22nd Annual Report

2005 - 2006

Tasty Bite Eatables Limited

204, Mayfair Towers, Shivajinagar, Pune

Tasty Bite Eatables Limited

Regd. Off. : 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411 005
Phone : +91-20-2551 0685 Fax : + 91-20-2551 2695
www.tastybite.com

Contents

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

FINANCIAL HIGHLIGHTS	2005-06	2004-05	2003-04	2002-03	2001-02
Months	**12**	12	12	12	12
Statement of Income					
Revenue	**2,682.66**	2,292.66	1,339.45	1,710.90	1,444.88
Cost of Revenue	**1,302.07**	1,210.17	607.28	677.15	508.20
Gross Profit	**1,380.59**	**1,082.49**	**732.17**	**1,033.75**	**936.68**
Operating Expenses	**1,071.16**	948.24	863.12	739.38	649.46
Depreciation	**64.93**	70.04	69.50	58.08	55.70
Interest	**77.18**	104.69	70.77	50.13	39.09
Extra-Ordinary (Income)/Expenses	**26.75**	1.08	47.93	-	(42.21)
Provision for Tax	**84.76**	(14.74)	(75.81)	68.59	5.48
Net Profit	**55.81**	**(26.82)**	**(243.34)**	**117.57**	**229.16**
Assets Employed					
Fixed Assets - Gross	**1,286.61**	1,241.27	1,219.40	1,211.14	1,135.23
Fixed Assets - Net	**632.45**	463.11	511.10	567.22	547.45
Investments	**0.50**	0.50	0.50	-	-
Current Assets	**1,488.69**	1,908.73	1,534.99	1,665.42	1,171.10
Current Liabilities	**(746.63)**	(629.05)	(529.62)	(488.03)	(319.60)
Deferred Revenue Expenditure	**0.36**	0.53	0.70	0.87	1.45
Deferred Tax Asset	**10.35**	91.29	76.54	0.73	59.32
	1,385.72	**1,835.11**	**1,594.21**	**1,746.21**	**1,459.72**
Net Current Assets	**742.06**	1,279.68	1,005.37	1,177.39	851.50
Financed By					
Share Capital	**316.13**	316.13	316.13	316.13	316.13
Reserves	**1,312.92**	1,312.92	1,312.92	1,312.92	1,312.92
Shareholders' Funds	**1,629.05**	**1,629.05**	**1,629.05**	**1,629.05**	**1,629.05**
Profit (Loss) Carried Forward	**(488.89)**	(544.70)	(517.88)	(274.54)	(391.43)
Loan Funds	**245.56**	750.76	483.04	391.70	222.10
	1,385.72	**1,835.11**	**1,594.21**	**1,746.21**	**1,459.72**
Ratios					
Current Ratio	**1.99**	3.03	2.90	3.41	3.66
Working Capital Turnover	**3.62**	1.79	1.33	1.45	1.70
Gross Profit % To Revenue	**51%**	47%	55%	60%	65%
Net Profit % To Revenue	**2%**	-1%	-18%	10%	16%
Debt Equity Ratio	**0.15**	0.46	0.30	0.24	0.14
Capital Turnover	**1.94**	1.25	0.84	0.98	0.99
Fixed Assets to Shareholders' Funds	**0.39**	0.28	0.31	0.35	0.34
Earnings Per Share	**2.17**	(1.05)	(9.48)	4.56	7.29*
Net Worth	**1,140.16**	**1,084.35**	**1,111.17**	**1,354.51**	**1,237.62**

* Exclding Extraordinary income

CORPORATE INFORMATION

DIRECTORS

Mr. Ashok Vasudevan	:	Chairman
Mr. Ravi Nigam	:	Executive Director
Mrs. Meera Vasudevan	:	Director
Mr. K. P. Balasubramaniam	:	Director
Dr. V. S. Arunachalam	:	Director
Mr. Sohel Shikari	:	Alternate Director

AUDITORS

M/s Kalyaniwalla & Mistry, Chartered Accountants

BANKERS

ICICI Bank Ltd.
Exim Bank of India
Shamrao Vithal Co-Operative Bank Ltd.

REGISTERED OFFICE

204, Mayfair Towers,
Wakdewadi, Shivajinagar,
Pune - 411005
Telephone: 91-20-2551 0685
Fax: 91-20-2551 2695
www.tastybite.com

WORKS

Village Bhandgaon, Taluka Daund
Dist. Pune, Maharashtra

SHARE TRANSFER AGENT

M/S Karvy Computershare Pvt. Ltd.
“Karvy House”, 46, Avenue 4, Street no.1
Banjara Hills, Hyderabad - 500034

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

On a significantly larger revenue base, your company continued to grow in both revenues and profitability for the period 2005-2006. Revenues at Rs. 26.8 crores grew 17% from Rs. 22.9 crores the previous year. There were significant improvements in the quality of overall operations and earnings (EBITDA) grew from Rs. 1.34 crores last year to over Rs.3 crores this year.

You will recall that last year (2004-05) the company reported an after-tax loss of about Rs.27 lakhs. This was primarily driven by a spurt in interest costs because of the large capital outlay for modernization and expansion of the plant. This year the benefits of those investments have begun to pay off. The company's after tax profit for the year (PAT) stands at Rs. 56 lakhs.

Clearly, the key financial indicators of growth and profitability are all in the right direction. But more importantly the management believes that your company is poised to sustain this growth in the years ahead.

For the year gone by, if I have to characterize your company in two words it will have to be *strategy* and *mission.* You will recall that the last year's report carried the revised mission statement of the company (it has once again been stated in the MD & A section of this Annual Report as well). That statement was not intended nor did it result in just becoming a wall-hanger. It actually resulted in sharpening our focus for each and every business and function within the company as each designed its own mission statement and articulated objectives in line with the company's overall mission.

Consequently, we articulated a clear strategy and sought a common understanding of the company's long-term goals and objectives. We have also begun the implementation of the Balanced Score Card (BSC). This is an ongoing effort and is yet far from complete. I do not see this exercise of designing a strategy or a mission statement as a one-time effort but as a continuous process and almost a way of life in the company.

In specific terms what does this do? It helps build a common understanding of where the company is headed and how it plans to get there. It helps us sharply differentiate ourselves from our competitors. It makes it easier to build operating plans and set objectives for all departments and functions within the company. It helps articulate measures that we will adopt to judge our performance by. The list of benefits is virtually endless.

For instance, the Tasty Bite Research Center adopted its mission statement.

" Become a center for excellence in prepared foods R&D
through
product, process and ingredient innovation
that delivers customers
great taste, good value and a range of cuisine
achieved through
a strategic combination of in-house expertise and global collaborations
to create
a new world of flavor in every Tasty Bite
in a
fun, energized and knowledge-driven work environment"

Specific indices have been adopted to measure progress against this statement that includes the "Wow factor" (taste perceptions against competition) and the "Innovation Index" that measures both and quantity of new product introductions and their effectiveness.

The MD & A section of this Annual Report does highlight some of the indices we adopted for several departments and highlights their performance.

As you read this year's Annual Report I think you will agree with my assessment that your company is indeed well positioned to continue its leadership in the country's prepared foods industry in terms of its products, technology, innovation and as the country's leading exporter to major international markets.

Ashok Vasudevan
Chairman

NOTICE

Notice is hereby given that the Twenty-Second Annual General Meeting of the Members of Tasty Bite Eatables Limited will be held on Monday, 25th September 2006 at 11.00 a.m. at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411 005 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006, the Profit & Loss Account for the financial year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Vasudevan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K.P. Balasubramaniam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and to pass with or without modification, the following resolution as an Ordinary Resolution.

   "RESOLVED THAT M/s Kalyaniwalla Mistry and Associates, Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of retiring auditors, M/s Kalyaniwalla & Mistry, Chartered Accountants, who shall not be reappointed, and the new Auditors shall hold the office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorized to determine the remuneration payable to the said auditors."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

   "RESOLVED THAT, pursuant to the provisions of the Sections 198, 269, 309, 311 of the Companies Act 1956 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ravi Nigam be and is hereby re-appointed as Executive Director of the Company for a period of 5 (five) years with effect from July 20, 2006 upon the terms and conditions, including the remuneration as set out in the draft agreement placed before this meeting."

   RESOLVED FURTHER THAT the draft agreement is hereby specifically approved and sanctioned, with authority to the Board of Directors to alter and vary the terms and conditions of the said agreement including the authority, from time to time, to determine the amount of remuneration, perquisites and other benefits payable to Mr. Ravi Nigam in such manner as may be agreed to provided however, that the remuneration so payable shall be within the limits of the said agreement as also the limits prescribed under Schedule XIII and Sec 309 of the Companies Act, 1956, including any amendment thereof."

   "RESOLVED FURTHER THAT the Board or its Committee thereof be and is hereby authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required to give effect to the aforesaid resolution."
6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293 (1) (d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 15 Crores (Rupees Fifteen Crores Only) at any one time.

BY ORDER OF THE BOARD OF DIRECTORS
OF TASTY BITE EATABLES LIMITED

Dated : 17th May 2006. | **Ravi Nigam**
Place : Bangalore | **Executive Director**

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote (on a poll only) instead of himself and the proxy need not be a member of the company. Proxies in order to be effective must be deposited at the registered office of the company not less than 48 hours before the meeting, duly stamped and signed.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 18th September 2006 to Saturday, 23rd September 2006 (Both days Inclusive).
3. The persons who have become members of the company before the book closure are also entitled to attend the AGM.
4. Members desirous of obtaining any detailed information concerning the accounts and operations of the Company are requested to address their queries to the Executive Director to reach the Company at least seven days before the date of the AGM so that the required information may be made available at the meeting.
5. Members are requested to bring their own copy of the Annual Report to the meeting: No extra copies of the Annual Report will be distributed at the meeting.
6. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item Nos. 5 & 6 of the Notice is annexed hereto.
7. A special notice in terms of Section 190 of the Companies Act, 1956, has been received under Section 225(1) from a member proposing the appointment of M/s. Kalyaniwala Mistry and Associates, Chartered Accountants, as Auditors of the Company in place of M/s. Kalyaniwala & Mistry, the retiring Auditors of the company. It was specifically provided that the Retiring Auditors shall not be re-appointed. There is no communication from the retiring auditors about the representation to be made to the members of the Company relating to special notice.

EXPLANATORY STATEMENT: PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. 5

RE – APPOINTMENT OF MR. RAVI NIGAM AS EXECUTIVE DIRECTOR:

The Agreement with Ravi Nigam, Executive Director will be expiring on July 19, 2006. The Board of Directors in the meeting on 17th May 2006 has considered and approved the re - appointment of Mr. Ravi Nigam, as Executive Director of the Company for a period of five years with effect from July 20, 2006. This appointment is subject to the approval of the members at the General meeting.

The main terms of his appointment are:-

1. Period of Appointment:

Five years (5 yrs) with effect from July 20, 2006 unless terminated by either side with three months notice in writing.

2. Powers:

Subject to the superintendence of the Directors and control of the Board, he shall have all powers of the Board as delegated to him for running of day to day business of the company except those vested in the members in the General Meeting by law or by Power of Attorney.

3. Remuneration:

In consideration of the duties and obligations undertaken by the Executive Director herein above, the Company shall pay him the remuneration in accordance with Schedule XIII and Sec 309 of the Companies' Act 1956. The remuneration is as specified in the Agreement with Mr. Ravi Nigam. The above remuneration will be subject to deduction of income tax at appropriate rates.

The Draft Agreement is open for inspection by the members, during business hours at the Registered Office of the Company. The Board of Directors commends the resolution for approval of the members.

None of the other Directors of the Company, except Mr. Ravi Nigam is in anyway, concerned or interested in the said resolution.

Above may also be treated as an abstract of the terms and conditions governing the appointment and remuneration of the Executive Director, pursuant to section 302 of the Companies Act 1956.

The information required to be given as per Schedule XIII is given in Annexure I.

ITEM NO. 6

BORROWING POWERS OF THE BOARD OF DIRECTORS:

As per Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow money apart from temporary loans obtained from the Company's Bankers in the ordinary course of business in excess of the aggregate of the Paid Up Capital and Free Reserves of the Company, that is to say reserves not set apart for any specific purpose.

Presently, the Board of Directors is authorized to borrow money upto Rs. 8,00,00,000/-(Rupees Eight Crores) at any time with respect to the Paid Up Capital and Free Reserves. In order to provide additional funds needed for new projects and to augment long-term working capital requirements, in supersession of all earlier resolutions, it is proposed to increase the present limit of Rs. 8,00,00,000/-(Rupees Eight Crores) to Rs.15,00,00,000/- (Rupees Fifteen Crores.) Accordingly, the sanction of the shareholders, under Section 293 (1)(d) of the Companies Act, 1956 is being sought to enable the Directors to borrow moneys to the extent of Rs.15,00,00,000/- (Rupees Fifteen Crores.)

None of the Directors' is interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS
OF TASTY BITE EATABLES LIMITED

Dated : 17th May 2006. **Ravi Nigam**
Place : Bangalore **Executive Director**

ANNEXURE I

I) GENERAL INFORMATION:

1) Nature of Industry : Food processing consisting of ready to serve meals, processing vegetables and cold storage rentals.
2) Date of commencement of commercial production : 20-09-1985
3) In case of new companies expected date of commencement of activities as per project approved by the financial Institutions appearing in the prospectus. : Not Applicable
4) F.Y. ending 31st March 2006 (Rs. In '000) Financial performance Based on given indicators

	Profit before tax	**Profit after tax**
2005-2006	16,732	5,581

5) Export Performance and net foreign exchange collections: (Rs. In 000)

	Year 2005-06
F.O.B. Value of Exports	188,823
Net Foreign Exchange Collection	155,273

6) Foreign investments or collaborators, if any: N.A.

II) INFORMATION ABOUT THE APPOINTEE:

1. Background details:

Mr. Ravi Nigam aged about 46 years is the Executive Director & President of The Company presently. He holds a Degree in Chemistry and a Master's Degree in Rural Management from the Institute of Rural Management, Anand. He has vast domestic and international experience of over 25 years in Foods and Agriculture Sector. He was the Chief General Manager, of Ballarpur Industries Ltd. before joining this company.

2. Past Remuneration:

Rs. 19,25,000/-for the year 2005-06 (approx Rs,1,60,417/- p.m.)

3. Recognition or awards:

Mr. Ravi Nigam started his career with Britannia Industries where he led the team for exports, achieving "Star Trading House Status". He then joined Pepsi India's start-up team and set up the Company's own Basmati-rice plant and a network of high quality suppliers. Later he set up his own business specializing in

Agri-exports consulting and working on large Soya, rice, wheat projects for such blue chip clients as Pepsi, L&T, Proctor & Gamble, Tata Exports and Ballarpur Industries. Later he headed Ballarpur Industries' Commodity Foods Group as its Chief General Manager.

He has taken charge of Tasty Bite Eatables in 1997, when it was a sick unit under BIFR. He turned it around in a couple of years and made the company a profit-making unit.

4. Job Profile and his Suitability:

The food Industry is perhaps the best example of sweeping trend of globalization affecting a broad spectrum of business and industries.

The Industry needs constant efforts at Product innovation, research and development to provide cutting edge technology, high and varied quality standards in USA, Europe, Middle East, Japan, logistics support to boost exports beside a thrust in domestic market including defense, urban and semi -urban markets.

The job needs a recognized leader in the food industry who can lead teams both in the export and domestic fields besides research. He has to be a fountainhead of inspiration.

The prerequisites of the job also call for continuous financial support from the banks, shareholders and financial institutions, besides dynamic marketing and management terms to improve margins, increase productivity and enhance quality. Thus he has to be a practical manager who can sense and seize business opportunities before they are grabbed by competitors.

Mr. Ravi Nigam has proven record of Merit as narrated at (3) above, and has already turned the company around from its "sick industry unit" status.

5) Remuneration Proposed:

Rs.19,25,000/- per annum (approx Rs.1,60,417/- p.m.) subject to the limits prescribed under Paragraph B of Part II Section II of Schedule XIII of the Companies Act, 1956.

6) Comparative remuneration profile with respect to Industry size of the company, profile of the position and person.

There are no listed public limited companies of similar size in the food processing industry as Tasty Bite Eatables Ltd. Hence the data / profile of Executive Director / Managing Director of similar size company is not available.

7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.

There are no loans or advances to Mr. Ravi Nigam by the company or its holding company. Mr. Nigam had provided temporary loans to the company the balance of which, as on 31st March 2006 is Rs. 15,00,000/-

III OTHER INFORMATION

(1) Reasons for inadequate profits:

(a) Material costs went up during the year from 55.51% to 57.50%.

(b) On account of spiralling petroleum prices, sea freight to major destinations across the world rose to unprecedented levels, increasing freight costs to more than 10% above budget.

c) The company experienced a sharp rise in the cost of both –Power and Fuel. The increase in costs was due to increase in the 'maximum demand charges' imposed by the Maharashtra Electric Supply Board , Furnace Oil prices increased as a result of an overall increase in petroleum prices.

(2) Steps taken or proposed to be taken for improvement -

The Company has initiated a Business Process Re-engineering Project for examining all processes followed in the manufacturing operations with the objective of making them more efficient.

(3) Expected increase in productivity and profits in measurable terms

Due to various efforts taken by the Company the last financial year 2005-06 has shown a growth in revenues and profits as shown below:

(Rs./Lacs.)

Period	**2005 - 2006**	**2004-05**
Revenues	2682.67	2292.66
Profit/(Loss) after tax	55.81	(26.82)

IV. DISCLOSURES:

The present remuneration package of Mr. Ravi Nigam is as specified in Clause 2.

Presently no commission, stock options or bonus are given to Mr. Ravi Nigam. Except the interest of Mr. Nigam in varying his terms of remuneration, as aforesaid, no other Director of the Company is concerned or interested in this item of business.

DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present their 22nd Annual Report on the business and operations of your company for the year ended 31st March 2006.

1. Financial Results: **(Rs. In lacs)**

Particulars	**Year Ended March 31, 2006**	**Year Ended March 31, 2005**
Total Revenue	**2682.67**	**2292.65**
Operating Profit (loss) – **PBDIT**	309.43	134.26
Interest	77.18	104.69
Depreciation	64.93	70.05
Profit (Loss) before Tax	**167.32**	**(40.48)**
Provision for Taxation	-	-
Profit before Deferred Tax	167.32	(40.48)
Provision for Deferred Tax	(80.94)	14.74
Prior Period Income /(Expenses)	(26.75)	(1.08)
Fringe Benefit Tax	(3.82)	
Net Profit	**55.81**	**(26.82)**
Appropriation		
Dividend on Preference Shares (inclusive of tax)	-	-
Profit/(Loss) transferred to Balance Sheet	**55.81**	**(26.82)**

2. Operations:

The Significant developments in the Company during the yerar 2005-06 are as follows:

1. Gross Revenues have grown to Rs. 2683 Lacs in 2005-06 up from Rs. 2293 Lacs 2004-05, a growth of 17%.
2. Export Sales have grown to Rs.2129 Lacs in 2005-06 up from Rs. 1899 Lacs in 2004-05, a growth of 12%.
3. The company made a Profit before depreciation, financial costs and taxes (EBITDA) of Rs. 309 Lacs in 2005-06 as against a profit of Rs. 134 Lacs in 2004-05.
4. The Company made a profit after-tax of Rs. 55.81 Lacs in 2005-06 as against a loss of Rs. 26.82 Lacs in 2004-05.

3. Notes on Qualification in Auditor's Report:

Significant pressure on the working capital requirements resulted in delays in payment of certain statutory dues (TDS). There are no Statutory dues payable as of March 31, 2006.

4. Dividend:

In view of the accumulated losses of previous years, your directors are unable to recommend any dividend.

5. Fixed Deposits:

The Company has not accepted or invited any deposits from the public during the year under review. However, the Company has filed a Statement in Lieu of Advertisement for accepting deposits without invitation to the public.

6. Corporate Governance:

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investors' confidence, improve investors' protection and maximize long-term shareholders' value. Accordingly, it has taken adequate steps to ensure that the provisions of Corporate Governance as prescribed under the Listing Agreement with the Stock Exchange, are complied with.

A detailed report on Corporate Governance is appearing as **Annexure II** to this Report along with the Auditors' Certificate on its compliance by the company.

General Shareholder Information is appearing as a part of Corporate Governance Report.

7. Code of Conduct:

The Company affirms that the code of conduct for the Board of Directors and the Senior Management has been framed, circulated and is being followed.

8. Directors' Responsibility Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act 1956, with respect to the Directors' Responsibility Statement it is hereby confirmed:

(i) That in preparation of the accounts for the financial year ended 31st March 2006, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

(ii) That 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 and of the profit and loss of the company for the year under review;

(iii) That directors have taken proper & sufficient care for the maintenance of 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.

(iv) That the directors have prepared the annual accounts for the financial year ended 31st March 2006 on a 'going concern' basis.

9. New Auditors:

M/s Kalyaniwalla & Mistry, Chartered Accountants, Statutory Auditors, hold office until conclusion of the ensuing Annual General Meeting. As there is a proposal for Appointment of New Auditors in place of the existing Auditors, the New Auditors **M/s Kalyaniwalla Mistry and Associates, Chartered Accountants** being eligible, offer themselves for the appointment. M/s Kalyaniwalla Mistry and Associates, Chartered Accountants is based in Pune and will provide flexibility and operational convenience in audit procedures.

10. Personnel:

During the year under review, industrial relations of the company continued to be cordial and peaceful.

The Company has entered into a memorandum of settlement relating to workers wages for 3 years i.e. 1st April 2005 to 31st March 2008 during the year under review.

The particulars of employees required to be disclosed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not given, as none of the employees is in receipt of remuneration exceeding Rs.24 lakhs per annum.

11. Energy, Technology and Foreign Exchange:

Information in accordance with provisions of Sec 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the **Annexure I** forming part of this report.

12. Acknowledgement:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from ICICI Bank, Shamrao Vithal Co-Operative Bank and EXIM Bank of India during the year under review.

Your directors appreciate the support and confidence reposed in by the Members, Suppliers and Customers of the company.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
OF TASTY BITE EATABLES LIMITED

Ravi Nigam	**Sohel Shikari**
Executive Director	**Alternate Director**

Date : May 17, 2006
Place : Bangalore

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - I

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS & OUTGO

A. CONSERVATION OF ENERGY:

(a) Energy Conservation measures taken:-

The Company continues to place significant emphasis on Energy conservation measures and the following measures were taken in this respect.

1. Power produced from captive power is maintained at 2.78 units /litre of Fuel by undertaking preventive maintenance on a regular basis.
2. Power Factor is achieved and maintained at 0.94 through maintenance of capacitors.

(b) No additional investment for reduction of consumption of energy being proposed.

(c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Not Applicable.

FORM A

Disclosure of particulars with respect to Conservation of Energy.

(A) Power and Fuel Consumption:

		Current Period	Previous Period
1. Electricity			
a)	Purchased Unit (in KWH)	21,49,072	16,75,466
	Total Amount (in Rupees)	90,63,047	74,76,260
	Rate/Unit (In Rupees)	4.21	4.46

b) Own Generation Through Diesel Generator : A very small amount of electric power was generated through 540 VA D.G. Sets installed as stand-by arrangements, whenever there is power shortage from MSEB mainly for sustained running of the cold-storage plant

		Current Period	Previous Period
2	Coal		
	(Specific Quality and where used)		
	Qty. (Tonnes)		
	Total Amount		
	Avg. Rate	NIL	NIL
3	Furnace Oil		
	Qty. (K. Liters)	37,300	12,04,992
	Total Amount (In Rupees)	37,75,499	2,95,460
	Avg. Rate	32.31	12.78

(B) Consumption Per Unit Production:

	Current Period	Previous Period
Standard products with details (if any)		
Electricity: KWH/MT of RTS & FVS	1.08	1.12
Furnace oil: K.L./ MT of RTS & FVS	0.02	0.49
(Both above are inclusive of RTS/FVS productions)		

B: RESEARCH & DEVELOPMENT

With continuous change in business and technology, investments in research and development need to be made. In striving to achieve innovation through R&D, the Company has set-up a modern in-house R&D research center lab within its corporate office at 204, Mayfair Towers, Pune.

The Company developed in its Research & Development Centre (TBRC) several new products such as ready meals, pilafs, and nutritionally engineered meals for its customers worldwide.

Further, the Company has also made developments in packaging. The Company has introduced larger family pack for large stores in USA.

Benefit derived as a result of above R & D:

The above developments have benefited in a growth of Exports to Rs. 2129 Lacs in the current year from Rs.1899 Lacs in the previous year.

Future plan of action:

The future plan of action for the Company is to develop new products in institutional & shelf-stable and frozen range of products.

Expenditure on Research and Development

a) Capital	Rs. Nil.
b) Recurring	Rs. 15,11,652/-
c) Total	Rs. 15,11,652/-

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION.

1. Efforts are being made towards technology, absorption, adaptation and innovation. The plant is the first of its kind in India. Imported machinery installed with the help of foreign technicians (from suppliers) and Indian personnel trained by them. It did not involve import of technology. The methodology and operation of imported machinery has been adapted by our employees.

2. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished.

a)	Technology imported	Nil
b)	Year of import	Not Applicable
c)	Has technology been absorbed?	Not Applicable
d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	2005-06 (Rs. Lacs)	2004-05 (Rs Lacs)
CIF Value of Imports		
1. Capital Goods	113.15	Nil
2. Packing Material	202.76	182.65
3. Raw Material	9.29	19.96
4. Spares	Nil	Nil
Expenditure Incurred in Foreign Currency		
1. Foreign travel.	16.04	10.32
2. Others	12.22	9.9
Earnings in Foreign Currency		
1. Export of goods on FOB basis.	1888.23	1732.28
2. Interest Earnings	17.96	27.34

ANNEXURE - II

CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance.

1. COMPANY'S GOVERANCE PHILOSOPHY:

Tasty Bite Eatables Ltd. is committed to best business practices coupled with excellence in Corporate Governance. The principles of transparency, accountability, integrity and innovation constitute the foundation on which the edifice of the organization is built. The Company firmly believes in the right of all its stakeholders to information regarding Company's business and financial performance.

2. BOARD OF DIRECTORS:

The Company is managed by the Board of Directors with a Non-Executive Chairman, a Non-Executive Director, an Alternate Director, an Executive Director and two eminently qualified Independent Directors.

The Board formulates the Policy, the Company Goals, the Strategy and regularly reviews the performance of the Company.

Details of Composition of Board of Directors and the Board Meetings are as given below:

Srl. No.	Name of the Director (1)	Category Of Directorship (2)	No. of Board Meetings Attanded out of 6 held (3)	Attendance At last AGM held on 12.8.05 (4)	No. of other Directorships as on date 31.3.2006 (5)	No. of other Committee positions held as on 31.3.2006 (Other Companies) (6)
1.	Mr. Ashok Vasudevan	N.E.D.	3	Yes	3	NA
2.	Mrs. Meera Vasudevan	N.E.D.	2	No	3	NA
3.	Mr. Ravi Nigam	E.D.	6	Yes	1	NA
4.	Mr. Sohel Shikari	A.D.	6	Yes	2	NA
5.	Mr. K. P. Balasubramaniam	N.E.D.	4	No	15	2
6.	Dr. V. S. Arunachalam	N.E.D.	4	No	2	NA

NED – Non-Executive Director
ED – Executive Director
AD – Alternate Director

3. AUDIT COMMITTEE:

The Composition of the Audit Committee is as follows:

Mr. K. P. Balasubramaniam	Chairman	Non-Executive & Independent Director
Dr. V.S.Arunachalam	Member	Non-Executive & Independent Director
Mr. Ravi Nigam	Member	Executive Director

The Director - Finance, the Group C.F.O., Company Secretary, Internal Auditors and Statutory Auditors are invitees to attend the meetings.

Terms of reference:

The powers, duties and terms of reference of the Audit Committee are as mentioned in clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and Section 292A of the Companies Act, 1956 which are:

(a) Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, adequate and credible.

(b) Recommend the appointment and removal of external auditors, and fixation of audit fees and charges for other services.

(c) Review the quarterly, half yearly and annual financial statements before submission to the Board or to the Members.
(d) Review the adequacy and quality of internal control systems.
(e) Review and comment on draft audit report / Report to management & qualifications.
(f) Review any change in Accounting Policies and practices.
(g) Compliance with stock exchange – listing requirements.
(h) Compliance with other Corporate and Foreign Exchange laws vis-à-vis remittances made & received.
(i) Discussion with external auditors on the nature, time period and scope of the audit and post-audit review on any areas of concern.
(j) Reviewing the Company's financial and risk management policies.
(k) Look into reasons for defaults if any in the payment to creditors/ suppliers/government.
(l) Look into reasons for defaults by Company's customers, dealers, distributors & credit days control.

The minutes of the Audit Committee Meeting(s) are noted by the Board of Directors at subsequent Board Meeting(s).

Meetings and attendance – Audit Committee

SR	MEMBER	9.05.05	28.06.05	28.07.05	28.11.05	20.02.06
1	Mr. K.P. Balasubramaniam	YES	YES	YES	YES	YES
2	Dr. V. S.Arunachalam	YES	YES	YES	YES	YES
3	Mr. Ravi Nigam	YES	YES	YES	YES	YES

4. REMUNERATION COMMITTEE:

Clause 49 of the listing agreement has been applicable for the company from the financial year 2003-04. All mandatory provisions of Corporate Governance have been complied with. However, Remuneration Committee is a non-mandatory requirement presently. The Board will constitute the same in due course.

Remuneration Policy:

The Board of Directors has fixed the remuneration of the Whole-time Directors, subject to the approval of the shareholders. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the company etc. The remuneration structure comprises basic salary, perquisites and allowances, contribution to provident fund and other funds in accordance with section 198 & 309 of the Companies Act. The non-executive directors do not draw any remuneration from the Company except sitting fees for each meeting of the Board & professional fees.

The details of remuneration to Executive Director & Alternate Director provided as per accounts for the year ended March 31, 2006 are as given below:

Director	Remuneration (Rs)	Period of Contract
Mr. Ravi Nigam – Whole-time Director	19,25,400/-	5 Yrs
Mr. Sohel Shikari- Alternate Director	14,83,800/-	NA

* Mr. Sohel Shikari is Alternate Director in the employment of the Company.

Salary includes allowances and perquisites. No commission or performance bonus has been paid to directors.

The details of remuneration paid to Non-Executive Independent Directors as per accounts for the year ended March 31, 2006 are as given below:

Director	Sitting Fees(Rs.)	Professional Fees (Rs.)
Mr. K.P. Balasubramaniam	20,000/-	80,000/-
Dr. V.S. Arunachalam	20,000/-	80,000/-

No commission has been paid to non-executive directors.
No stock option scheme has been launched by the company till now.

5. SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee of the Board was constituted on 25th May 2002 to look into the redressal of shareholder complaints like share transfers, non-receipt of Annual Reports and issue of duplicate shares.

The Committee comprises of:

Mr. Ashok Vasudevan	Chairman	Non-Executive Director
Mr. Sohel Shikari	Member	Alternate Director
Mr. Ravi Nigam	Member	Executive Director

The Compliance Officer is Mr. Prashant Patil, Company Secretary.

The Company has received 14 complaints during the year 2005-06 all of which were resolved and there are no complaints pending as on March 31, 2006.

We provide herewith the details of the complaints/requests/reminders received during the year.

Type of Complaint	**Nos**
Number of Complaints received during the year	14
Out of which the Complaints resolved	14
Number of Complaints pending as on 31.03.2006	0
Total	**14**

6. GENERAL BODY MEETINGS:

Location and time of General Meetings held in the last 3 years.

Year	Type	Date	Venue	Time
2004-05	AGM	12th Aug 05	Registered Office	11.00 am
2003-04	AGM	27th Aug 04	Registered Office	11.30 am
2002-03	AGM	22nd Aug 03	Registered Office	11.30 am

The Registered Office of the company is situated at 204, Mayfair Towers, Shivajinagar, Wakdewadi, Mumbai-Pune Road, Pune- 411005.

Three Special Resolutions were passed in the Annual General Meeting held on 12th August 2005.

No Special Resolutions were passed in the Annual General Meetings held on 27th August 2004 and 22nd August 2003.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the members present at the meeting. According to the Department of Company Affairs Notification dated May 10, 2001, the Companies (Passing of Resolutions by Postal Ballot) Rules 2001, no resolution was required to be passed by postal ballot.

7. DISCLOSURES:

1. Related Parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished in the Notes to Accounts attached with the financial statement for the year ended March 31, 2006.

   The transactions with related parties do not have potential conflict with the interests of the company at large.
2. The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last year. No penalties have been imposed by them on the Company.

8. WHISTLE BLOWER POLICY:

The Company affirms that it has internal policy on access to Audit Committee by Whistle Blowers that is against the personnel who observe unethical or improper practice and the Whistle Blowers have full access to the audit committee.

9. MEANS OF COMMUNICATION:

1. Half-yearly /Quarterly Results are not being sent to the Shareholders.
2. The Quarterly Results of the Company are published in the following leading newspapers: Asian Age & Dainik Prabhat.

These newspapers are selected on the basis of having maximum circulation in the areas where vast majority of our shareholders are located and also on the basis of cost effectiveness.

3. A Management Discussion and Analysis report that forms part of the Annual Report is given by means of a separate annexure.

10. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting

Date and Time: September 25, 2006 at 11.00 A.M.

Venue : 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 5 .

Financial Calendar for 2006-07

Financial reporting for the quarter ending June 30, 2006	July 31, 2006
Financial reporting for the quarter ending September 30, 2006	October 31, 2006
Financial reporting for the quarter ending December 31, 2006	January 31, 2007
Financial reporting for the quarter ending March 31, 2007	June 30, 2007
Annual General Meeting for the year ending March 31, 2007	September 2007

Dates of Book Closure

September 18, 2006 to September 23, 2006 (Both Days Inclusive) for the purpose of Share Transfers and updation of Register of Members.

Dividend Payment

The Board of Directors has not recommended any dividend payment for the financial year 2005-06.

Listing on Stock Exchange

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited, Mumbai at Phiroze Jeejibhoy Towers, Dalal Street, Mumbai- 400 001. The shares are listed in "B2" Group.

Stock Code

Mumbai Stock Exchange: 519091

Market Price Data

The Market Price and Volume of the Company's Equity Shares traded on the Stock Exchange, Mumbai during the year 2005-06 were as follows:

Month	High (Rs)	Low (Rs)	Volume (Nos)
April 05	28.90	25.10	9327
May 05	38.45	24.50	66628
June 05	48.05	36.15	126580
July 05	60.60	41.00	81951
Aug 05	51.00	40.00	41628
Sept 05	52.00	36.60	29653
Oct 05	39.95	30.70	6803
Nov 05	40.20	31.30	8459
Dec 05	34.20	31.00	11626
Jan 06	42.60	31.40	15207
Feb 06	44.15	37.70	26310
Mar 06	48.20	38.20	129328

The performance of the Company's Scrip on the BSE as compared to the BSE Sensex:

The above points of Tasty Bite Eatables Ltd. are plotted on the basis of the monthly closing price.

Registrar and Transfer Agents:

M/S Karvy Computershare Pvt. Ltd.
"Karvy House", 46, Avenue 4, Street no.1
Banjara Hills, Hyderabad – 500034
Ph: 040-23312454
e-mail: jayaramanvk@karvy.com

Share Transfer System

The shares of the Company are traded in the compulsory demat mode for all investors. The shares sent for transfers in physical form are first registered within a week (if in order and complete in all respects) and a demat option form is sent to the shareholder for exercising the option to receive the shares in demat form within 30 days. Then the shares are confirmed to the respective accounts with the depositories of National Securities Depositories Ltd (NSDL) and Central Depository Services Limited (CDSL).

Distribution of Shareholding

S.NO	CATEGORY FROM TO	NO.OF CASES	% OF CASES	AMOUNT	% OF AMOUNT
1	1-5000	1484	89.13	24,69,110	9.62
2	5001-10000	93	5.59	7,82,200	3.04
3	10001-20000	41	2.46	5,96,660	2.32
4	20001-30000	13	0.78	3,30,960	1.28
5	30001-40000	6	0.36	2,18,990	0.85
6	40001-50000	7	0.42	3,33,280	1.29
7	50001-100000	9	0.54	6,13,590	2.39
8	100001 And Above	12	0.72	2,03,15,210	79.21

Shareholding Pattern as on March 31, 2006

Sr. No.	Category	No of Shares held	% of Shareholding
A.	**Promoters' Holding**		
1.	Promoters		
-	Indian Promoters	19,04,510	74.22%
-	Foreign Promoters	-	-
2.	Persons acting in concert	-	-
	Sub-Total	1904510	74.22%
B	**Non-Promoters Holding**		
1.	**Institutional Investors**		
a.	Mutual Funds and Unit Trust of India	-	-
b.	Banking/ Financial Institutions/ Insurance Companies (Central/ State Government institutions/non-governments)	-	-
c.	Foreign Institutional Investor's (FII's)	14686	0.57%
	Sub-total	14686	0.57%
2.	**Others**		
a.	Private Corporate Bodies	64,541	2.52%
b.	Indian Public	5,76,811	22.48%
c.	Non-Resident Indians (NRIs)/ Overseas Corporate Bodies (OCBs)	3,202	0.12%
d.	Foreign Banks	-	-
e.	HUF	-	-
f.	Clearing	2,250	0.09%
	Sub-total	6,46,804	25.21%
	GRAND TOTAL	25,66,000	100%

Dematerialization of shares and liquidity as on 31.03.2006

Sr.No	Description	No of Shareholders	Shares	% to Equity
1	Central Depository Services (India) Limited (CDSL)	124	79,725	3.11
2	National Securities Depository Limited (NSDL)	564	3,67,465	14.32
3	PHYSICAL	977	21,18,810	82.57
	TOTAL	1,665	25,66,000	100.00

Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity

Not Applicable

Plant Locations

Bhandgaon Village, Taluka – Daund, Dist- Pune - 412144, Maharashtra.

Address for Correspondence

204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411005
Ph: 91-20-2551 0685, Fax: 91-20-2551 2695, www.tastybite.com
e-mail – prashantp@tastybite.com.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF TASTY BITE EATABLES LIMITED

Ravi Nigam
Executive Director

Sohel Shikari
Alternate Director

Date : May 17, 2006
Place : Bangalore

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Tasty Bite Eatables Ltd.
Pune - 411 005.

<u>Re: Corporate Governance Certificate</u>

We have examined the compliance of conditions of Corporate Governance by Tasty Bite Eatables Limited (the Company) for the year ended on March 31, 2006, as stipulated in clause 49 of the Listing Agreements entered into with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As per the records of the Company, there were no investor grievences remaining unattended for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

E. K. Irani
Partner
Membership No.35646

Place : Mumbai
Date : May 22, 2006.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A. ADOPTION OF A COMPANY MISSION STATEMENT:

As is highlighted in our Chairman's speech in the annual report, at the beginning of the past financial year, the company formally adopted a new mission statement, reflecting a strategic shift in the company's direction mainly aimed at securing a sustainable and global competitive edge. Throughout the year, a concerted attempt has been made to completely align all management functional areas with the new mission statement.

The Mission statement adopted by the Company is as under :

Be a value driven company providing attractive returns to its shareholders
thru
Manufacturing and marketing
Natural, convenient, specialty food and food intermediates
That offer customers
Great Taste, good value, a wide range and high-speed response
Achieved through
Product and process innovation, low-cost manufacturing, versatility and customer partnerships
In a
Knowledge driven, fun and energetic work environment.

The mission statement was drafted after recognizing industry mega trends in the foods sector – i.e. the pronounced preference for natural, convenient and specialty foods in all international markets. This also led us to identify five competitive advantages that we believe will help establish us as an industry leader in our chosen segment.

- Product and Process innovation
- Low Cost Manufacturing
- Integration
- Versatility
- Customer Partnership

Results of this focused strategy have begun to yield results with a top line growth of 17% during the year. This was achieved through expansion of the company's product offerings, increased presence in key markets, and strategic investments in the Tasty Bite Research Centre (TBRC). The momentum generated by the new mission statement and the implementation of the resultant strategy is expected to produce sustained growth in both revenues and profitability over the next few years.

B. REVENUES FOR THE YEAR 2005-06 AND SEGMENT-WISE PERFORMANCE

(CHART 1: Revenue of the Company over the past 5 years)

Some salient features of the Company's financial performance in 2005-06 are:

1. Gross revenues have grown 17% to Rs. 26.83 Crores in 2005-06 up from Rs. 22.93 Crores 2004-05.
2. Export sales have grown 12% to Rs.21.29 Crores in 2005-06 up from Rs. 18.99 Crores in 2004-05.
3. The company has reported earnings before depreciation, interest, depreciation and taxes (EBITDA) of Rs. 3.09 Crores in 2005-06 as against Rs. 1.34 Crores in 2004-05.
4. Profit after-tax for the year was Rs. 55.81 Lakhs in 2005-06 as against a loss of Rs. 26.82 Lakhs in 2004-05.

The company's product portfolio can be divided into two main parts - Prepared Meals and Food Intermediates, with the main business coming from Ready-To-Serve (RTS) Meals. While Tasty Bite products sell in several international markets, our major focus continues to be North America, Australia and India.

The Company launched a large number of new products in 2005-06 in existing as well as new markets. These included a range of Indian and Asian meals as well as nutritionally engineered foods for customers with specific dietary requirements.

The growth of the Company's export performance over the past 5 years

(CHART 2: Export sales of Company over past 5 years)

Apart from its RTS business, the company has a frozen vegetable section (FVS) that includes an IQF plant and a cold store. The market for frozen (IQF) vegetables continues to grow both domestically and internationally. The company continued to act as a 'converter' to leading players in the domestic market by offering its IQF plant for toll processing and as cold store warehouse. However, the peas freezing activity was lower than expected during the year due to inclement weather conditions.

The FVS is likely to become a significant contributor of revenue and profits from next year onwards, with the setting up of a state-of-the art frozen food facility for the manufacture of a range of patties, pies and other snack-foods for the rapidly expanding frozen foods market in India and abroad.

A chart showing the division of last year revenues between the Company's main business divisions is given below.

(Chart 3: Revenue break-up across business divisions (2005-06))

C. DISCUSSION ON KEY OPERATING INDICATORS

(Rs. Crores)

Revenues	2005-06	2004-05	%Increase (Decrease)
Exports Sales & Incentives*	23.57	20.20	17%
Institutional Sales	1.30	1.40	(7%)
Cold Storage & Processing	1.37	0.98	40%
Other Income	0.58	0.34	71%
Total	**26.82**	**22.92**	**17%**

*Special support from the Government Of India for Agri Industries was announced in the form of Vishesh Krishi Upaj Yojana (VKUY) Scheme during last year. As per the new EXIM policy we shall be entitled for duty credit equivalent to 5% of F.O.B. value of exports

Expenditure Analysis:

1) Material Costs:

Material costs went up during the year from 55.51% to 57.50%. Much of these costs are attributed to new businesses and products where purchasing and consumption efficiencies were not as good as in the existing businesses. A cash crunch during majority of the year also resulted in the company's inability to buy most raw materials and packaging materials on a cash basis; which resulted in an increase in purchasing costs. The company's inability to hold inventory of key imported packaging materials also caused the company to airfreight packaging materials into India adversely effecting purchase costs.

However, by the end of the year, the company's cash position had vastly improved, with Preferred Brands International (PBI), improving its payment terms to TBEL. This has improved the company's ability to re-negotiate better terms with all its vendors as well as build up inventory of key seasonal raw materials by buying large quantities of material when prices are low. These measures should yield handsome returns in the next year.

Particulars of Material Consumption during the year:

(Rs. Crores)

Particulars	2005-06	2004-05
Sales	22.59	20.39
Material Consumed	12.99	11.32
% Consumption	**57.50%**	**55.51%**

2) Freight Costs:

On account of spiralling petroleum prices, sea freight to major destinations across the world increased. The company continued negotiations with several freight companies and freight consolidators throughout the year to contain costs. This resulted in 'block booking' and has helped bring down freight costs once again – the benefits of which will be seen next year.

3) Fuel and Electricity Costs:

The company experienced a sharp rise in the cost of both power and fuel. While power was on account of increase in the 'maximum demand charges' imposed by the Maharashtra Electric Supply Board, furnace oil prices increased as a result of an overall increase in petroleum prices.

The company has now re-configured its frozen vegetable processing activities, by carrying out most of its frozen processing at night, when the electric levy is the lowest. The company has also recognized the long-term problem of increasing costs of petroleum and has decided to switch to a brickett-fired boiler. Brickettes are compacted from agriculture waste, are eco-friendly and have a significantly lower operational cost. This conversion should be completed soon, and will help significantly reduce the cost of utilities.

D. HUMAN RESOURCES, INDUSTRIAL RELATIONS, SAFETY AND ENVIRONMENT

Human Resources: The mission statement underlines the commitment of the company to create a "knowledge-driven, fun and energetic work environment. Towards this end, the company continued its efforts in training at all levels of the organization that included sponsorships, certifications, classroom and on-the-job training. All of these we see as continuous efforts and the results of these are borne out through increased productivity, new product introductions, widespread innovations and a highly committed workforce. For instance, in the manufacturing alone, dues to process innovations, higher quality of maintenance and a better trained workforce capacity utilization increases significantly and resulted in 2,024 MT of products being produced in 2005-06 compared with 1506 MT in 2004-05.

The management records its sincere appreciation of the efforts of all its employees.

Quality: The Company's stated mission for quality is to "rise beyond certifications". While your company is already ISO-9001/2000, HACCP (Hazard Analysis & Critical Control Points) and ISO-14001 compliant, the company is now intending to start an integrated Quality Management System (QMS). This will simultaneously address, issues of quality, food safety, environment, people safety and health. The Integrated QMS will go on line by October 2006. But perhaps, the most significant development was the C-TPAT certification that our parent company

Preferred Brands International (PBI) received earlier this year. The Customs Trade Partnership against Terrorism (C-TPAT) is a joint initiative to provide global supply chain security. This certification was largely made possible by the tremendous work done by Tasty Bite in India working closely with our suppliers, vendors, and service providers to ensure a well documented and secure supply chain

Environment: The Company is committed towards preserving the environment and is looking at ways to reduce effluent discharge as well as effectively treat wastewater to reduce the biological and chemical oxygen demands. It has been successfully using biological agents in its effluent treatment plant now for the past two years. Now an integrated approach towards segregation of solid waste / oil and grease even before effluent reaches the ETP will further improve efficiency of Effluent treatment. This will enable Tasty Bite keep up to its objectives of re-cycling 100% of the water used in the factory.

E. OPPORTUNITIES, THREATS, RISKS & CONCERNS:

The management remains optimistic of the Company's performance moving ahead and estimates that profit will further increase in 2006-07. Growth in revenue will be driven by width of distribution in key markets, increased product offering allowing for new uses of the Company's products as well as increasing frequency of usage.

In the Indian market, your Company will focus upon the institutional business wherein it will look at providing intermediate and finished products to institutions and the food service industry. Strong customer partnerships will continue to be forged with leading food companies in the country.

One of the big risks that the Company sees, is the decline of the US dollar against the Indian rupee. A large portion of the Company's export sales are priced in dollars and a decline in the US dollar can have a material adverse impact on the Company's revenues and profitability. In order to mitigate such risk, the company seeks the advise of senior bankers and FOREX experts, and carries out an 'advance booking' of the US Dollar against future exports.

The company has factored in these risks while casting its future plans and has taken adequate steps in order to minimize the impact of these factors on the Company's performance.

F. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Tasty Bite Eatables Limited has in place adequate systems and processes for internal controls to provide reasonable assurance with regard to information and maintenance of proper accounting records, reliability of financial information, and efficient utilization of the Company's resources and safeguarding of assets.

The Company's ERP system (MOVEX) allows the procurement, manufacturing, sales & logistics and finance & accounting function to be integrated and online. In the coming year (2006-07) there will be renewed effort in upgradation of the system as well as extensive training of personnel to make the system more user friendly, as well as generate on line MIS reports for better management accounting and performance monitoring.

The Company also utilizes the services of a qualified and experienced Chartered Accountancy Firm to perform the internal audit function of the Company. A summary of the internal audit observations, recommendations and responses to the same are presented and reviewed during the Audit Committee Meetings of the Company. Aside from internal audits, the management has a review mechanism in place to budget, forecast and compare actual performance of the Company on a monthly basis. This allows corrective action to be taken in a very short time.

An important feature in the adoption of a companywide mission statement has been the decision to follow 'Balanced Score Card' as a tool to measure performance of individual functions. Balanced Scorecard is a very focused method of looking at individual and group performance. We believe that in the years to come, this will significantly enhance performance all across the company.

Some of the measures introduced have been:

FINANCIAL & COMMERCIAL

Particulars	Year 2005-06
Raw Material % to Sales	23%
Packing Material % to Sales	36%
Gross Margin as % of Total Revenue	41%
EBITDA as % of Total Revenue	11%
Working Capital % to Sales	33%

MANUFACTURING

Particulars	Year 2005-06
No. of Pouches per day	24374
Metric Tons per day	6.1
Material Wastage	1.18%

Above mentioned indices will be diligently monitored at the end of every financial quarter. By the end of next financial year the Company will have sufficient data to be able to monitor performance on an ongoing basis. New indices for several functions shall be added to the above list.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's results include, among others, economic conditions affecting demand / supply, price conditions in the domestic and overseas markets in which the Company operates, competitive pressures in these markets, changes in Government regulations, tax laws and other statutes and incidental factors.

AUDITORS' REPORT

TO,

THE MEMBERS OF TASTY BITE EATABLES LIMITED

1. We have audited the attached Balance Sheet of TASTY BITE EATABLES LIMITED as at March 31, 2006 and also the Profit and Loss Account of the Company for the year ended as on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of these books.
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
      ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2006, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

E. K. Irani
Partner
Membership No.35646
Date - May 22, 2006

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of **Tasty Bite Eatables Limited** ended March 31, 2006.

1) (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. As infomred to us, no material discrepancies were noticed on such verification.

   (iii) There was no disposal of fixed assets during the year.

2) (i) The Management has conducted physical verification of inventory at reasonable intervals. In our opinion, the frequency of verification is reasonable.

   (ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. We have been informed that no material discrepancies were noticed on physical verification.

   (iii) We have been informed that the Company is in the process of updating its inventory records. As informed to us by the Company no material discrepancies were noticed on verification between the physical stocks and the book records.

3) (i) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

   (ii) The question of commenting on the rates of interest and other terms and conditions of the loans granted being prejudicial to the interest of the Company, regular receipt of principal and interest and reasonable steps taken for recovery of principal and interest does not arise.

   (iii) There is no overdue amount of loans taken from, or granted to companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

   (iv) The Company has taken loans of Rs. 2,41,88,518/- from two parties listed in the register maintained under section 301 of the Companies Act, 1956.

   (v) In our opinion, the rate of interest and other terms and conditions of loans taken from Companies and parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

   (vi) The Company is regular in repaying the principal amounts as stipulated and has also been regular in the payment of interest.

4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

5) (i) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register maintained under that section.

   (ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.

6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.

7) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

8) According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, for any of the activities of the Company.

9) (i) According to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues including dues pertaining to Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Custom Duty, Cess and any other statutory dues with the appropriate authorities, except provident fund and income tax deducted at source, where a few delays were observed.

We have been also informed that there are no undisputed dues which have remained outstanding as the end of the financial year for a period of more than six months from the date they became payable.

(ii) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty or cess outstanding on account of any dispute, other than the following.

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowances of Expenses & Deduction Claimed	2,81,439	Assessment Year 2003-04	Commissioner of Income Tax (Appeals)
Maharashtra Sales Tax Act	Disallowances	15,247	01.06.1988 to 31.03.1989	The High Court
Maharashtra Sales Tax Act	Disallowances	5,11,360	1989-1990	The High Court
Central Sales Tax Act	Disallowances	3,77,219	1998-99	Sales Tax Tribunal

10) In our opinion and according to the information and explanations given to us, the Company has accumulated losses as at the end of the financial year. However, such losses do not exceed fifty percent of its net worth. The Company has not incurred cash losses in the current financial year, however it had incurred cash losses in the immediately preceding financial year.

11) According to the information and explanations given to us and based on the documents and records produced before us, there has been no default in repayment of dues to banks. There are no dues to financial institutions or debenture holders.

12) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.

14) The Company does not deal or trade in shares, securities, debentures and other investments.

15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

16) In our opinion and according to the information and explanations given to us, the term loan obtained by the Company was applied for the purpose for which the loan was obtained.

17) According to the information and explanations given to us and on an overall examination of the Balance Sheet, Cash Flow Statement and other records examined by us, the Company has not used funds raised on short-term basis for long-term investment.

18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

19) The Company did not issue any debentures during the year.

20) The Company has not raised any money through a public issue during the year.

21) According to the information and explanations given to us by the Management and to the best of our knowledge and belief, no fraud on, or by the Company has been noticed or reported during the year.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

E. K. Irani
Partner
Membership No.35646
Date - May 22, 2006

BALANCE SHEET AS AT 31ST MARCH 2006

	Schedule		Current Year	Previous Year
		Rs. '000	Rs. '000	Rs. '000
SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS				
a) Share Capital	1	31,613		31,613
b) Reserves and Surplus	2	131,292		131,292
			162,905	162,905
2. LOAN FUNDS				
a) Secured Loans	3	19,188		52,827
b) Unsecured Loans	4	5,368		22,249
			24,556	75,076
TOTAL			187,461	237,981
APPLICATION OF FUNDS:				
3. FIXED ASSETS	5			
a) Gross Block		128,661		124,127
b) Less: Depreciation		84,309		77,816
c) Net Block		44,352		46,311
d) Capital Work-in-Progress		18,893		-
			63,245	46,311
4. INVESTMENTS	6		50	50
5. CURRENT ASSETS, LOANS AND ADVANCES	7			
a) Inventories		29,270		24,872
b) Sundry Debtors		76,424		133,055
c) Cash and Bank Balances		5,215		2,220
d) Other Current Assets		17		17
e) Loans and Advances		37,943		30,709
		148,869		190,873
6. Less: CURRENT LIABILITIES AND PROVISIONS	8			
a) Current Liabilities		71,564		59,966
b) Provisions		3,099		2,939
		74,663		62,905
7. NET CURRENT ASSETS			74,206	127,968
8. DEFERRED TAX ASSET			1,035	9,129
9. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	9		36	53
10. PROFIT AND LOSS ACCOUNT		59,248		64,829
Less : Deduction from Reserves as per contra		10,359		10,359
			48,889	54,470
TOTAL			187,461	237,981
NOTES TO ACCOUNTS	17			

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report attached

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

E. K. Irani
PARTNER
Date - May 22, 2006

Signatures to the Balance Sheet and Schedules 1 to 9 and 17.

For and on behalf of the Board

Ravi Nigam	*Sohel Shikari*	*Prashant Patil*
Executive Director	**Alternate Director**	**Company Secretary**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

		Schedule		Current Year Rs. '000	Previous Year Rs. '000
INCOME:					
	Sales		**226,362**		*204,558*
	Less: Sales Returns		**449**		*662*
1.	Sales (Net of Returns)		**225,913**		*203,896*
2.	Operational Income	10	**36,573**		*21,960*
3.	Other Income	11	**5,780**		*3,410*
				268,266	*229,266*
	EXPENDITURE:				
4.	Materials Consumed	12	**129,893**		*113,266*
5.	Manufacturing and Other Expenses	13	**107,116**		*94,824*
6.	Interest and Finance Charges	14	**7,718**		*10,469*
7.	Depreciation		**6,493**		*7,004*
			251,220		*225,563*
8.	Inventory Change	15	**314**		*7,751*
				251,534	*233,314*
PROFIT/ (LOSS) BEFORE DEFERRED TAX:				**16,732**	*(4,048)*
9	Deferred tax			**8,094**	*(1,474)*
10	FBT			**382**	
PROFIT/(LOSS) AFTER TAX:				**8,256**	*(2,574)*
11.	Prior Period Items (Net)	16		**2,675**	*(108)*
				5,581	(2,682)
12.	Deficit Brought Forward			***(64,829)***	*(62,147)*
DEFICIT CARRIED FORWARD				**(59,248)**	*(64,829)*
Basic and Diluted Earnings per share (Rs.) face value Rs. 10 per share		17		***2.17***	*(1.05)*
NOTES TO ACCOUNTS		17			

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our Report attached

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
E. K. Irani
PARTNER
Date - May 22, 2006

Signatures to the Profit and Loss Account Schedules 10 to 17.

For and on behalf of the Board

Ravi Nigam	*Sohel Shikari*	*Prashant Patil*
Executive Director	**Alternate Director**	**Company Secretary**

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 1: SHARE CAPITAL

		Current Year Rs. '000	Previous Year Rs. '000
1.	**AUTHORISED:**		
	4,400,000 Equity shares of Rs. 10/- each.	**44,000**	*44,000*
	60,000 1% Non-Cumulative, Non-Convertible Redeemable Preference Shares of Rs. 100/- each	**6,000**	*6,000*
		50,000	*50,000*
2.	**ISSUED, SUBSCRIBED AND PAID UP**		
	- 2,566,000 Equity shares of Rs. 10/- each fully paid up	**25,660**	*25,660*
	- 59,530 1% Non-Cumulative, Non-Convertible Redeemable Preference Shares of Rs. 100/- each fully paid up.	**5,953**	*5,953*
	TOTAL	**31,613**	*31,613*

Note:

a) Out of the above 1,904,510 Equity shares and 59,530 Preference Shares are held by the Holding Company - Preferred Brands Foods India Private Limited.

b) 1% Non-Cumulative, Non-Convertible Redeemable Preference Shares are redeemable on August 31, 2007 at a premium of Rs. 1,950/- per share

SCHEDULE 2: RESERVES AND SURPLUS

			Current Year Rs. '000	Previous Year Rs. '000
1.	**CAPITAL RESERVE**		**5,734**	*5,734*
2.	**SECURITIES PREMIUM ACCOUNT**			
	As per last Balance Sheet	**38,496**		*51,394*
	Less: Transfer to Capital Redemption Reserve	**(12,898)**		*(12,898)*
			25,598	*38,496*
3.	**CAPITAL REDEMPTION RESERVE**			
	As per last Balance Sheet	**87,062**		*74,164*
	Add: Transfer from Securities Premium Account	**12,898**		*12,898*
			99,960	*87,062*
	TOTAL		**131,292**	*131,292*

Note:

Capital Redemption Reserve created of Preference Shares is of only Share Premium amount of Rs. 1,950/- per share.

The face value of Rs. 100/- per share of the same is not being provided.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 3: SECURED LOANS

		Current Year Rs. '000	Previous Year Rs. '000
	BORROWINGS FROM BANKS		
a)	Cash credit	-	*27,098*
b)	Foreign Bill Discounting	-	*21,568*
c)	Term Loans	-	*4,161*
d)	Loan from PBI	**19,188**	-
	(Refer Note No. 2 of Schedule 17 :Notes To Accounts)		
	TOTAL	**19,188**	*52,827*

Note :
Borrowings are secured by way of:

a) A first priority charge by way of mortgage of the Company's entire stocks of raw materials, semi finished goods, finished goods, consumable stores and such other movables including book-debts, outstanding monies, receivables, both present and future.

b) First priority charge and mortgage of all the movable and immovable properties of the Company.

c) Personal guarantees of some Directors of the Company.

SCHEDULE 4: UNSECURED LOANS

	Current Year Rs. '000	Previous Year Rs. '000
Inter Corporate Deposit	**5,000**	*9,000*
Loans from Directors/Relatives	-	*11,637*
Interest Accrued and Due	**368**	*1,612*
TOTAL	**5,368**	*22,249*
Amount repayable within one year	**5,368**	22,249

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 5: FIXED ASSETS

Rs. '000

ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1-Apr-05	Additions	Deductions	**As on 31-Mar-06**	As on 1-Apr-05	For the Year	On Deductions	**Upto 31-Mar-06**	**As on 31-Mar-06**	*As on 31-Mar-05*
Freehold Land	1,255	-	-	**1,255**	-	-	-	**-**	**1,255**	*1,255*
Buildings	17,965	-	-	**17,965**	7,978	600	-	**8,578**	**9,387**	*9,987*
Plant and Machinery	94,780	3,549	-	**98,329**	63,298	4,597	-	**67,895**	**30,434**	*31,482*
Office Equipment	1,562	227	-	**1,789**	375	86	-	**461**	**1,328**	*1,187*
Computers	4,714	295	-	**5,009**	3,153	672	-	**3,825**	**1,184**	*1,561*
Furniture & Fixtures	3,807	27	-	**3,834**	2,977	523	-	**3,500**	**334**	*830*
Vehicles	44	-	-	**44**	35	2	-	**37**	**7**	*9*
Electrical Installations	-	436	-	**436**	-	13	-	**13**	**423**	-
TOTAL	124,127	4,534	-	**128,661**	77,816	6,493	-	**84,309**	**44,352**	-
Previous Year	*121,940*	*2,286*	*99*	***124,127***	*70,830*	*7,004*	*18*	***77,816***	**-**	*46,311*
Capital Work in Progress									**18,893**	-
Total									**63,245**	46,311

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

	Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 6: INVESTMENTS			
AT COST			
TRADE			
LONG TERM			
EQUITY SHARES (fully paid up)			
Unquoted:			
The Shamrao Vithal Co-Operative Bank Ltd.		**50**	*50*
(2,000 Shares of Rs.25 each)			
		50	*50*
SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES			
1. INVENTORIES			
a) Raw Materials	**7,792**		*4,447*
b) Stores and Spares	**1,152**		*1,469*
c) Packing Material	**17,073**		*15,389*
d) Work-in-Progress	**2,482**		*1,935*
e) Finished Goods	**771**		*1,632*
		29,270	*24,872*
2. SUNDRY DEBTORS			
(Unsecured - Considered good, unless otherwise stated)			
a) Debts outstanding for a period exceeding six months (Including doubtful debts Rs. 1211 thousand; - previous year Rs. 709 thousand)	**7,979**		*38,205*
b) Other Debts	**69,656**		*95,559*
	77,635		*133,764*
c) Less : Provision for Doubtful Debts	**1,211**		*709*
		76,424	*133,055*
3. CASH AND BANK BALANCES			
a) Cash in Hand	**61**		*44*
b) Balances with Scheduled Banks			
- in Current Accounts	**3,353**		*457*
- in Deposit Account as Security Against Margin	**1,760**		*1,680*
c) Balances with Other Banks			
- in Current Account with Pune District Central Co-operative Bank Ltd., Yewat Branch.	**41**		*39*
(Maximum Balance during the year Rs. 41 thousand) - previous year Rs. 39 thousand)			
		5,215	*2,220*
4. OTHER CURRENT ASSETS		**17**	*17*
5. LOANS AND ADVANCES			
(Unsecured - considered good, unless otherwise stated)			
a) Advances recoverable in cash or in kind or for value to be received.	**32,465**		*25,704*
b) Balances with Customs and Excise Authorities	-*		*-**
c) Sundry Deposits	**2,817**		*2,778*
d) Tax Deducted at Source & Advance Payment of Taxes	**2,661**		*2,227*
		37,943	*30,709*
TOTAL		**148,869**	*190,873*

* Amounts less than Rs. 500

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

		Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS				
1.	**CURRENT LIABILITIES**			
	a) Acceptances	**4,348**		*4,388*
	b) Sundry Creditors	**48,523**		*40,876*
	c) Advances and Deposits	**-**		*4,348*
	d) Other Liabilities	**18,693**		*10,354*
			71,564	*59,966*
2.	**PROVISIONS**			
	a) For Preference Dividend	**119**		*119*
	b) For Dividend Tax	**8**		*8*
	c) For Gratuity	**2,972**		*2,812*
			3,099	*2,939*
	TOTAL		**74,663**	*62,905*
SCHEDULE 9: MISCELLANEOUS EXPENDITURE				
1.	Share Issue Expenses			
	As per last Balance Sheet	**53**		*70*
	Less: Written off during the year	**17**		*17*
	TOTAL		**36**	*53*
SCHEDULE 10: OPERATIONAL INCOME				
1.	Cold Storage Rent		**6,479**	*4,246*
2.	Processing Charges		**7,214**	*5,590*
3.	Export Incentives		**22,880**	*12,124*
	TOTAL		**36,573**	*21,960*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 11: OTHER INCOME

		Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
1.	Interest (Gross) (Tax Deducted at Source Rs. 22,909; previous year Rs. 21,364)		**1,899**	*2,896*
2	Dividend Income		**9**	*3*
3	Sundry Balances Written Back		**2,127**	-
4	Excess Provision Written Back		**1,702**	-
5	Miscellaneous Income		**43**	*511*
	TOTAL		**5,780**	*3,410*

SCHEDULE 12: MATERIALS CONSUMED

	Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
RAW MATERIALS INCLUDING PACKING MATERIAL			
Opening Inventory		**19,836**	*16,852*
Add: Purchases		**134,922**	*116,250*
		154,758	*133,102*
Less: Closing Inventory		**24,865**	*19,836*
TOTAL		**129,893**	*113,266*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

	Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 13: MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages, Bonus and Gratuity		**31,959**	*29,645*
Contribution to Provident and Other Funds		**1,093**	*1,181*
Workmen and Staff Welfare Expenses		**1,009**	*1,572*
Stores and Spares Consumed		**11,409**	*12,467*
Power and Fuel		**9,786**	*7,058*
Repairs and Maintenance:			
a) Plant and Machinery	**1,139**		*796*
b) Buildings	**207**		*19*
c) Others	**531**		*669*
		1,877	*1,484*
Rent, Rates and Taxes		**3,162**	*1,364*
Telephone and Postage		**2,069**	*2,569*
Travelling and Conveyance		**5,522**	*3,992*
Legal and Professional Charges		**2,665**	*1,998*
Printing and Stationary		**810**	*901*
Insurance		**554**	*386*
Freight		**24,178**	*21,841*
Sales Promotion		**471**	*1,029*
Selling and Distribution Expenses		**258**	*2,805*
Provision for Doubtful Advances		**502**	*-*
Miscellaneous Expenditure Written Off		**17**	*17*
Loss on Sale/Write Off of Fixed Assets		**-**	*27*
Loss on Exchange Rate Fluctuations (Net)		**(1,499)**	*(497)*
New Packing Development		**-**	1,208
Auditor's Remuneration		**543**	306
Sundry Balances Written Off		**5,487**	248
Miscellaneous Expenses		**5,244**	*3,223*
TOTAL		**107,116**	*94,824*
SCHEDULE 14: INTEREST AND FINANCE CHARGES			
1. Interest			
- on other loans			
Banks	**3,262**		*5,101*
Others	**3,198**		*3,674*
		6,460	*8,775*
2. Other Finance Charges		**1,258**	*1,694*
TOTAL		**7,718**	*10,469*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 15: INVENTORY CHANGE

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
1.	Opening Inventory			
	a) Finished Goods	**1,632**		*9,250*
	b) Work-in-Progress	**1,935**		*2,068*
			3,567	*11,318*
2.	Less : Closing Inventory			
	a) Finished Goods	**771**		*1,632*
	b) Work-in-Progress	**2,482**		*1,935*
			3,253	*3,567*
3.	(Increase) / Decrease in Inventory		**314**	*7,751*

SCHEDULE 16: PRIOR PERIOD ITEMS

		Current Year Rs. '000	*Previous Year Rs. '000*
1.	Short Provision for Income	**(494)**	-
2.	Short Provision for Expenses	**3,169**	*(108)*
		2,675	*(108)*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 17: NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

The financial statements have been prepared on accrual basis under the historical cost convention, in conformity in all material aspects with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956.

b) Fixed Assets and Depreciation:

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets and any attributable cost of bringing the asset to the condition of its intended use.

Depreciation is provided under the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956, pro-rata to the period of use. Assets installed on Leasehold Premises are depreciated over the period of Lease.

c) Inventories:

Raw materials, packing materials, stores and spares are valued at standard cost.

Work -in-progress and Finished Goods are valued at standard cost or Net realisable Value, which ever is lower. The standard cost comprises of direct material, direct labour and factory overheads.

Trading goods are valued at lower of cost or net realisable value.

d) Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year-end, are stated at the year-end rates. Exchange gains / losses are recognized in the Profit and Loss Account in case of revenue items and capitalized in case of capital items.

e) Sales:

Sale of goods is recognized on dispatch to customers. Sales are net of returns and sales tax.

f) Research and Development Expenditure:

Revenue expenditure on research and development is charged to the Profit and Loss Account in the year in which it is incurred.

g) Export Incentives:

Export incentives receivable under the Duty Drawback Scheme, DEPB and VKUY Scheme are accounted for on accrual basis, as and when the claims have been filed with the Custom Authorities.

Export incentives receivable under the APEDA scheme are accounted for on accrual basis as on actual date of shipment.

h) Retirement Benefits:

Retirement benefits to employees comprise payments under approved provident fund plans and gratuity to eligible employees, which are charged against revenue. The liability in respect of future payment of gratuity to retiring employees is provided on the basis of actual calculations at the end of each year and leave encashment is paid in the year when the leave accrues.

i) Miscellaneous Expenditure:

Preliminary expenditure is being amortised over a period of ten years.

j) Deferred tax:

Deferred tax assets and liabilities are based on temporary differences between the values of assets and liabilities recorded in the financial statements and those used for tax purposes. Tax rates applicable to future periods are used to calculate year-end deferred income tax amounts.

A valuation allowance is recorded against deferred tax assets resulting from net operating losses and deductible temporary differences when their future realization is not likely.

k) Carrying amount of cash generating units / assets is reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

l) Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

m) Borrowing Costs :

Borrowing Cost directly attributable to the acquisition, construction or production of Qualifying Assets are capitalized till the date when the asset is ready to use, as part of the cost of that asset. Other borrowing cost are recognized as an expense in the period in which these are incurred.

2. SECURED LOANS

During the year, the Company (TBEL) has taken ECB of $ 1.3 million from Preferred Brands International LLC, U.S.A. (PBI), its ultimate holding company, for capacity expansion and modernisation of the existing manufacturing infrastructure. TBEL has received RBI approval ref. FED.CO.ECBD./03.02.766/2005-06 dated November 09, 2005. As per the agreement between TBEL and PBI, the whole amount of $ 1.3 million is earmarked by PBI for TBEL and hence, TBEL is required to pay the interest at the applicable rates on the whole amount irrespective of actual draw downs. As a result, TBEL has provided for interest on the complete amount of $ 1.3 million for the proportionate period, whereas only the amount of actual draw down has been shown under 'Secured Loans'.

3. CONTINGENT LIABILITIES

a) Claims against the Company not acknowledged as debts and not provided for:

i) Sales tax demands disputed by the Company and under appeal Rs. 9,03,826/- (previous year Rs. 5,26,607/-).

ii) Income tax claims disputed by the Company and under appeal Rs. 2,81,439/- (previous year Rs. 5,56,628/-).

b) Guarantees given by the Company's bankers against counter guarantees given by the Company of Rs. 950,000 (previous year Rs. 950,000) secured by deposit of Rs. 17,59,615 (previous year Rs. 16,80,436) held by the bank.

c) Estimated amount of contract remaining to be executed on Capital Account and not provided for Rs. 77,87,495/- (Previous Year Nil)

4. LIABILITIES

i) Sundry creditors and advances from parties are subject to confirmations, reconciliation and adjustments, if any.

ii) There are no parties that can be classified as small-scale industrial undertakings, which are outstanding for more than thirty days. The Auditors have accepted the representation of the Management in this matter in the absence of a database identifying the creditors, which are small-scale industrial undertakings.

5. DEFERRED TAXATION

In accordance with the Accounting Standard 22 on Accounting for Taxes on Income, the Company has made adjustments in its accounts for deferred tax liabilities/assets.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are:

Particulars	As at 31st March 2006 (Rs. In thousands)	As at 31st March 2005 (Rs. In thousands)
Deferred Tax Asset		
Unabsorbed Depreciation and losses	**8,768**	18,999
Provision for Gratuity	**1000**	1,029
Others	**766**	259
Deferred Tax Liability		
Depreciation on Fixed Assets	**(9,500)**	(11,158)
Deferred Tax Asset (Net)	**1,034**	9,129

SCHEDULE 17: NOTES TO ACCOUNTS (Contd.)

6. RELATED PARTY DISCLOSURE

(i) HOLDING COMPANY
Preferred Brands Foods India Private Limited.

(ii) ULTIMATE HOLDING COMPANY
Preferred Brands International, LLC

(iii) FELLOW SUBSIDIARY
Preferred Brands Australlia Pty. Ltd.

(iv) Key Management Personnel
Mr. Ravi Nigam - Executive Director
Mr. Sohel Shikari - Alternate Director

(v) Relatives of Key Management Personnel
Mr. K. S. Shikari & Associates

2. Following transactions were carried out with the related parties in the ordinary course of business:

(i) Details Relating to parties referred to in items 1 (i), (ii) & (iii) above (Rupees in Thousands) :

Sr. No.	Particulars	Holding/Ultimate Holding Company		Fellow Subsidiary	
		2005-06	2004-05	**2005-06**	2004-05
1	Sales	**122,286**	147,189	**80,093**	32,205
2	Interest Income	**1,796**	2,428	**-**	306
3	Expenses Charged to Other Companies	**364**	458	**886**	1,069
4	Expenses Charged by Other Companies	**-**	99	**1,222**	-
5	Outstanding Receivables	**38,502**	94,087	**19,060**	19,612
6	Loan Taken	**19,188**	-	**-**	-
7	Interest on Loan taken	**1,195**	-	**-**	-
8	Interest Accrued and due	**1,017**	-	**-**	-

(ii) Details Relating to parties referred to in items 1 (iv) & (v) above (Rupees in Thousands) :

	Particulars	Key Management Personnel		Relatives of Key Management Personnel	
		2005-06	2004-05	**2005-06**	2004-05
1	Remuneration	**4,085**	3,321	-	-
2	Interest paid /payable	**384**	412	-	320
3	Loans Accepted	**3,400**	5,000	-	1,500
4	Outstanding Loans	**-**	3,800	-	3,837
5	Interest Accrued & Due	**84**	368	-	458

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 17: NOTES TO ACCOUNTS (Contd.)

7. SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2006

i) Information about Primary Business Segments (Rupees in Thousands)

PARTICULARS	RTS		COLD STORAGE & PROCESSING		UNALLOCATED		TOTAL	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenue								
External	**248,492**	*212,168*	**13,693**	*9,835*	**6,082**	*7,263*	**268,267**	*229,266*
Inter-segment	**-**	-	**-**	-	**-**	-	**-**	-
Total revenue	**248,492**	*212,168*	**13,693**	*9,835*	**6,082**	7,263	**268,267**	*229,266*
Result								
Segment result	**73,159**	*54,182*	**5,785**	*2,863*	**-**	-	**78,944**	*57,045*
Unallocated expenditure net of unallocated income	**-**	-	**-**	-	**(56,402)**	*(53,520)*	**(56,402)**	*(53,520)*
Interest expenses	**-**	-	**-**	-	**(7,718)**	*(10,469)*	**(7,718)**	*(10,469)*
Interest income	**-**	-	**-**	-	**1,899**	*2,896*	**1,899**	*2,896*
Dividend income and profit on sale of investments	**-**	-	**-**	-	**9**	-	**9**	-
Profit before taxation and exceptional items	**73,159**	*54,182*	**5,785**	*2,863*	**(62,212)**	(61,093)	**16,732**	*(4,048)*
Provision for taxation - FBT	**-**	-	**-**	-	**(382)**	-	**(382)**	-
Deferred tax	**-**	-	**-**	-	**(8,094)**	*1,475*	**(8,094)**	*1,475*
Prior period items	**-**	-	**-**	-	**(2,675)**	*(108)*	**(2,675)**	*(108)*
Exceptional items	**-**	-	**-**	-	**-**	-	**-**	-
Profit after taxation and exceptional items	**73,159**	*54,182*	**5,785**	*2,863*	**(73,363)**	(59,726)	**5,581**	*(2,681)*
Tax credit	**-**	-	**-**	-	**-**	-	**-**	-
Net profit	**73,159**	*54,182*	**5,785**	*2,863*	**(73,363)**	(59,726)	**5,581**	*(2,681)*
Other information								
Segment assets	**159,743**	*199,760*	**11,640**	*6,887*	**41,854**	*39,712*	**213,237**	*246,359*
Segment liabilities	**66,775**	*37,911*	**-**	*435*	**32,444**	*99,634*	**99,219**	*137,980*
Capital expenditure	**2,508**	*397*	**250**	*17*	**1,776**	*1,872*	**4,534**	*2,286*
Depreciation	**3,493**	*3,405*	**440**	*439*	**2,560**	*3,160*	**6,493**	*7,004*
Non cash expenses other than depreciation	**-**	-	**-**	-	**17**	*17*	**17**	*17*

ii) Information about Secondary Business Segments (Rupees in Thousands)

Revenue by geographical market	India		Outside India		Total	
	2006	2005	**2006**	2005	**2006**	2005
External	**63,856**	*44,504*	**204,411**	*184,762*	**268,267**	229,266
Inter-segment	**-**	-	**-**	-	**-**	-
Total	**63,856**	***44,504***	**204,411**	***184,762***	**268,267**	229,266
Carrying amount of segment assets	**154,291**	*132,660*	**58,946**	*113,699*	**213,237**	246,359
Additions to fixed assets	**4,534**	*2,286*	**-**	-	**4,534**	2,286

iii) NOTES:

a) The Company is organised into two main business segments, namely: 'Ready to serve' (RTS) which also includes Frozen Vegetables. Cold Storage comprising of providing cold storage on rental basis and Processing activities. Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure and the internal financial reporting systems.

b) Segment Revenue and Expenses - Segment revenue and expenses are directly attributable to the segment. It does not include loss on sale of assets, interest expenses and common expenses which cannot be allocated on a reasonable basis.

c) Segment Assets and Liabilities - All segment assets that are not directly attributable to any segment are referred to as Unallocated Assets. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include share capital, reserves and surplus, borrowings and income tax (both current and deferred)

d) The Segment Revenue in the geographical segments considered for disclosure are as follows:
Revenue within India includes sales to customers located within India and earning in India. Revenue outside India includes sales to customers located outside India and earnings outside India.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 17: NOTES TO ACCOUNTS (Contd.)

8. ANNUAL CAPACITIES AND PRODUCTION

Sr. *No.*	Item	Installed Capacity		Actual Production	
		Current Year MT	*Previous Year MT*	Current Year MT	*Previous Year MT*
1.	Ready to Serve Foods	**5,000**	*5,000*	**2,024**	*1,506*
2.	Frozen Vegetables	**10,000**	*10,000*	**-**	-

Notes :
Installed capacities are as certified by the Management.

Licenced Capacity has not been mentioned as the product have been delicenced

9 INVENTORY OF FINISHED GOODS

Sr. *No.*	Item	March 31, 2006		March 31, 2005	
		Quantity MT	Value Rs. '000	Quantity MT	Value Rs.'000
1.	Ready to Serve Foods	**4**	**346**	*15*	*1,576*
2.	Frozen Vegetables	***2***	**425**	-	*56*
			771		*1,632*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 17: NOTES TO ACCOUNTS (Contd.)

10. SALES TURNOVER

Sr. No.	**Item**	**Current Year**		***Previous Year***	
		Quantity MT	**Value Rs. '000**	**Quantity MT**	**Value Rs.'000**
1.	Ready to Serve Foods	**1,988**	**224,611**	1,717	*203,301*
2.	Frozen Vegetables	**46**	**1,302**	*25*	*595*
	TOTAL		**225,913**		*203,896*

11. MATERIALS CONSUMED

Sr. No.	**Item**	**Current Year**		***Previous Year***	
		Quantity MT	**Value Rs. '000**	**Quantity MT**	**Value Rs.'000**
1.	Raw Material and Packing Material		**129,893**		*113,266*
	TOTAL		**129,893**		*113,266*

Note:

Considering the varied number of items, quantitative information has not been given.

		Current Year Rs. '000	**Previous Year Rs. '000**
12.	**MANAGERIAL REMUNERATION**		
a)	Whole Time Directors Salaries and Bonus	**3,999**	*3,235*
	Contribution to Provident Fund	**86**	*86*
b)	Non-Whole Time Directors Professional Fees	**160**	*60*
	Directors Sitting Fees	**40**	*15*
		4,285	3,396
13.	**AMOUNTS PAID TO AUDITORS (Excluding Service Tax)**		
a)	Audit Fees	**250**	170
b)	Audit under other statutes	**50**	50
c)	Tax Representation before Authorities	**-**	-
d)	Certificates	**170**	*50*
e)	Out of Pocket Expenses	**16**	*17*
	TOTAL	**486**	287

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

SCHEDULE 17: NOTES TO ACCOUNTS (Contd.)

14. CONSUMPTION OF RAW MATERIALS AND STORES

Particulars	Current Year		Previous Year	
	Rs. '000	%	Rs.'000	%
a) Raw Materials including Packing Material				
- Imported	21,341	16	*18,496*	*16*
- Indigenous	108,552	84	*94,770*	*84*
	129,893	100	*113,266*	*100*
b) Stores and Spare Parts				
- Imported	-	-	-	-
- Indigenous	11,409	100	*12,467*	*100*
TOTAL	11,409	100	*12,467*	*100*

15. VALUE OF IMPORTS ON C.I.F. BASIS

a) Raw Materials & Packing Materials	**21,205**	*20,261*
b) Plant & Machinery	**11,315**	-
TOTAL	**32,520**	*20,261*

16. EXPENDITURE IN FOREIGN CURRENCY

- Travel	**1,604**	*1,032*
- Interest	**1,195**	-
- Others	**1,222**	*99*
TOTAL	**4,021**	*1,131*

17. EARNINGS IN FOREIGN CURRENCY

- F.O.B. Value of Exports	**188,823**	*173,228*
- Interest Income	**1,796**	*2,734*
TOTAL	**190,619**	*175,962*

18. EARNING PER SHARE

Profit after tax in Profit & Loss Account (Rs/000) (excluding extraordinary income and Dividend on Preference Shares)	**5,581**	(2,682)
Weighted Average No. of Equity shares outstanding	**2,566,000**	2,566,000
Basic and Diluted EPS (Rs.)	**2.17**	(1.05)

19. PREVIOUS YEAR FIGURES

Figures for the previous period have been regrouped / restated wherever necessary.

18. Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956 :
Balance Sheet Abstract for the Year Ended March 31, 2006 and Company's General Business Profile

I)	**Registration Details:**		
	Registration No.	:	37347
	State Code	:	11
	Balance Sheet Date	:	March 31, 2006
II)	**Capital Raised During the Year: (Amount in Rs. Thousand)**		
	Public Issue	:	NIL
	Right Issue	:	NIL
	Bonus Issue	:	NIL
	Private Placement	:	NIL
III)	**Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousand)**		
	Total Liabilities	:	187,461
	Total Assets	:	187,461
	Sources of Funds		
	Paid-up Capital	:	31,613
	Reserves and Surplus	:	131,292
	Secured Loans	:	19,188
	Unsecured Loans	:	5,368
	Applicaiton of Funds		
	Net Fixed Assets	:	63,245
	Investments	:	50
	Net Current Assets	:	74,206
	Deffered Tax Asset		1,035
	Misc. Expenditure	:	36
	Accumulated Losses	:	48,889
IV)	**Performance Of Company: (Amount in Rs. Thousand)**		
	Turnover	:	268,266
	Total Expenditure	:	251,534
	Profit/Loss Before Tax	:	16,732
	Profit/Loss After Tax	:	8,256
	Earning Per Share in Rs.	:	2.17
	Dividend Rate %	:	NIL

V) Generic Names Of 3 Principal Products / Services of Company:
(As per monetary terms)

a) Item Code No. (ITC Code)	:	20059000
Product Description	:	Ready to Serve Meals Fresh Frozen vegetables and fruits Processing Charges and Cold Storage Rentals

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Net Profit Before Tax and Extraordinary Items		**16,732**	*(4,048)*
	Adjustment for:			
	Depreciation	**6,493**		*7,004*
	Interest Expense	**7,718**		*10,469*
	Interest Income	**(1,899)**		*(2,896)*
	Loss / (Gain) from Foreign Exchange Transactions	**(1,499)**		(497)
	Preliminary Expenses written off	**17**		*17*
	(Profit) / Loss on Sale of Fixed Assets	**-**		*27*
			10,830	*14,124*
	Operating Profit Before Working Capital Changes		**27,562**	*10,076*
	Adjustments for:			
	Trade and Other Receivables	**50,896**		*(41,386)*
	Inventories	**(4,398)**		*4,618*
	Trade Payables	**11,758**		*9,944*
			58,256	*(26,824)*
	Cash Generated from Operations		**85,818**	*(16,748)*
	Income Tax Paid :			
	Fringe Benefit Tax		**(382)**	-
	Cash Flow Before Extraordinary Items		**85,436**	(16,748)
	Prior Years Expenses		**(2,675)**	*(108)*
	Net Cash Flow from Operating Activities		**82,761**	(16,856)
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**			
	Purchase of Fixed Assets		**(23,427)**	*(2,286)*
	Sale of Fixed Assets		**-**	*52*
	Net Cash Used in Investing Activities		**(23,427)**	*(2,234)*
	Balance carried forward		**59,334**	*(19,090)*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

	Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
Balance Brought Forward		**59,334**	*(19,090)*
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Change in long term borrowings	**(50,520)**		26,772
Interest Expense	**(7,718)**		*(10,469)*
Interest Income	**1,899**		*2,896*
Net Cash Used in Financing Activities		**(56,339)**	*19,199*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**2,995**	***109***
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING			
Cash and Bank Balances	**2,220**		*2,111*
		2,220	*2,111*
CASH AND CASH EQUIVALENTS AS AT THE ENDING			
Cash and Bank Balances	**5,215**		*2,220*
		5,215	*2,220*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**2,995**	*109*

NOTES

1 The Cash Flow statement has been prepared following the indirect method except in case of taxes paid which have been considered on the basis of actual movement of cash.

2 Purchase of fixed assets includes movements in Capital Work-in-process between the beginning and end of year.

3 Repayment of Borrowings are shown net of receipts.

4 Cash and cash equivalent represent cash and bank balances only.

5 Previous year's figures have been regrouped / reclassified wherever necessary.

6 Figures in brackets represent outflows.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
E. K. Irani
PARTNER
Date - May 22, 2006

For and on behalf of the Board

Ravi Nigam	*Sohel Shikari*	*Prashant Patil*
Executive Director	**Alternate Director**	**Company Secretary**

Financial Statement

Prepared in accordance with

United States Generally Accepted Accounting Principles (US GAAP)

Report of the Management

The management is responsible for preparing the Company's financial statements and related information that appears in this annual report for the years ended March 31, 2006, and March 31, 2005. The management believes that the financial statements fairly reflect the form and substance of transactions, and reasonably present the Company's financial condition and results of operations in conformity with United States of America Generally Accepted Accounting Principles. The management has included, in the Company's financial statements, amounts that are based on estimates and judgments, which it believes are reasonable under the circumstances.

The Company maintains a system of internal procedures and controls intended to provide reasonable assurance, at appropriate cost, that transactions are executed in accordance with Company authorization and are properly recorded and reported in the financial statements, and that assets are adequately safeguarded.

Kalyaniwalla & Mistry audits the Company's financial statements in accordance with the generally accepted auditing standards in the United States of America and provides an objective, independent review of the Company's internal controls and the fairness of its reported financial condition and results of operations.

Ravi Nigam
Executive Director

Sohel Shikari
Alternate Director

Place : Bangalore
Dated : May 17, 2006

Independent Auditors' Report

To the Board of Directors and Stockholders of

Tasty Bite Eatables Limited

We have audited the accompanying balance sheets of Tasty Bite Eatables Limited ("the Company") as of March 31, 2006 and March 31, 2005 and the related statements of income, stockholders' equity and cash flows for each of the years in the two-year period ended March 31, 2006. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts & disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tasty Bite Eatables Limited as of March 31, 2006 and March 31, 2005, and the results of its operations and its cash flows for each of the years in the two year period ended March 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Kalyaniwalla & Mistry
Chartered Accountants

Place : Mumbai
Dated : May 22, 2006

Balance Sheets as at March 31,

	Rs '000 2006 TOTAL	Rs '000 2005 TOTAL
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**5,215**	2,220
Trade accounts receivable, net of allowances	**76,424**	133,055
Inventories	**29,270**	24,872
Investments (Available for Sale)	**50**	50
Prepaid expenses and other current assets	**51,373**	25,719
Prepaid income taxes	**2,661**	2,227
Total current assets	**164,993**	188,143
Property,plant and equipment - net	**44,352**	46,311
Deferred tax assets	**1,035**	9,129
Other assets	**2,817**	2,778
TOTAL ASSETS	**213,197**	246,361
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	**52,871**	45,264
Borrowings - Short Term	**5,368**	75,076
Other liabilities	**21,664**	20,188
Taxes payable		
Redeemable preferred stock dividends payable	**128**	128
Total current liabilities	**80,031**	140,656
Long Term Debt	**19,188**	-
Redeemable preferred stock		
Rs. 100 par value		
Issued and outstanding - 59,530		
Non-cumulative, non-convertible, non-participating	**5,953**	5,953
STOCKHOLDERS' EQUITY		
Common Stock, Rs. 10 par value :		
Authorized - 4,400,000		
Issued and outstanding - 2,566,000	**25,660**	25,660
Additional paid-in-capital	**25,598**	38,496
Retained Earnings	**56,767**	35,596
Accumulated other comprehensive income		
Total stockholders' equity	**108,025**	99,752
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**213,197**	246,361

Consolidated Statements of Income for the years ended March 31

	Rs '000 2006 TOTAL	Rs '000 2005 TOTAL
REVENUE		
Revenue	**262,486**	225,856
Cost of revenue	**185,463**	175,722
Gross profit	**77,023**	**50,134**
OPERATING EXPENSES		
Selling, general and administrative expenses	**51,843**	42,884
Depreciation	**6,493**	7,004
Total operating expenses	**58,336**	**49,888**
Operating income	**18,687**	**246**
Other income, net	**(1,938)**	(7,059)
Income before income taxes	**16,749**	**(6,813)**
Provision for income taxes	**(8,476)**	1,474
Net income	**8,273**	**(5,339)**
EARNINGS PER EQUITY SHARE		
Basic		
On Income before extraordinary items	**3.22**	(2.08)
On extraordinary items	**-**	-
Net Income per share	**3.22**	(2.08)
Assuming Dilution		
On Income before extraordinary items	**3.22**	(2.08)
On extraordinary items	**-**	-
Net Income per share	**3.22**	(2.08)
Weighted equity shares used in computing earnings per equity share		
Basic	**2,566,000**	2,566,000
Diluted	**2,566,000**	2,566,000

STATEMENT OF STOCKHOLDERS' EQUITY

Rs. '000s

	Equity shares		Additional paid-in capital	Retained Earnings	Other Comprehensive Income	Total stockholders' equity
	Shares	Par value				
Balance as of March 31, 2004	**2,566,000**	**25,660**	**51,394**	**28,037**	**-**	**105,091**
Common stock issued	-	-	-	-	-	-
Net income	-	-	-	(5,339)	-	(5,339)
Transfer to Retained Earnings	-	-	(12,898)	12,898	-	-
Cash dividends declared	-	-	-	-	-	-
Balance as of March 31, 2005	**2,566,000**	**25,660**	**38,496**	**35,596**	**-**	**99,752**
Common stock issued	-	-	-	-	-	-
Net income	-	-	-	8,273	-	8,273
Transfer to Retained Earnings	-	-	(12,898)	12,898	-	-
Cash dividends declared	-	-	-	-	-	-
Balance as of March 31, 2006	**2,566,000**	**25,660**	**25,598**	**56,767**	**-**	**108,025**

PROFIT RECONCILIATION
(STATUTORY ACCOUNTS & ACCOUNTS AS PER US GAAP)

Rs. 000's

	Year ended March 31	
	2006	2005
Profit/Loss as per statutory accounts	**5,582**	(2,682)
Misc. expenditure written off	**17**	17
Preference Dividend	**-**	-
Prior year adjustments	**2,674**	(2,674)
Profit/Loss as per US GAAP	**8,273**	(5,339)

STATEMENTS OF CASHFLOWS FOR THE YEARS ENDED MARCH 31

	Rs. '000 2006	Rs. '000 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	**8,273**	(5,339)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	**6,493**	7,004
(Profit) \ Loss on sale of fixed assets	**-**	27
Deferred Tax Charge (Benefit)	**8,094**	(1,474)
Changes in assets and liabilities		
Trade Accounts Receivable (Net)	**56,630**	(33,545)
Prepaid Expenses & Other Current Assets	**(25,654)**	(9,445)
Prepaid Income Taxes (net of taxes payable)	**(434)**	(97)
Inventory	**(4,398)**	4,618
Other Assets	**(39)**	204
Accounts Payable	**4,933**	6,051
Other Liabilities	**4,151**	7,567
Redeemable preferred stock dividends payable		
Net cash provided by operating activities	**58,049**	(24,429)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on property plant & equipment	**(4,534)**	(2,286)
Expenditure on Investments	**-**	-
Proceeds from sale of property plant & equipment	**-**	52
Net cash (used in) investing activities	**(4,534)**	(2,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in borrowings	**(50,520)**	26,772
Net cash provided by financing activities	**(50,520)**	26,772
Net increase in cash and cash equivalents during the year	**2,995**	109
Cash and cash equivalents at the beginning of the year	**2,220**	2,111
Cash and cash equivalents at the end of the year	**5,215**	2,220
	2,995	109

Notes to the Financial Statements

1. Significant accounting policies

a. The company

Tasty Bite Eatables Limited ("the Company") is primarily in the business of selling "Ready-to-serve" Indian food both in India and in the International market. The Company is organized into two main business segments, namely :

(i) Ready to serve which includes processing of vegetables

(ii) Cold Storage comprising of providing cold storage on rental basis and processing activities.

b. Basis of preparation of financial statements

The financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP"). All amounts are stated in Indian Rupees.

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include provision for expenses, bad and doubtful debts, future obligations under employee benefit plans, employee ex-gratia & useful lives of property, plant and equipment. Actual results could differ from those estimates.

d. Property, plant and equipment

Property, plant and equipment are stated at cost. The company depreciates all property, plant and equipment using the straight line method. The estimated useful lives of the asset are as follows

Building	28 years
Plant & Machinery	21 years
Office Equipment	13 years
Computers	3 years
Furniture & Fixtures	10 years
Vehicles	10 years

Capital work in progress consists of cost of capital projects not completed and not put to use.

e. Impairment of long-lived assets

The company evaluates the recoverability of its long-lived assets and certain identifiable intangibles, if any, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

f. Investments

Investment securities in which the Company controls less than 20% voting interest are currently classified as "available for sale" securities. Non-readily marketable equity securities for which there are no readily determinable fair values are recorded at cost. Investment securities designated as "available-for-sale" are carried at their fair value. Fair value is based on quoted market prices. Unquoted securities are carried at cost, adjusted for declines in value judged to be other than temporary. Temporary unrealized gains and losses, net of the related tax effect are reported as a separate component of stockholders' equity until realized. Realized gains and losses and declines in value judged to be other than temporary on "available-for-sale" securities are included in the statements of income. The cost of securities sold is based on the weighted average method. Interest and dividend income is recognized when earned.

g. Cash and cash equivalents

The company considers Cash and cash equivalents to include cash in hand and balances in current account and deposit accounts (with maturity of three months or less) with banks.

h. Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits of which future realization is uncertain.

i. Fair value of financial instruments

The carrying amounts of cash, cash equivalents, accounts receivable and accounts payable approximate their respective fair values due to short maturities of these instruments.

j. Revenue Recognition

The Company recognizes income from sale of products on dispatch to customers.

k. Earnings per share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

l. Research and Development

Research and Development costs are expensed as incurred.

m. Retirement benefits to employees

Retirement benefits to employees comprise payments under approved provident fund plans and gratuity to eligible employees, which are charged against revenue. The liability in respect of future payment of gratuity to retiring employees is provided on the basis of actual calculations at the end of each year and leave encashment is paid in the year when the leave accrues.

n. Foreign currency transactions

The company records income and expenditure in foreign currency at the exchange rates prevailing on the date of the transactions. Assets and Liabilities related to foreign currency transactions remaining unsettled at the year end are stated at year end rates. Exchange gains/losses are recognised in the Profit and Loss Account in case of revenue items and capitalised in case of capital items.

o. Concentration of risk

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash equivalents and trade receivables. The Company's cash resources are invested with corporations and banks with high investment grade credit ratings. Limitations have been established by the company as to the maximum amount of cash that may be invested with any such single entity. To reduce its credit risk, the company performs ongoing credit evaluations of clients.

2. Property, plant & equipment

- **Property, plant and equipment - net**

		Rs. '000s
		As at March 31
	2006	**2005**
Land	1,255	1,255
Buildings	17,965	9,987
Plant & Machinery	98,765	31,482
Computers	5,009	1,561
Office Equipment	1,789	1,187
Furniture & Fixtures	3,834	830
Vehicles	44	9
	147,554	124,127
Accumulated Depreciation	84,309	77,816
	44,352	46,311

Depreciation expenses amounted to Rs.6,493 thousand, and 7,004 thousand, for the financial years ended March 31, 2006 and March 31 2005 respectively.

3. **Cash & cash equivalents**

The cost & fair values for cash and cash equivalents as at March 31, 2006 and 2005 are as follows

Cost and fair value (in Rs.'000)	**2006**	**2005**
Cash on hand	61	44
Balance with Bank on Current & Deposit accounts	5,154	2,176
	5,215	**2,220**

4. **Accounts Receivable**

The accounts receivable as of March 31, 2006 amounted to Rs.76,424 net of allowance for doubtful debts of Rs.1,211. The accounts receivable as of March 31, 2005 amounted to Rs. 133,055 net of allowance for doubtful debts of Rs. 709. The age profile is as given below :

		in %
Period in days	**2006**	**2005**
0 – 30	40.91	17.81
31 – 60	30.01	10.08
61 – 90	16.58	11.89
More than 90	12.50	60.22
	100.00	**100.00**

5. **Investments**

Investments consist of the following:

		Rs. '000s
	2006	**2005**
2,000 shares of Rs. 25 each in The Shamrao Vithal Co-operative Bank Ltd.	50	50
	50	**50**

Investments are made for obtaining finance from Bank.

6. **Prepaid expenses and other current assets**

Prepaid expenses and other current assets consist of the following:

		Rs. '000s
	2006	**2005**
Advances recoverable	51,358	25,702
Other current assets	15	17
	51,373	**25,719**

Advances recoverable include payments to vendors for supply of goods and services.

7. **Other Assets**

Other assets represent the non-current portion of deposits placed.

8. **Related Parties**

The major export revenue of the Company is derived from transactions with Preferred Brands Inc. LLC, the ultimate Holding Company. The Company thus places significant reliance on its ultimate Holding Company for the same.

		Rs. '000s
	2006	**2005**
Exports to Preferred Brands Inc. LLC	122,286	147,189
Interest Income – Preferred Brands Inc. LLC	1,796	2,428
Expenses charged to other Co.s Preferred Brands Inc. LLC	364	458
Interest paid	1,017	-
Loan taken	19,188	-
Outstanding Receivables	38,502	94,087

Relatives of Key Management Personnel

Mr. K. S. Shikari – Father of Mr. Sohel Shikari is a partner of K. S. Shikari & Associates

Nature of Transaction	Consultancy on design of RTC Plant
Value of transaction	Rs. Nil thousand and Rs. 116 thousand for financial years March 31, 2006 and March 31, 2005 respectively

9. Stockholders' Equity

The Company has two classes of capital stock referred to herein as common stock and preferred stock. The preferred stock issued by the Company are of a non-convertible type and are redeemable at a value of Rs. 1,950 in excess of the par value of the stock on August 31, 2007. Rs. 12,898 thousand is transferred to a Sinking Fund, termed the Capital Redemption Reserve from the Retained earnings every year, towards this liability.

Voting

Each holder of common stock is entitled to one vote per stock. The holders of preference stock are not entitled to vote.

Dividends

Dividends will be paid, as and when declared, in Indian Rupees. As per the guidelines issued by the Securities & Exchange Board of India, common stock issued by Company are to rank pari-passu in all respects.
The preferred stock are entitled to dividend at the rate of 1% on a non-cumulative basis. Accordingly, the Company has declared a preference cash dividend of Rs. Nil and Rs. Nil for the financial years ended March 31 2006 and March 31, 2005 respectively.

Liquidation

In the event of liquidation of the Company, the holders of the Common Stock shall be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.
The preferred stock holders have a preferential right on liquidation which shall not exceed the stated par value of the preferred stock.

Stock Options

There are no stock options issued by the Company.

10. Restricted Retained Earnings

Retained earnings as at March 31, 2006 include profits aggregating to Rs. 101,960 ('000s), which are not distributable as dividends under Indian Company Law.
Indian statutes mandate that dividends be declared out of distributable profits only after transfer of upto 10% of net income, computed in accordance with current regulations, to a general reserve. Additionally, the remittance of dividends outside India is governed by Indian statutes on foreign exchange transactions.

11. Other accrued liabilities & dividend

		Rs. '000s As at March 31
	2006	**2005**
Post Retirement Benefits	**2,972**	2,812
Accrued preferred stock dividends (including tax thereon)	**128**	128
Advances from Customers and deposits	**-**	4,348
Other liabilities	**18,692**	13,028
	21,792	20,316

12. Employee post-retirement benefits

Gratuity

In the financial years ended March 31 2006 & 2005, the Company contributed Rs. 228 thousand and Rs. 300 thousand respectively to the gratuity plan.

Provident Fund

The Company contributed Rs. 931 thousand and Rs. 1,181 thousand to the provident fund plan in the financial years ended March 31 2006 and March 2005 respectively.

Leave Encashment

The Company provided Rs.747 thousand and Rs. 1,013 thousand as Leave Encashment for the years March 31 2006 and March 31, 2005 respectively.

13. Long Term Debt

During the year, the Company (TBEL) has taken ECB of $ 1.3 million from Preferred Brands International LLC, U.S.A. (PBI), its ultimate holding company, for capacity expansion and modernisation of the existing manufacturing infrastructure. TBEL has received RBI approval ref. FED.CO.ECBD./03.02.766/2005-06 dated November 09, 2005. As per the agreement between TBEL and PBI, the whole amount of $ 1.3 million is earmarked by PBI for TBEL and hence, TBEL is required to pay the interest at the applicable rates on the whole amount irrespective of actual draw downs. As a result, TBEL has provided for interest on the complete amount of $ 1.3 million for the proportionate period, whereas only the amount of actual draw down has been shown under 'Secured Loans'.

14. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

	As at March 31 2006	Rs. '000s 2005
Basic earnings per equity share - weighted average number of common shares outstanding	**2,566,000**	2,566,000
Effect of dilutive common equity shares –	**-**	-
Diluted earnings per equity share – weighted average number of common shares and common equivalent shares outstanding	**2,566,000**	2,566,000

15. Segment Reporting

(i) Information about Primary Business Segments : (Rs. '000s)

PARTICULARS	RTS		COLD STORAGE & PROCESSING		UNALLOCATED		TOTAL	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenue								
External	**248,492**	*211,058*	**13,693**	*4,864*	**301**	*9,934*	**262,486**	*225,856*
Inter-segment	**-**	-	**-**	-	**-**	-	**-**	-
Total revenue	**248,492**	*211,058*	**13,693**	*4,864*	**301**	*9,934*	**262,486**	*225,856*
Result								
Segment result	**73,159**	*56,436*	**5,785**	*(555)*	-	*1,165*	**78,944**	*57,046*
Unallocated expenditure net of unallocated income	**-**	-	**-**	-	**(57,634)**	*(56,286)*	**(57,634)**	*(56,286)*
Interest expenses	**-**	-	**-**	-	**(6,460)**	*(10,469)*	**(6,460)**	*(10,469)*
Interest income	**-**	-	**-**	-	**1,899**	*2,896*	**1,899**	*2,896*
Profit before taxation and exceptional items	**73,159**	*56,436*	**5,785**	*(555)*	**(62,195)**	(62,694)	**16,749**	*(6,813)*
Provision for taxation - current tax	**-**	-	**-**	-	**-**	-	**-**	-
Deferred tax	**-**	-	**-**	-	**(8,476)**	*1,474*	**(8,476)**	*1,474*
Prior period items	**-**	-	**-**	-	**-**	-	**-**	-
Exceptional items	**-**	-	**-**	-	**-**	-	**-**	-
Profit after taxation and exceptional items	**73,159**	*56,436*	**5,785**	*(555)*	**(70,671)**	(61,220)	**8273**	*(5,339)*
Tax credit	**-**	-	**-**	-	**-**	-	**-**	-
Net profit	**73,159**	*56,436*	**5,785**	*(555)*	**(70,671)**	(61,220)	**8273**	*(5,339)*
Other information								
Segment assets	**159,743**	*185,089*	**11,640**	*6,887*	**41,814**	*54,385*	**213,197**	*246,361*
Capital expenditure	**3,299**	*154*	**250**	*17*	**985**	*2,115*	**4,534**	*2,286*
Depreciation	**3,493**	*1,733*	**440**	*439*	**2,560**	*4,832*	**6,493**	*7,004*

ii) Information about Secondary Business Segments (Rupees in Thousands)

Revenue by geographical market	India		Outside India		Total	
	2006	2005	**2006**	2005	**2006**	2005
External	**58,075**	*41,094*	**204,411**	*184,762*	**262,486**	225,856
Inter-segment	**-**	-	**-**	-	**-**	-
Total	**58,075**	*41,094*	**204,411**	***184,762***	**262,486**	225,856
Carrying amount of segment assets	**154,251**	*132,662*	**58,946**	*113,699*	**213,197**	246,361
Additions to fixed assets	**4,534**	*2,286*	**-**	-	**4,534**	2,286

iii) NOTES:

a) The Company is organised into two main business segments, namely: 'Ready to serve' (RTS) which also includes Frozen Vegetables. Cold Storage comprising of providing cold storage on rental basis and Processing activities. Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure and the internal financial reporting systems.

b) Segment Revenue and Expenses - Segment revenue and expenses are directly attributable to the segment. It does not include loss on sale of assets, interest expenses and common expenses which cannot be allocated on a reasonable basis.

c) Segment Assets and Liabilities - All segment assets that are not directly attributable to any segment are referred to as Unallocated Assets. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include share capital, reserves and surplus, borrowings and income tax (both current and deferred)

d) The Segment Revenue in the geographical segments considered for disclosure are as follows:
Revenue within India includes sales to customers located within India and earning in India. Revenue outside India includes sales to customers located outside India and earnings outside India.

16. Other Income – Net

Other income, net, consists of the following :

	Rs. '000s Year ended March 31 **2006**	**2005**
Interest income	**1,899**	2,896
Profit \ (Loss) on sale of Fixed Assets	**-**	27
Other Income	**3,872**	514
Preference dividend (including tax)	**9**	-
Interest expense	**(7,718)**	(10,469)
	(1,938)	(7,059)

17. Research & Development

The cost incurred on account of Research & Development in the financial year ended March 31, 2006 and 2005 has been apportioned to the respective heads of expense.

18. Income Taxes

The provision for Income Taxes is composed of :

	Rs. '000s Year ended March 31 **2006**	**2005**
Current Taxes		
Domestic Taxes	**-**	-
Foreign Taxes	**-**	-
Fringe Benefit Tax	**381**	-
	381	-
Deferred Taxes		
Domestic Taxes	**8,095**	(1,474)
Foreign Taxes	**-**	-
	8,095	(1,474)
Aggregate Taxes	**8,476**	(1,474)

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the financial statement items that created these differences are :

		Rs. '000s Year ended March 31
	2006	2005
Deferred Tax Assets/(Liabilities)		
Property, plant & equipment	**(9,500)**	(11,158)
Operating losses carried forward	**8,768**	18,999
Gratuity	**1,000**	1,029
Others	**766**	259
Net deferred tax Assets	**1,034**	9,129

Reconciliation of tax rates

		Rs. '000s Year ended March 31
	2006	2005
Income before taxes	**8,273**	(2,665)
Statutory tax rate	**33.66%**	36.59%
Income tax (income) / expense at the statutory tax rate	**2,785**	-*
Increases/(Reductions) in taxes on account of :		
Accelerated/specific tax deductions	**976**	-
Expenses disallowed for tax purposes	**3,290**	-
Other Items	**(7,051)**	-
Current Domestic tax expense reported	**-**	-

* Since, the income before taxes is negative, tax expense is Rs.Nil and hence no reconciliation has been prepared.

19. Contingencies

For taxation Rs.281 thousand

Against outstanding guarantees Rs.950 thousand.

PROXY FORM

TASTY BITE EATABLES LIMITED

Regd.Office : **204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune – 411 005**

I/We…………………………………………………...........……… of………………….............................……… in the State of ……………………..........................……… being a Member/Members of the above named Company hereby appoint Mr./Ms. …………………………………….......................................……. of ………………................................…… in the State of ………….........………….. as my/our proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Monday, the 25th September, 2006 at 11.00 A.M. and at any adjournment thereof.

Affix One Rupee Revenue Stamp here

Regd. Folio No……………………………. Signature………..............................……

Address……………………………………

……………………………………………..

Notes : (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.

(2) The proxy duly signed across revenue stamp of One Rupee must reach the Registered Office of the Company not less than 48 hours before the time of meeting.

TASTY BITE EATABLES LIMITED

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall.

Name of the attending Member …………………………………...………
(IN BLOCK LETTERS)

Member's Folio No……………………...............…… No. of shares held by the Member……..................……

Name of Proxy………………………..………………
(IN BLOCK LETTERS) (To be filled in if the Proxy attends instead of Member)
I hereby record my presence at the 22nd ANNUAL GENERAL MEETING held at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune-5.

Member's/ Proxy's Signature……………………………………………
(To be signed at the time of handing over this slip)

For Office use only

Registered Office
204, Mayfair Towers,
Wakdewadi, Shivajinagar,
Pune - 411 005
Phone : +91-20-2551 0685
Fax : + 91-20-2551 2695
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