

Date: 20<sup>th</sup> November, 2019

To,  
Department of Corporate Services,  
Bombay Stock Exchange Limited,  
Ground Floor, P. J. Towers,  
Dalal Street Fort,  
Mumbai- 400001

Scrip Code: 531449

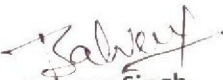
Dear Sir/Madam,

Sub: Investor Communication on Financial Results for the Second Quarter (Q2) of Financial Year 2019-2020.

Pursuant to the provisions of Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are pleased to enclose herewith Investor Communication of the Company on Financial Results for the Second Quarter (Q2) of Financial Year 2019-2020.

You are requested to take the above on your records and acknowledge the same.

For GRM Overseas Limited

  
Balveer Singh  
Company Secretary  
M. No. 59007

**CIN-L74899DL1995PLC064007**

# Reinventing the GRM Brand

## Cultivating the future of rice exports



**Q2 and H1 FY2020  
Earnings Presentation**



## The GRM Brand today

- GRM Overseas is the third largest basmati rice exporter to the world and second largest to the Middle East\*
- Exporting high quality traditional basmati varieties of rice to UAE, US, UK and other European countries
- Presence of own brands under the name “Himalayan River” “Tanoush” and “7Express” at large retailers in UK, Poland, Netherlands, UAE etc.

Moving towards the next phase of growth...

## Reinventing the Business

- Diversifying from traditional basmati rice offerings to high margin own brands of basmati rice
- Focusing on expansion into other major large retail stores and supermarkets across UAE, Europe and North America
- Focus on supplying specialized / folk and organic rice varieties with signature recipes
- Poised to enter new international geographies
- Acquired a production facility in Gandhidham, Gujarat, doubling the current production capacity



Redefined Value Proposition



Integrated Business Model



Niche Product Market



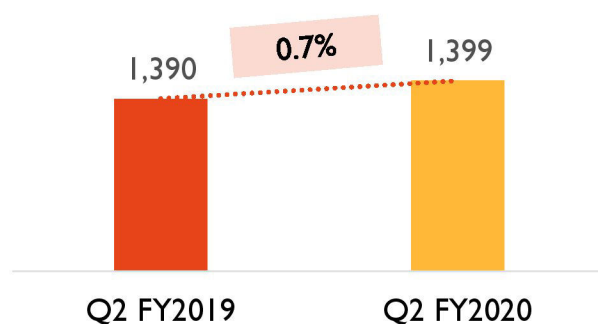
Increasing Market Traction



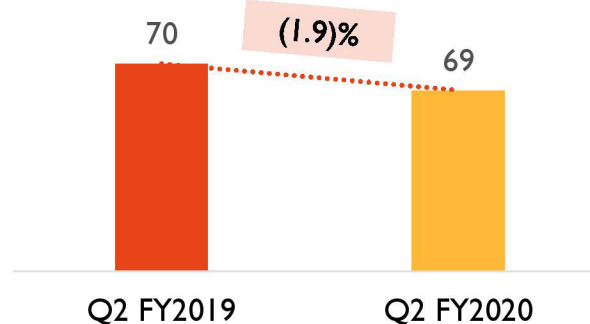
Enhanced R&D Capabilities

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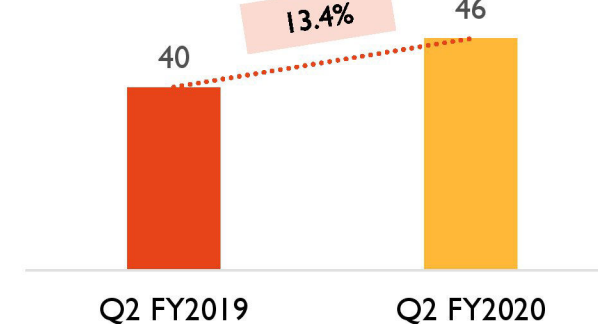
## Revenue (INR Mn.)



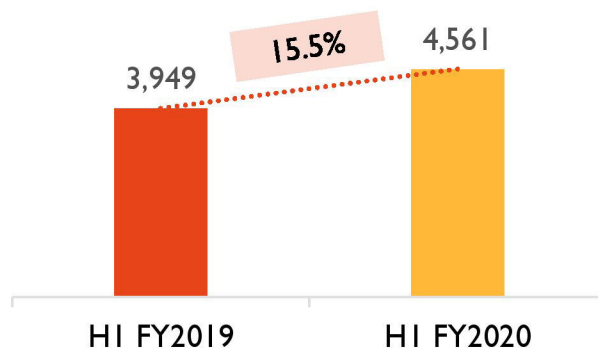
## EBITDA (INR Mn.)



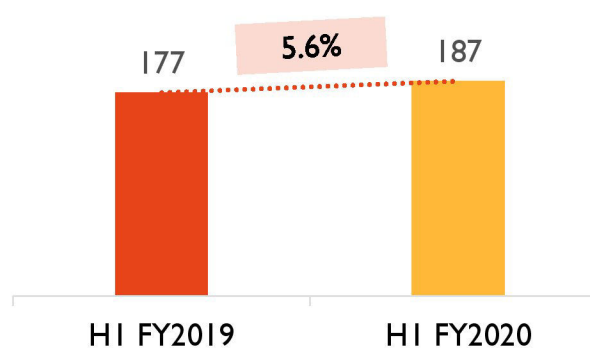
## PAT (INR Mn.)



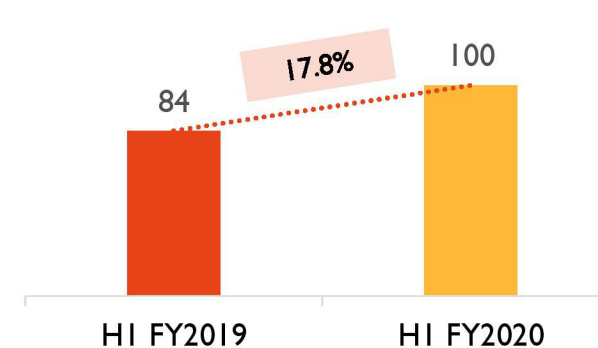
## Revenue (INR Mn.)



## EBITDA (INR Mn.)



## PAT (INR Mn.)



Note – All financials are in INR million

Building momentum for the next phase of our growth story...

\* Standalone Financial Performance



| (INR Million)                       | Q2<br>FY2020   | Q2<br>FY2019   | Y-o-Y %        | HI<br>FY2020   | HI<br>FY2019   | Y-o-Y %      |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|--------------|
| <b>Total Income from Operations</b> | <b>1,399.3</b> | <b>1,389.9</b> | <b>0.7%</b>    | <b>4,560.9</b> | <b>3,949.2</b> | <b>15.5%</b> |
| <b>EBITDA</b>                       | <b>68.8</b>    | <b>70.1</b>    | <b>(1.9)%</b>  | <b>186.7</b>   | <b>176.7</b>   | <b>5.6%</b>  |
| <i>EBITDA Margin</i>                | 4.9%           | 5.0%           |                | 4.1%           | 4.5%           |              |
| <b>EBIT</b>                         | <b>64.1</b>    | <b>67.4</b>    | <b>(4.8)%</b>  | <b>177.4</b>   | <b>169.0</b>   | <b>5.0%</b>  |
| <i>EBIT Margin</i>                  | 4.6%           | 4.8%           |                | 3.9%           | 4.3%           |              |
| Finance Cost                        | 13.5           | 9.2            | 46.5%          | 44.2           | 47.8           | (7.5)%       |
| <b>PBT</b>                          | <b>50.6</b>    | <b>58.2</b>    | <b>(13.0)%</b> | <b>133.2</b>   | <b>121.2</b>   | <b>9.9%</b>  |
| <i>PBT Margin</i>                   | 3.6%           | 4.2%           |                | 2.9%           | 3.1%           |              |
| Tax                                 | 4.8            | 17.8           | (73.0)%        | 33.7           | 36.7           | (8.2)%       |
| <b>PAT</b>                          | <b>45.8</b>    | <b>40.4</b>    | <b>13.4%</b>   | <b>99.5</b>    | <b>84.5</b>    | <b>17.8%</b> |
| <i>PAT Margin</i>                   | 3.3%           | 2.9%           |                | 2.2%           | 2.1%           |              |
| <b>Basic EPS</b>                    | <b>12.41</b>   | <b>10.94</b>   | <b>13.4%</b>   | <b>26.98</b>   | <b>22.90</b>   | <b>17.8%</b> |

## Comments

Revenue growth in HI FY2020 mainly driven by 14% increase in export sales

EBIDTA margins impacted by increase in raw material prices.

Interest costs were higher in Q2 FY2020 due to higher working capital cycle in the international business.

The new tax structure will positively impact profitability and cash flows.

\* Standalone Financials



“During H1 FY2020, GRM reported 16% growth in revenues primarily driven by robust traction in the international business. In terms of profitability, our margins were slightly affected as raw material prices witnessed a steep jump during the half year ended September 2019. However, we expect the margins to improve in the coming months.

We continue to receive positive feedback for our own brand ‘Tanoush’ which was launched in UAE in alliance with M/s MAN Consumer and we are quite hopeful on building strong momentum in H2 FY2020 and further. Our UK subsidiary continues the journey towards breaking even by the financial year end as losses have been brought down significantly in the first half.

The recently commissioned Gandhidham facility has helped us increase operational efficiencies resulting from savings in job work charges and has reinforced our shipment capabilities which have reduced turnaround time for products to reach our customers.

We continue to focus on growing the domestic business and are engaging with cash and carry retail chains across key domestic markets. We intend to leverage our brand recall in international markets along with domestic growth initiatives to achieve overall business goals and create value for all our stakeholders.”

**Atul Garg, Managing Director**



## A Wealth of Experience

Over 40 years in the Rice business with a legacy of supplying products of the highest quality

## Export Oriented

Significant Revenues are generated from exports to the Middle East; with presence in US, UK and Europe markets. Set to enter new international geographies

## Leading Indian Exporter

Third largest basmati rice exporter to the world and second largest to the Middle East as per APEDA data

## Global Standards

Stringent proactive quality control procedures in place as per International requirements

## Moving up the Value Chain

Focused on high quality High margin offerings such as branded basmati and specialized rice varieties

## Diversified Basket of Rice Products

A variety of rice offerings catering to a mix of consumer preferences including basmati rice and specialised varieties of rice

## Robust Financial Performance

Revenue and Net Profit have achieved a CAGR of 46.1% and 64.2% respectively, over the last 3 years

“GRM has always believed in delivering the best. We are constantly focused on raising the standards...”





## Market Segment

## Product Offerings

## Key Customers

Basmati



Specialised

Red Rice, Black Rice, Smoke Rice,  
Folk rice varieties



Strategically moving towards high margin products



## Procurement

- Strong relationships with local farming communities
- Access to best quality of produce
- Generally procurement undertaken with spot payments, no long term contracts
- Partnered with Certified Grower Group consisting of 956 farmers, with farming area of 1881 hectares, and certification of NPOP+NOP

## Processing

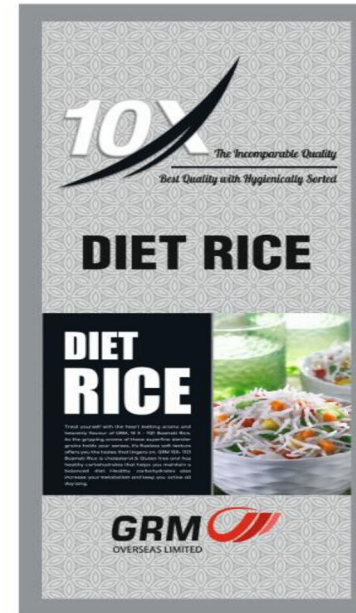
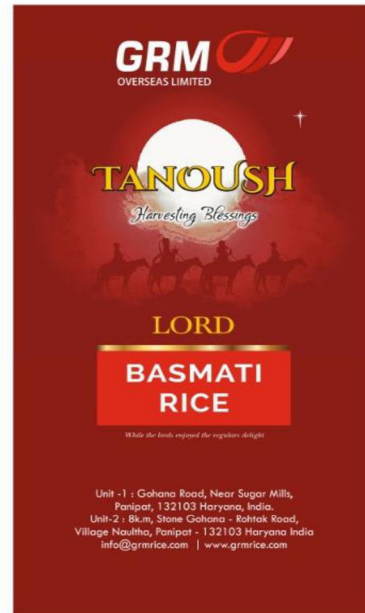
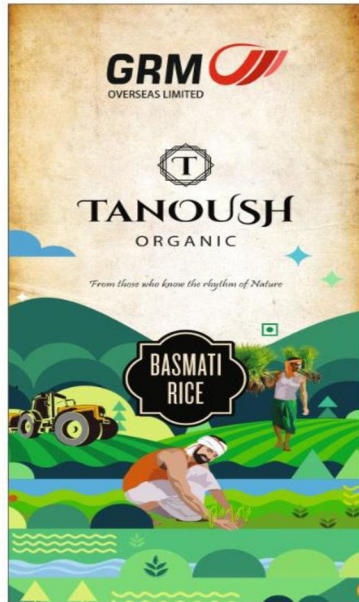
- Factory at Panipat equipped with 3 milling plants, with a capacity of 550 MT per day. This facility will be helpful to cater to domestic market, in particular
- Additional facility with production capacity of 800 MT per day and two sortex plants at Gandhidham, Gujarat. A warehousing facility with a space of >1.00 lakh sq. ft. adjacent to new factory is also operational. All this facilitates speedy shipments from Kandhla and Mundra ports
- Labs include moisture meters, lab de-huskers, electronic Vernier Calipers, precision electronic weighing scales, paddy separators and lab-polishers
- Strong focus on quality control and development of ERP systems and separate program to enable traceability of product from the shelf to the farm, essential for stringent western markets

## Distribution Channels

- Sales & distribution offices and warehousing facilities in the UK to service European markets
- Sales & distribution office in the US through step down subsidiary GRM Fine Foods Inc.
- Network of 8 distributors and agents in the Middle East
- Access to 668 supermarket stores and 103 ethnic stores in UK

Best in class procurement and processing facilities with a global distribution network





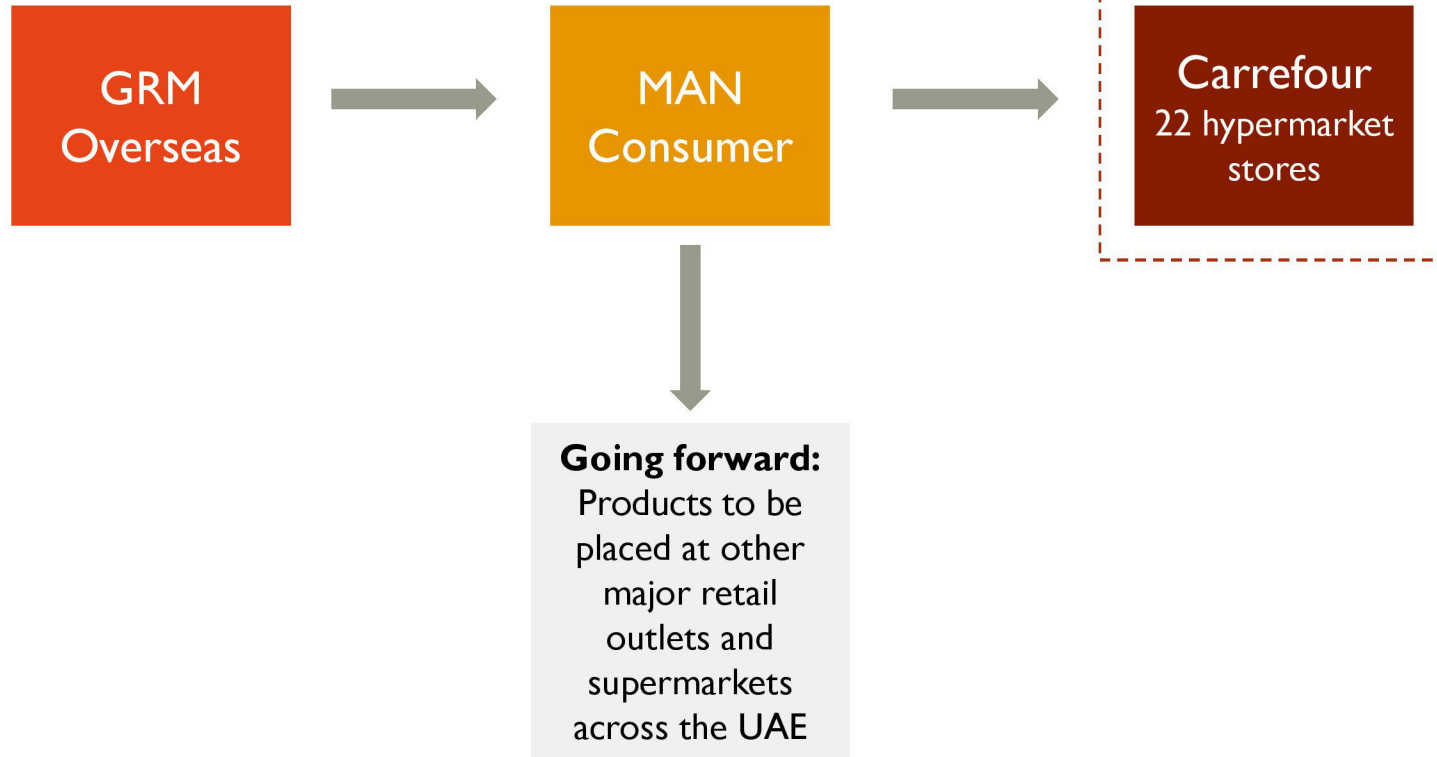
- **Objective:** To bring natural foods grown locally by farmers who do not use chemicals to affect the product yield
- **Target Market:** The fast-growing health conscious population in particularly Europe, USA and Australia

- **Objective:** Focused on growth in the UK Market and building brand value
- **Target Market:** Expand presence in the UK

Strategically moving towards higher margin products



## Partnership allows distribution of Tanoush brands in 22 Carrefour hypermarket stores



‘Tanoush’ is GRM’s most premium old aged basmati rice offering which comes in four variants, namely, ‘Emperor’, ‘King’, ‘Duke’ and ‘Lord’

## MAN Consumer is one of the fastest growing FMCG distributors in the UAE

Focused on expanding sales of own brands in the UAE



## Strategic Rationale

1. Creation of manufacturing capacity at a strategic location to cater to the growing international demand for GRM's branded products
2. Proximity to the Mundra port which is our port of shipment will not only result in lower logistics costs but also reduce transit time for export orders
3. Equipped with newer machinery and the latest technologies which significantly improve overall operational efficiency
4. Enhance GRM readiness to fulfil export orders
5. Quality assurance and adherence to strict international standards, better tech new machines
6. Inhouse warehouse will ensure better inventory management
7. Inhouse production and packaging will result in savings of job work cost and improve overall profitability

|                                   | Manufacturing Facility     | Adjoining Plot of Land for Warehousing Facility |
|-----------------------------------|----------------------------|---|
| Cost of Acquisition and additions | Rs. 12 Cr                  | Rs. 4.65 Cr                                     |
| Source of Funds                   | Internal Accruals          | Internal Accruals                               |
| Location                          | Gandhidham, Kutch, Gujarat |   |

Equipped to meet the growing International Demand for our products



*GRM is focused on growing its branded high margin business while minimizing additional private label business*

## International Business

- Focusing on expansion into other major large retail stores and supermarkets across UAE, Europe and North America
- UK subsidiary is expected to breakeven in FY2020 and contribute to bottom line thereafter
- Working on developing the branded product portfolio to cater international customer preferences

## Domestic Business

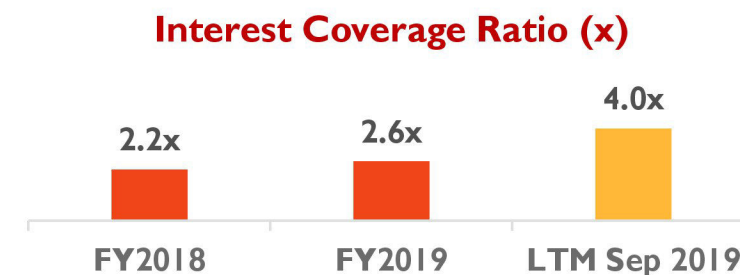
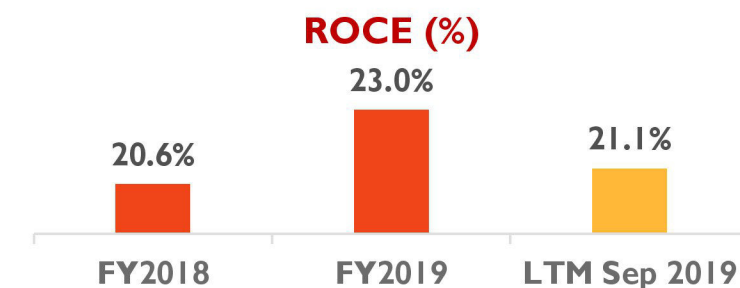
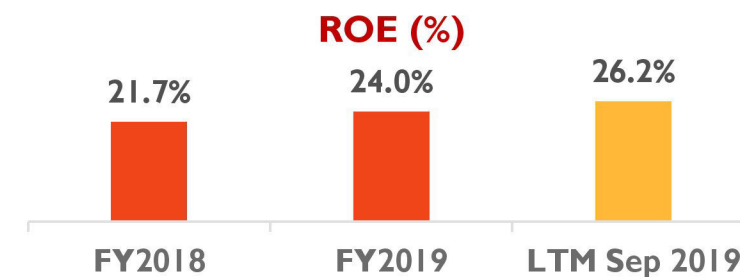
- Targeting expansion into Uttar Pradesh, Rajasthan and Bihar in the coming months
- Targeting coverage of 20% of all general trade outlets in our geographies
- Developing branded basmati rice variants to cater to Indian preferences at the desired price point
- Undertaking marketing and promotional activities in the targeted geographies to increase awareness and demand for our products

*Increased sales from the portfolio of GRM's own brands are expected to drive profitability and margin expansion going forward*

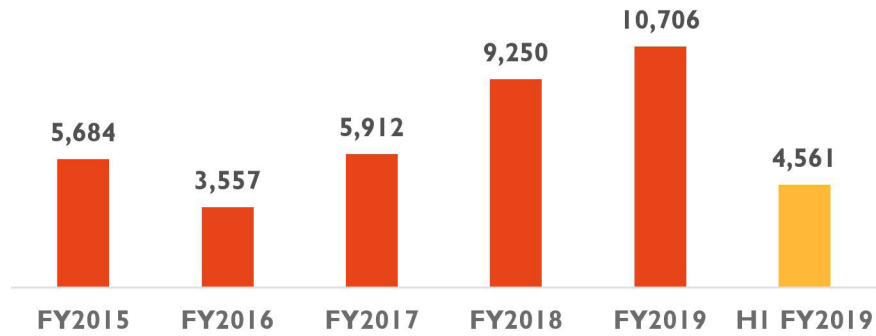
Expanding sales of our own branded products across the domestic and international markets



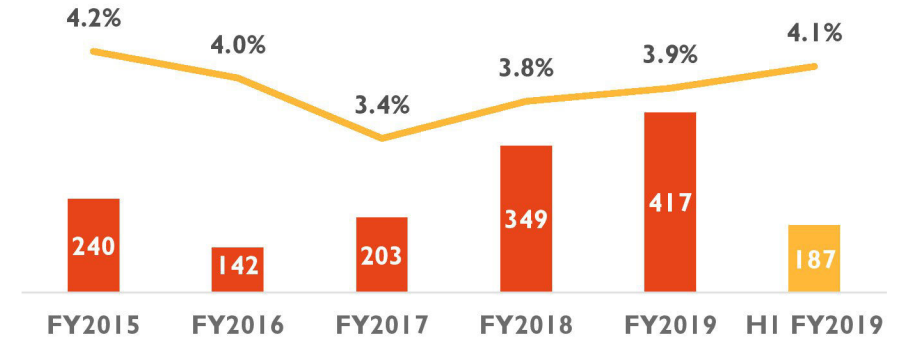
| (INR Million)                      | HI FY2020    | HI FY2019   |
|------------------------------------|--------------|-------------|
| Short Term Debt                    | 1,997        | 13          |
| Long Term Debt                     | 7            | 610         |
| <b>Total Debt</b>                  | <b>2,003</b> | <b>623</b>  |
| Cash and Cash Equivalents          | 10           | 8           |
| <b>Net Debt</b>                    | <b>1,994</b> | <b>614</b>  |
| <b>Total Shareholder Equity</b>    | <b>755</b>   | <b>600</b>  |
| <b>Net Debt to Equity (x)</b>      | <b>2.6x</b>  | <b>1.0x</b> |
| <b>Interest Coverage Ratio (x)</b> | <b>4.0x</b>  | <b>3.5x</b> |



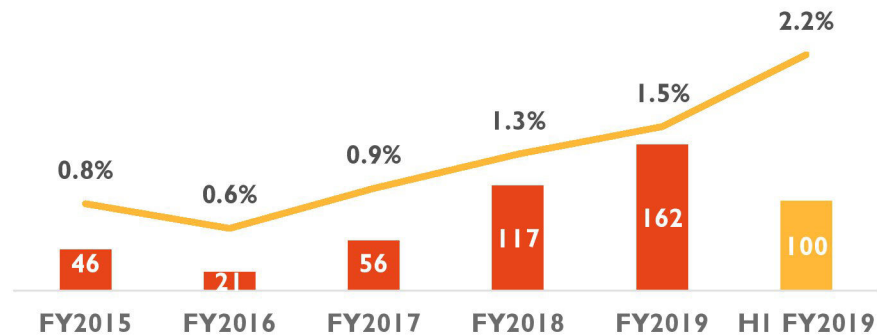
## Revenue



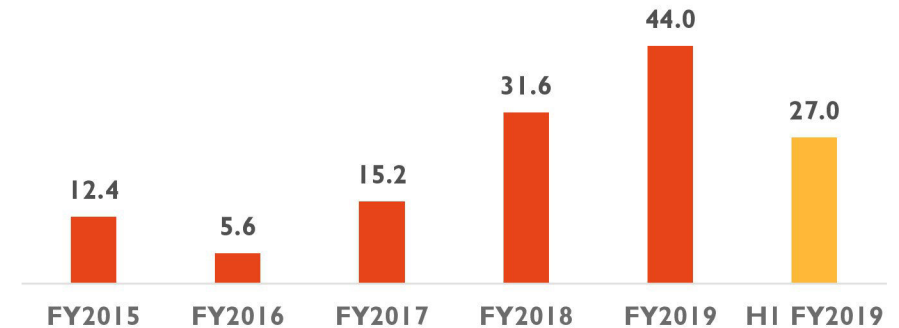
## EBITDA



## PAT



## Basic EPS (Rs.)



Note – All financial numbers are in INR million unless specified

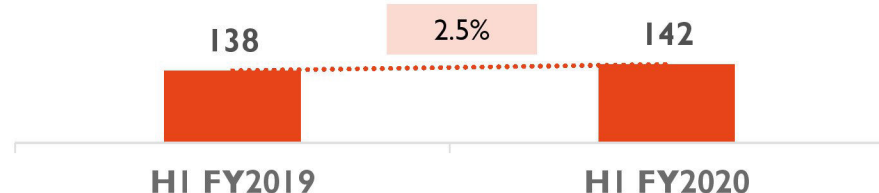




## Revenue



## EBITDA



## PAT

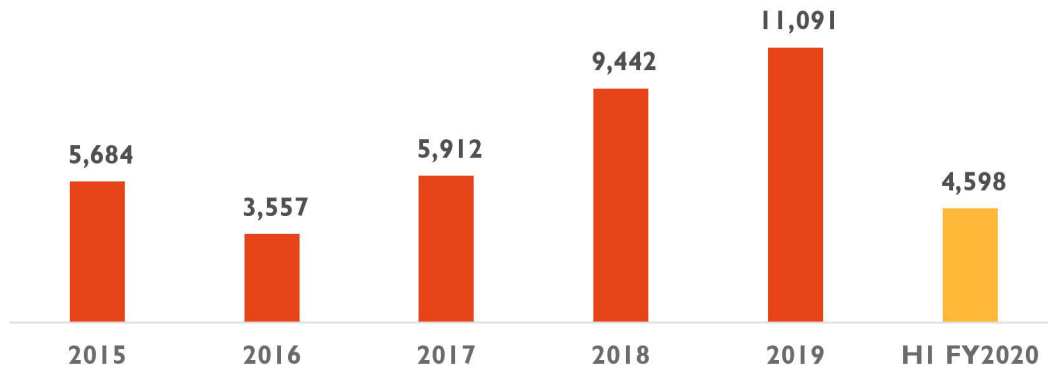


## (INR Million)

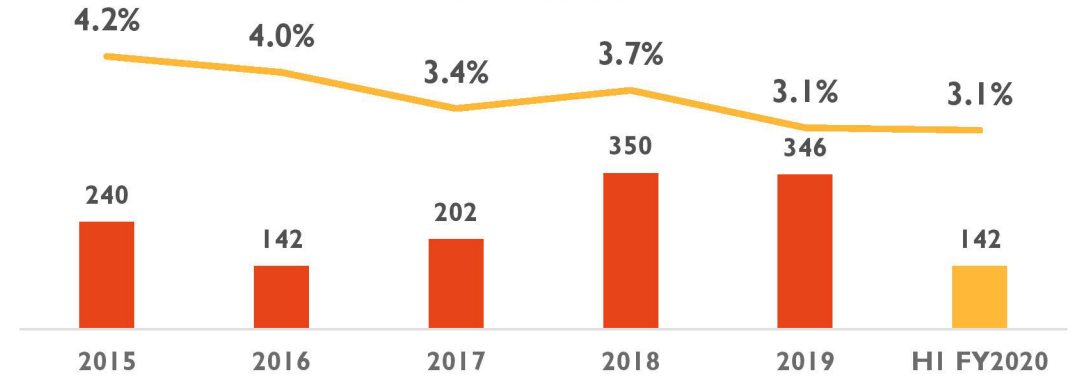
|                           | HI FY2020    | HI FY2019  |
|---------------------------|--------------|------------|
| Short Term Debt           | 1,997        | 13         |
| Long Term Debt            | 7            | 610        |
| <b>Total Debt</b>         | <b>2,003</b> | <b>623</b> |
| Cash and Cash Equivalents | 21           | 35         |
| <b>Net Debt</b>           | <b>1,982</b> | <b>587</b> |



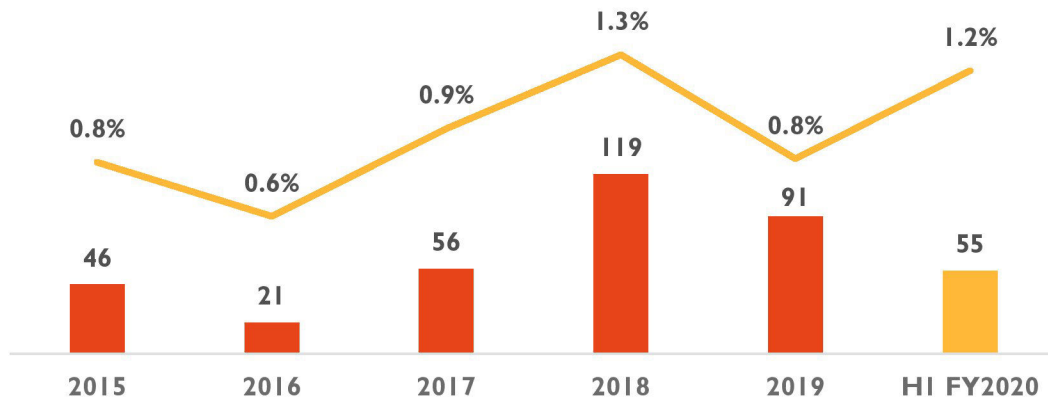
## Revenue



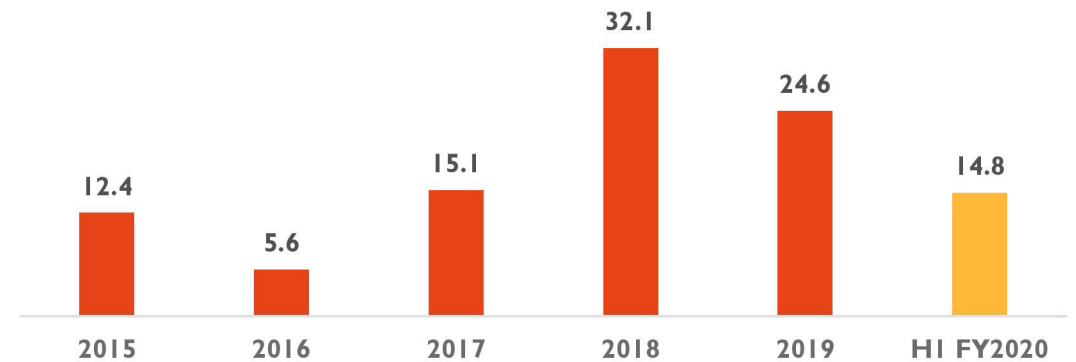
## EBITDA



## PAT



## Basic EPS



Note – All financial numbers are in INR million unless specified



This presentation contains statements that are “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to GRM Overseas’ future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

GRM Overseas undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

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