITY IS THE TOUCHLINE THAT FORMS OUR REPUTATION

Well-equipped & highly advanced in-house laboratories to check the quality of paddy and rice, ensuring unparallel product quality

Lab Equipments: Moisture meters, lab De-huskers, Electronic Vernier Calipers, Precision Electronic Weighing Scales, Paddy Separator & lab polishers

Farm to shelf product traceability through our ERP systems to ensure sustainability and enhance consumer satisfaction

Regular audits by accrediting organizations to ensure that we deliver only the best to our customers

OUR FACILITIES CONFORM TO WORLD-CLASS STANDARDS



GMP Certified



ISO 22000:2005



BRC (British Retail Consortium) Certified



U.S. FDA Certification



Safe Quality Food Certificate (which includes HACCP)



Organic Certification



Kosher Certified

ANNUAL PRODUCTION CAPACITY

4,40,800 MT



PANIPAT (HARYANA)

300_{MT}

Daily Production



NAULTHA (HARYANA)

500_{MT}

Daily Production



GANDHIDHAM (GUJARAT)

2000_{MT}

Daily Production

PRODUCTION & PROCESSING FACILITY

3 Milling plants:
550 MT per day

9 Sortex Plants:
1,400 MT per day

WAREHOUSING FACILITY

1.75 lakh feet²
space adjacent to the Kutch-Gujarat factory

Facilitating speedy shipments from
Kandla and Mundra ports.

MT: metric tonnes

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Economic Scenario

Global Economy

In 2020, the Covid-19 pandemic caused a major disruption to the global economy. Months of uncertainty and fear paralysed economic activity across sectors. Trade and tourism were halted, while job and productivity losses increased dramatically. The world's economies endured an unparalleled slump as Governments around the world enacted lockdowns to tackle the rising Covid-19 outbreaks. Fiscal and monetary stimulus programmes were swiftly implemented to help rescue the economy.

One year into the pandemic, economic recoveries are varying across nations and sectors, reflecting adoption of the new normal and the extent of policy support. The global growth is predicted to reach 6% in 2021, before moderating to 4.4% in 2022. (Source: World Economic Outlook). The future is uncertain and it will depend on the direction the pandemic takes, the effectiveness of policy support, and the pace of the vaccine-powered normalisation.

Indian Economy

In the pre-Covid-19 scenario, the Indian Economy continued the mid-single digit growth path. GDP growth has shown negative signs during current period post Covid-19 outbreak in the country. First few cases of Covid-19 infection emerged in India in February 2020. Travel restrictions and testing norms were put in place from 1st week of March and these intensified further in the following week leading to a complete lockdown of entire country on 24th March 2020.

GRM also announced a production shutdown across all its manufacturing units initially while, production resumed at some of our manufacturing units, after securing permissions for producing essential products.

Changing Dynamics of the Food and FMCG Sector

The FMCG landscape is undergoing a sea change with the emergence of Covid-19, which is also impacting consumer behavior across markets and geographies. We expect the following consumer trends to pick up in the post-Covid-19 world:

1. Increased consumer focus on health and hygiene, particularly on agri and food products, with a preference for packaged branded products
2. Discretionary spending would be curtailed due to shift of priorities towards essentials
3. Movement towards financial security to gain momentum
4. Technology to act as a catalyst for convenient, safe and enhanced consumer experiences

We also expect the industry to undergo recalibration of the supply chain and distribution network, with channels like e-commerce and Direct to Consumer gaining salience. Local kirana (grocery) stores have seen a resurgence as proximity and availability of products came into prominence. These retail outlets may become more organized, digitally enabled, and serviced directly.

The Indian Food sector, which contributes to 57% of the overall FMCG market, witnessed growth of 8-9%. While the Food sector, riding on demand for consumer staples, has been growing at a good pace. Due to the extended lockdown in India, cooking at home was a big theme due to which convenience foods and cooking ingredients were in high demand.

Internal Control Systems and Their Adequacy:

GRM has an Internal Control System corresponding with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function are defined in the Internal Audit Manual. The Internal Audit function reports directly to the Chairman of the Audit Committee of the Board & to the Chairman & Managing Director to maintain its objectivity and independence.

The Internal Audit Department also monitors and evaluates the efficacy and adequacy of the internal control system, its compliance with operating systems, accounting procedures and policies all across. Based on the internal audit function report, the committee undertakes corrective action in their respective areas, thereby strengthening the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Board's Audit Committee.

Material Developments in Human Resources/ Industrial Relations, Including Number of the Employed

GRM as an organisation recognises human capital as an essential and strategic resource and honours the dignity of each employee irrespective of position, and highly values the cultural diversities of its employees. It believes in employee empowerment across the organisation to

achieve organisational effectiveness. Special efforts are made to identify specific training needs to update the skills of the employees. Human Resources continue to get the primary focus of the management and regard its human resources amongst its most valuable assets. It always has and will continue to invest in people during the year through the various training programme to keep its employees competent. As of the financial year ended 31st March 2021, GRM has employed a total of 430 employees inclusive of indirect employees.

Discussion on Financial Performance with respect to Operational Performance.

The Company recorded Consolidated operational revenue of ₹ 799.37 crores as compared to ₹ 777.15 crores during the previous financial year. The Company achieved EBIDTA margin of 8.37% in FY2020-2021 against 6.13% in FY 2019-2020.

The Company achieved Consolidated Earnings before Interest, Depreciation and Tax (EBIDTA) of ₹ 67 crores for the FY2020-2021 against that of ₹ 48 crores for the FY 2019-2020.

The EPS for the year increased to ₹ 121.92 per share as compared to ₹ 85.92 of last year.



FINANCIAL HIGHLIGHTS

CONSOLIDATED REVENUE

₹ 806 Cr.

during FY2021,
as compared to ₹ 790 Cr.
during FY2020.

THE PROFIT BEFORE TAX (PBT)

₹ 58.85 Cr.


during FY2021,
as compared to ₹ 43.05 Cr.
during FY2020.

THE PROFIT AFTER TAX (PAT)

₹ 45.42 Cr.


during FY2021,
as compared to ₹ 31.7 Cr.
during FY2020.

INTEREST COVERAGE RATIO*

6.03%  52%


during FY2021,
as compared to 3.97%
during FY2020.

DEBT EQUITY RATIO*

1.39%  41%

during FY2021,
as compared to 2.34%
during FY2020.

OPERATING PROFIT MARGIN* (%)

8.02%  39%

during FY2021,
as compared to 5.75%
during FY2020.

NET PROFIT MARGIN* (%)

5.68%  39%

during FY2021,
as compared to 4.08%
during FY2020.

RETURN ON NET WORTH* (%)

33.59%  4.71%

during FY2021,
as compared to 35.25%
during FY2020.

*All ratios are based on consolidated basis.

BUSINESS OVERVIEW - GRM 2.0

GRM 2.0 is all about the company moving up the value chain. It's an evolution of the company for a sustainable future business model. Under GRM 2.0 we would be identifying, organizing and simplifying our entire business into two separate operating groups.

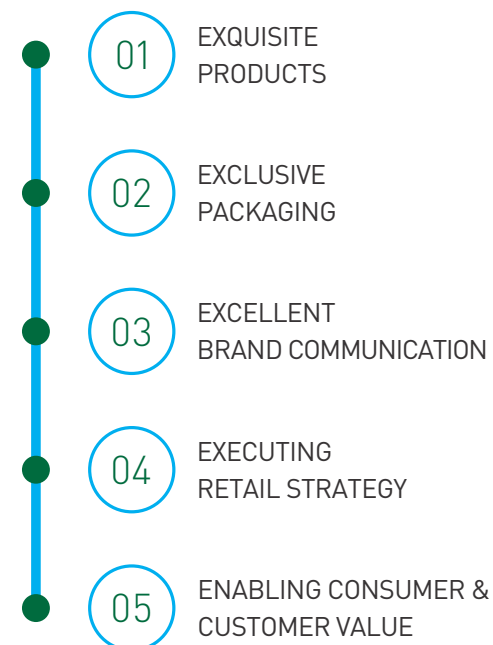
- GRM Global Agri would solely focus on Contract Research & Manufacturing Services (CRAMS) in Basmati Rice, globally.
- GRM Foods would initiate new avenues for their Brands into foods staple, globally.

Both these segments will have crystal clear focus, and the result would be beneficial for our global customers, communities and our businesses. Our years of experience and hard word have laid the perfect platform for GRM 2.0. It's centred on building on our brand laurels and pressing the full throttle to unlock the immense potential that brand GRM possesses. All this would happen smoothly while our brand continues to grow our core business.

5E Strategy For GRM 2.0

GRM Overseas has experience of over 4 decades and is the 3rd largest exporter of Basmati Rice to Gulf Region and 5th largest globally. Previous GRM had framed strategies and accordingly new brands were launched. The brand were launched initially in UK and followed by the Gulf region.

Under GRM 2.0 the company has decided to enter the ever-attractive and ever-growing Indian market with its own brand. Our focus would be to enter not only the rice segment but also the entire food staple space. Our extensive R&D team will keep on its hard work and we would keep launching various products in the FMCG space. Over the coming time we would like to leverage ourselves from just a company in the rice segment to a key organisation in the Indian FMCG space. And to penetrate in this space we have formulated 5E strategy that would help us in steering into the FMCG space.



Exquisite Products

We would develop products that are too good to be missed. Our product taste and quality be the best in the segment and we would make sure that the customer could differentiate our brand from other quite easily.

Exclusive Packaging

Packaging is the first impression that a brand or product makes on the shelf. We would be investing in attractive packaging design and material to attract consumer. Our exclusive packaging would convey our brand equity and would help consumers select our product for their needs and delight.

Excellent Brand Communication

Positioning our communication is the most critical part of this GRM 2.0. We would be communicating our product benefits with exceptional advertising that would tinker with the emotional quotient of the consumer. It would make the audiences think, talk, laugh, cry, smile, act and buy — and that would drive the category and brand growth.

Executing Retail Strategy

To make GRM 2.0 successful we would need to execute our retail strategy execution to perfection. Our strategy would be based on various factors such as right store coverage, product forms, sizes, price points, shelving and merchandising

Enabling Consumer & Customer Value

Penetrating into Indian market that is very highly cost-oriented we would need to present our customer and consumer with a brand value that they would love to have. Our mission is to present a clear vision at a compelling price.

Other Factors

Changing Lifestyle

Indian consumer and market have changed drastically over the past decade. With the rise in the per capita income, more and more customers are ready to try new products and then take their decision rather than taking the brand's past laurels as a benchmark.

Customer Preferences

With the constantly changing buying patterns, customers prefer premium, branded and healthy products instead of low quality and cheap ones. This factor is likely to push up demand for branded and healthy rice products like Basmati rice across modern retail chains.

Greater Acceptability

Increasing acceptance of rice as a staple diet has enhanced accessibility of Basmati rice across different markets round the globe. Our different product offerings will be strategically positioned to cater to different categories of consumers at different geographical locations and across different price points to enhance affordability.