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GRM

GRM OVERSEAS LIMITED

ANNUAL REPORT 2021-22

OUR COMMITMENT

GROWTH • HEALTH • IMPACT

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Annual Report 2021-22 View Online
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ABOUT THIS REPORT

Presenting the 28th annual report of GRM Overseas Limited, for the financial year 2021-22. This report provides information about the financial and operational performance of our business across each of our business segments and operations including those of our wholly-owned subsidiary in India GRM Foodkraft, as mandated by the authorities under the Companies Act, 2013, such as Ministry of Corporate Affairs, SEBI, Stock Exchanges and other regulatory bodies. The report provides consolidated statements of our financial performance for the year under reporting.

For any queries or clarifications regarding the information issues in this report, you may write to us at: investors.relations@grmrice.com

Forward-looking statements

This Report has been prepared by the Company and the information on which it has been based was derived from sources believed to be reliable. Certain statements in this Report may constitute forward-looking statements within the meaning of applicable securities laws and regulations.

The same may be based on the management assessment and expectations with respect to future circumstances, which involve a number of risks and uncertainties, beyond the control of the Company, that could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements can be identified by words, such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion on future operational or financial performance.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, the Company's ability to manage growth, intense competition, including those factors which may affect its cost advantage, wage increases, ability to attract and retain highly skilled professionals, natural calamities, epidemics and pandemics, political instability, regulatory changes, currency risks, legal restrictions on raising capital or acquiring companies outside India, and unauthorised use of its intellectual property and general economic conditions affecting the industry.

The Company may, from time to time, make additional written and oral forward-looking statements, including reports to its shareholders and does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

ABOUT
GRM OVERSEAS LIMITED

At GRM Overseas Limited, we have a story to tell: of our humble beginnings 48 years ago as a rice manufacturing and trading house that has transformed into a leading provider of consumer staples worldwide today.

With our products occupying aisles across 1,800+ stores around the world and our distribution spread across USA, UK, and countries of the Middle East, we are now ready to add a new chapter to our story of growth:
We have been strategically training our special focus on the domestic market in India through our flagship brand 10X, which is part of our wide-ranging portfolio of kitchen essentials and food products across various categories.

Through 10X and other products, we are crafting a uniquely beneficial value proposition for the Indian consumer, whose tastes and preferences as well as expectations are rapidly evolving. Thus, we are emerging as a strong contender in the country's branded consumer staples market.

With an aim to strengthen our presence in India, we are leveraging our key strengths: our deep understanding of the consumer's priorities, our time-tested relationships with our partners in the value chain, and our passion to create value for the sons and daughters of the soil – India's farmers.

Together, we are creating a wealth of goodness around the world as well as in India, delivering growth for our key stakeholders by enhancing consumer health and thus, creating a lasting impact on our journey through the laps of time.

IT IS OUR COMMITMENT: 10X GROWTH. 10X HEALTH. 10X IMPACT

EMBOLDENED IN OUR PURPOSE TO CREATE VALUE

At GRM, we define our purpose as the passion to keep our commitments to our key stakeholders, key being our consumers, our communities, our employees, and our investors. Strengthening our purpose are our vision, mission, and values.

Vision

To be the most preferred company of choice for all our customers, in India and abroad, and to continuously render service excellence to surpass their expectations.

Mission

To create a versatile product range, to ensure prompt and seamless delivery of the product and service to the customer, to ensure continuous improvement in all of our products, to enhance competency and knowledge of our people, and to deliver value to our stakeholders.

Core values

- Integrity
- Quality
- Ethics
- Commitment
- Environmental Consciousness

Our business comprises two key segments:

International

38 Countries

We produce, supply and market high-quality rice in **38 countries** around the world.

95 %

Majority of our international business (95%) comprises exports of private labels while the rest 5% is exporting GRM-owned brands through our subsidiary in the UK, GRM International. 100% of the products are sourced from our value chain partners in India.

Domestic

10X

Our domestic business isled by **our flagship brand 10X**, owned by our wholly-owned subsidiary in India, **GRM Foodkraft Limited** (estd. 2020).

4 Key Categories

Through it, we are growing our presence in the Indian FMCG market. Our domestic portfolio includes **4 key categories of consumer staples and kitchen essentials** including rice, spices, atta (flour), and ready-to-eat.

Key Customers

ASDA Walmart | Sainsbury's | home bargains | TESCO | Rimi

co op | جمعية الإتحاد Union Coop | Amira | Carrefour | المدينة AL MADINA | almaya | WEST ZONE Supermarket L.L.C.

udaan | Walmart India | Jio MART | Flipkart | amazon.in | GROFERS

INTERNATIONAL MARKET

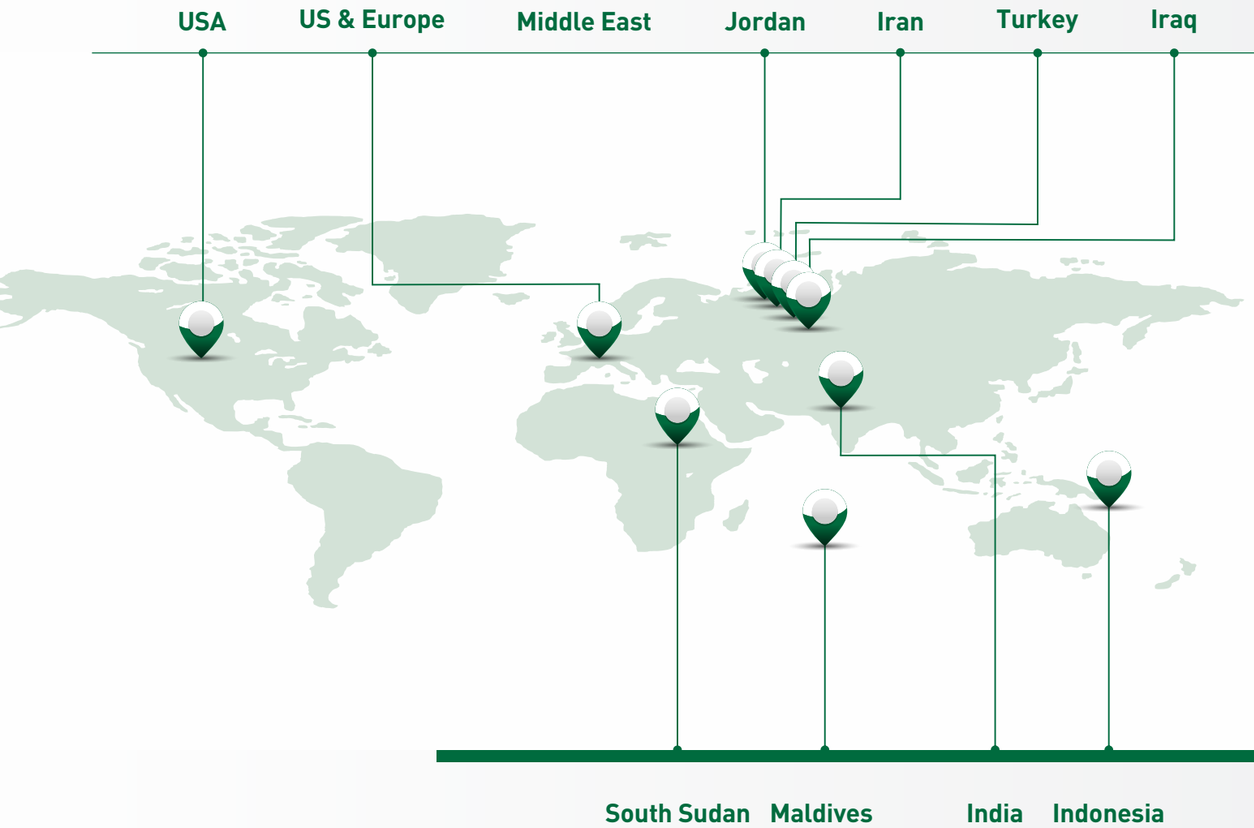
Our global brands Himalaya River and Tanoush, both launched in 2018, Both comprise high-quality, intensely aromatic, Basmati rice and are stocked by multi-brand retail stores such as Tesco, Sainsbury's, Walmart and more across the world. Tanoush is launched specifically for the Gulf region. We ensure that people around the world savour high-quality and nutritious Indian basmati rice that imparts good health, through our presence across 38 countries. Our established network and strong relationships within the global rice supply chain help us to deliver and grow.

₹911 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 2022



EXPORT MARKET BRANDS

400+
Workforce

200+
Suppliers

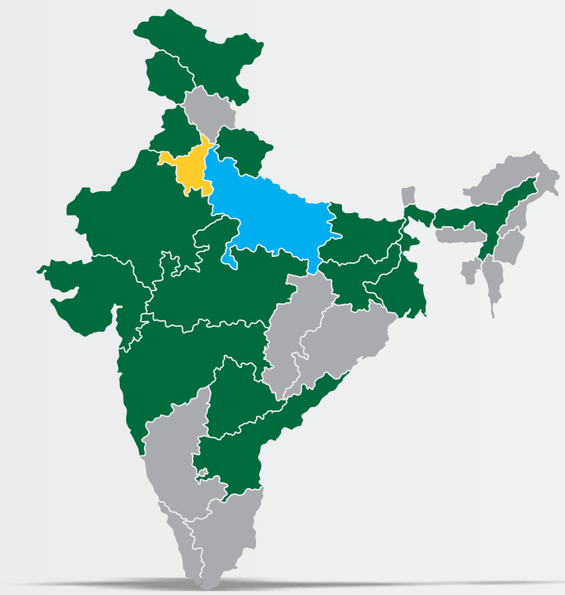
200+
Distributors

1800+
Retail Stores

DOMESTIC MARKET

The launch of GRM's flagship Indian Brand—10X in 2020 marked a paradigm shift in the company's expansion. The vast portfolio of 10X entails varieties of rice consumed across India, whole and blended spices, atta, Ready to Cook range along with a positive prospects for pulses and many other consumer staples. Through this, GRM intends to provide the Indian consumers with a basket of staples enriched with 10X goodness & health.

THE WORLD OF 10X



Number of Dealers

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

RICE • ATTA • SPICES • BIRYANI RTC (Ready to Cook) RTE (Ready to Eat)

125
Distributors

1,03,545+
Kirana Stores in major states

1.3 Billion
Target Consumer

Domestic Business

₹ **189** Crore
GRM Foodkraft Revenue*

General Trade

125
Distributors

105K
Touch Point (Kirana Stores)

Modern Trade

Jio MART
Walmart India
udaan

#for the year ended 31st March 2022

MESSAGE FROM OUR CMD

A NEW ERA OF **10X GROWTH, HEALTH, IMPACT**

'Moving from its humble beginnings into a high-growth future, GRM is aiming for 10X to become a household name in India'

Atul Garg
Chairman and Managing Director

The world has been on tenterhooks since the outbreak of COVID-19 in 2019-end. For us at GRM, braving two years of COVID-19 impact meant being a solution for our customers around the world facing supply chain challenges. We did our best to make sure they had access to high-quality and nutritive rice to boost their plate as well as palate.

As the pandemic appeared to recede, the war breaking out between Russia and Ukraine has added to extend the supply chain challenges on the international front. The fallout of the conflict has fuelled commodity price rise, particularly for fuels and food. However, in this scenario, at GRM we have had the opportunity to assure our global customers of our superior value proposition and our ability to deliver.

Our strong business fundamentals, established acumen with respect to sourcing, our credibility within the value chain, and our strong relationships with our farmers as well as distributors have helped us claim a position of privilege. Our customers are confident about our ability to provide them with quality products.

We have continued to grow the value we deliver to our key stakeholders as a result. This has further helped us to work on expanding our operations in the domestic market. We are well on our way to create India's largest and most trusted standalone consumer staples brand in 10X.

A year in review:
10X Growth through Transformation 2.0

During FY 2021-22, our international business clocked export revenue of `911 Crore up significantly from ₹652 in FY 2020-21. Export share in the total revenue went down to 80% from 82% in FY2020-21. At the same time, our domestic business via GRM Foodkraft more than doubled to reach '189 Crore in FY2021-22 as compared to ₹ 59 Crore in FY 2020-21 with revenue share sharply increased to 17% in FY2021-22 from 7% in FY2020-21. Our EBITDA grew from 9.2% to 11.4% in FY2021-22 while PAT margin jumped from 5.7% in FY 2020-21 to 7.5% in FY 2021-22 respectively. Our total revenue touched ₹ 1134 Crore during the year, up from 800 Crore in FY 2020-21.

The numbers show the growth potential of our domestic business in retail backed by our excellent execution capabilities. Early success primes us for stronger inroads into India's domestic market and helps us build brand trust. The growth in capital is aimed at reinvestment in scale, expansion, and adding capabilities.

Our domestic business is growing based on the increasing stature of our homegrown flagship brand '10X'. We are directing our efforts at growing the brand through traditional avenues of shelf space in mom-and-pop grocery stores as well as modern trade platforms provided by leading players. With our focus on quality and nutritive content of our produce, we are confident that the end-consumer will recognise the value that is on offer.

During the year, we have continued to diversify our retail portfolio under brand 10X. Our biryani ready-to-eat line now has four key variants that will help our consumers appreciate the regionally unique preparations originated in Hyderabad, Murshidabad, Mughlai cuisine, and Dindigul. The biryani portfolio is designed to delight connoisseurs while at the same time making connoisseurs out of biryani afficionados.

Not only this, Foodkraft has picked up a minor stake in the foodtech app GoKhana, aimed at B2B outreach. It is an innovative step that will help us build brand presence.

In the pipeline are several other items such as edible oils, poha, soya chunks, dry fruits, pulses, ghee, and salt. These products will bear the 10X mark of high-quality and affordability.

10X health
For us at GRM, providing people with quality food products that is sourced responsibly and packaged in a way that retains its nutritive value is but one aspect of our focus on health. Our leadership and our executive teams have in-depth understanding of the products. We enjoy strong relationships with trusted partners and producers, which we continue to synergize keeping at heart the best interests of our end-consumers. It is how we ensure our products are appreciated across the world. We are bringing the same commitment to quality to our Indian consumers.

10X Impact
India's FMCG industry is growing leaps and bounds, driven by domestic demand. It is creating space for a lot of players to grow, even as big players target a greater share of the pie. In this scenario, there is a need for mid-segment providers who can compete not only based on the quality and variety but also on the strength of their localised knowledge, distribution capabilities, and specific consumer preferences including affordability. This is where 10X is making a difference.
10X as a brand is backed by long-standing relationships that we have cultivated over five decades with our value chain partners and farmers. In that sense, it is serving as a vehicle for broad-basing the economic growth and development of these people. GRM is often the partner of choice for the local players in our ecosystem, powered by our attractive offerings.

It is helping us to create long-term impact in the agribusiness sector, one of the key pillars of growth of the Indian economy. With our focus on food packaging, we are enabling the acceleration of growth for this industry, helping to bring down overall costs and widening the segment. We are ensuring that the consumer emerges the ultimate winner.

We are equally embracing an approach to business sustainability that is underpinned by ESG principles i.e. conservation of environment, value creation in the social aspect of doing business, and strengthening governance at our organization.

Export Revenue
₹ 911 Crore
FY2021-22
from ₹ 675 Crore in FY 2020-21

Domestic Business
17%
FY2021-22
from 7.5% in FY 2020-21

PAT Margin
5.7%
FY 2021-22
from 7.5% in FY 2020-21

EBITDA
9.2%
FY 2021-22
from 11.4% in FY 2020-21

10X PRODUCT **RICE RANGE**

10X Capturing the very essence of India through its taste

Zarda King
Golden Sella
Basmati Rice

Biryani King
XXXL
Basmati Rice

Premium
Biryani Steam
Basmati Rice

Regular
Range Steam
Basmati Rice

Kheer
Rice

Extra
Long Grain Golden Sella
Basmati Rice

Premium
Biryani Golden Sella
Basmati Rice

Extra
Long Grain Cream Sella
Basmati Rice

Premium
Biryani Cream Sella
Basmati Rice

Regular
Range
Cream Sella
Basmati Rice

Regular
Range
Golden Sella
Basmati Rice

Perfect
Daily Choice
Long Grain Rice

Perfect
Choice for Rozana
Basmati Rice

Golconda
Range

10X PRODUCT **RANGE**

SHAKTI
CHAKKI FRESH ATTA

Hand-Picked from the best of fields of Madhya Pradesh, 10X Shakti – Chakki Fresh Atta is full of Goodness and wholesomeness. Two of its best qualities are that it absorbs more water and hence your fulkas come out as soft as cotton.

Our hand-picked Sharbati wheat grains come with a pure golden sheen and are almost all in same size making it truly different. It's 100% MP Sharbati Wheat are harvested right under the golden sun and ingrained with right amount of rain water; making you enjoy that hot and soft phulka every single day.

100% WHEAT. 0% MAIDA.

10X PRODUCT **RANGE**

BIRYANI KIT
READY TO COOK

Biryani is not just a rice-dish, it's a heritage. It's one of India's most loved and ordered dish. But the problem lies when we have to cook it; as it requires sourcing exotic ingredients and elaborate cooking. To make things easier for you without letting even an iota of taste to slip away we have designed exclusive Ready-to-cook 10X Biryani Kit. With its own unique character and finesse of spices and no artificial colors or preservatives, this recipe has been curated to give you an Authentic Biryani experience.

MORADABADI **BIRYANI KIT**

HYDERABADI **BIRYANI KIT**

LUCKNOWI **BIRYANI KIT**

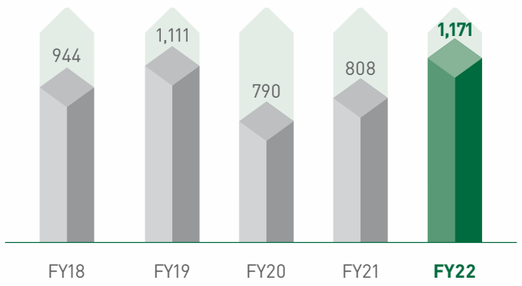
AWADHI **BIRYANI KIT**

READY TO COOK RANGE

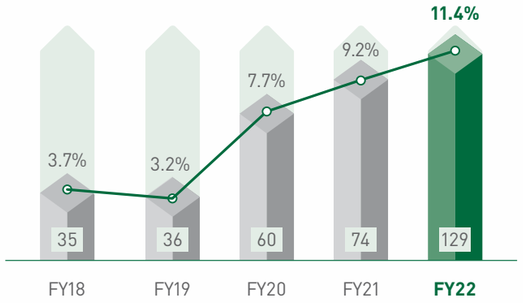
FINANCIAL **PERFORMANCE**

Through the years, we at GRM have focused on building a strong team that prioritises relationships based on our organisational values. This has helped us tide over the impact of the COVID-19 pandemic and continue to deliver growth. Prudence is the cornerstone of our financial strategy, enabling us to expand and target newer consumer segments.

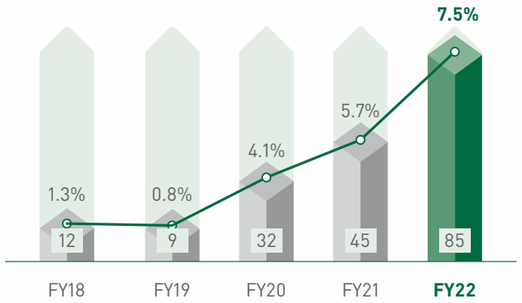
Revenue (Rs. Cr)



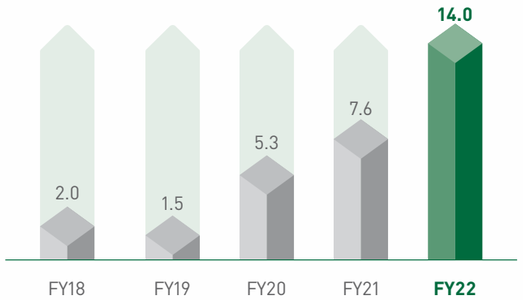
EBITDA (Rs. Cr) Margin (%)



PAT (Rs. Cr) Margin (%)



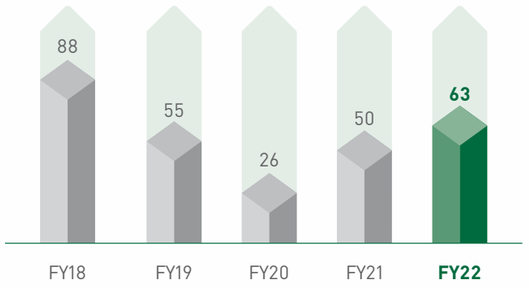
Basic / Diluted Earning Per Share



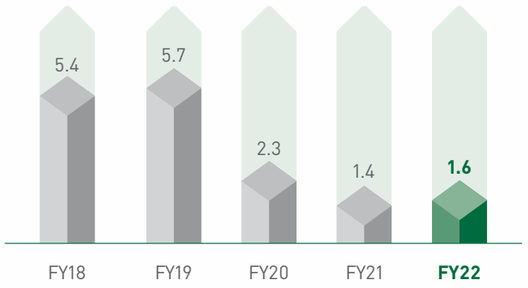
OPERATIONAL **HIGHLIGHTS**

We are constantly looking at opportunities to optimise our operational performance by lowering our inventory and working capital days and ensuring healthy financial ratios. During the year under reporting, optimisation of our customer mix has helped us to secure enhanced profit margins.

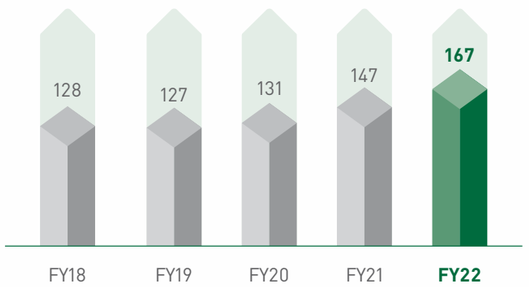
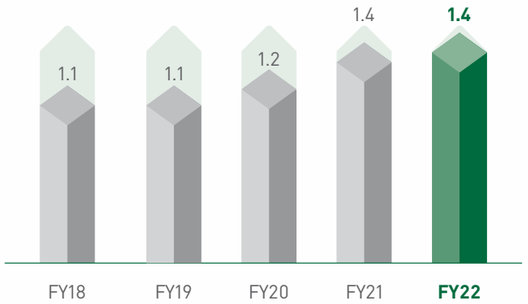
Inventory Days



Gross D/E (x)



Working Capital Days



Current Ratio