Tasty Bite Eatables Limited

26th Annual Report
2009 - 2010

TASTY BITE EATABLES LIMITED

MISSION STATEMENT

Purpose	Be a Values-Driven Company that will make Tasty Bite a household name by
Scope	Manufacturing and Marketing Natural, Convenient, Speciality Foods that will offer consumers
Promise	Great Taste, Good Value and a Range of cuisine achieved through
Advantage	Product Innovation, low-cost manufacturing, Versatility, Vertical integration and customer partnerships in a
Environment	Knowledge Drive, energetic and Fun work environment.

INDIA'S BEST COMPANIES TO WORK FOR 2010

Tasty Bite Eatables Limited

Ranked Among Top 100

For inspiring trust among your people, for instilling pride in them, for creating an environment within the workplace that promotes camaraderie and for many other reasons that makes your organisation one of India's best companies to work for.

Robert Levering
Co-Founder
Great Place to Work Institute Inc.

Dr. Bhaskar Das
Executive President
The Times of India Group

Prasenjit Bhattacharya
Chief Executive Officer
Great Place to Work Institute India

GREAT PLACE TO WORK INSTITUTE

THE ECONOMIC TIMES

GREAT PLACE TO WORK INSTITUTE INDIA

CORPORATE INFORMATION

Directors
Mr. Ashok Vasudevan, *Chairman*
Mr. Ravi Nigam, *Managing Director*
Mrs. Meera Vasudevan
Mr. K. P. Balasubramaniam
Dr. V. S. Arunachalam
Mr. Kavas Patel
Mr. Sohel Shikari, *Alternate Director*

Registered Office
204, Mayfair Towers
Wakdewadi, Shivajinagar
Pune - 411 005
Tel: 020- 25510685
Fax: 020- 25512695

Auditors
M/s Kalyaniwalla & Mistry
Chartered Accountants, Pune

Factory
Village Bhandgaon
Taluka Daund
Dist. Pune, Maharashtra

Bankers
AXIS Bank Limited
ICICI Bank Limited
Bank of Baroda

Share Transfer Agent
M/s Karvy Computershare Pvt. Ltd.
"Karvy House", 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034

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26th Annual General Meeting

Date	:	16th September 2010
Time	:	3:00 p.m.
Venue	:	Hotel Le Meridien Pune, RBM Road Pune - 411 001

A Request

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

FINANCIAL HIGHLIGHTS	2009-2010	2008-09	2007-08	2006-07	2005-06	2004-05
Months	**12**	12	12	12	12	12
Statement of Income						
Revenue	**7,244.14**	4,632.71	3,698.90	3,075.48	2,682.66	2,292.66
Cost of Revenue	***4,103.45**	2,388.19	1,972.48	1,686.44	1,302.07	1,210.17
Gross Profit	**3,140.69**	**2,244.52**	**1,726.42**	**1,389.04**	**1,380.59**	**1,082.49**
Operating Expenses	**1,760.06**	1,815.30	1,409.56	1,146.22	1,071.16	948.24
Depreciation	**152.22**	99.38	86.47	67.12	64.93	70.04
Interest	**99.54**	97.46	71.08	32.00	77.18	104.69
Extra-Ordinary (Income)/Expenses	**0.21**	0.76	(14.69)	20.27	26.75	1.08
Provision for Tax	**431.77**	90.59	57.03	36.79	84.76	(14.74)
Net Profit	**696.90**	**141.03**	**116.97**	**86.64**	**55.81**	**(26.82)**
Assets Employed						
Fixed Assets - Gross	**2,487.73**	2,086.24	2,109.81	1,885.95	1,286.61	1,241.27
Fixed Assets - Net	**1,548.11**	1,365.01	1,119.97	1,032.00	632.45	463.11
Investments	**-**	-	-	0.50	0.50	0.50
Current Assets	**3,626.23**	2,242.80	1,889.72	1,730.77	1,488.69	1,908.73
Current Liabilities	**(1,405.96)**	(868.06)	(916.16)	(852.94)	(746.63)	(629.05)
Deferred Revenue Expenditure	**-**	-	-	0.18	0.36	0.53
Deferred Tax Asset / (liability)	**(120.53)**	(83.85)	(63.40)	(21.48)	10.35	91.29
	3,647.85	**2,655.90**	**2,030.13**	**1,889.03**	**1,385.72**	**1,835.11**
Net Current Assets	**2,220.27**	1,374.74	973.56	877.83	742.06	1,279.68
Financed By						
Share Capital	**316.13**	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	1,312.92
Shareholders' Funds	**1,629.05**	1,629.05	1,629.05	1,629.05	1,629.05	1,629.05
Profit (Loss) Carried Forward/ Surplus	**522.02**	(144.25)	(285.28)	(402.25)	(488.89)	(544.70)
Loan Funds	**1,496.78**	1,171.10	686.36	662.23	245.56	750.76
	3,647.85	2,655.90	2,030.13	1,889.03	1,385.72	1,835.11
Ratios						
Current Ratio	**2.58**	2.41	2.06	2.03	1.99	3.03
Working Capital Turnover	**3.26**	3.37	3.80	3.50	3.62	1.79
Gross Profit % To Revenue	**43%**	48%	47%	45%	51%	47%
Net Profit % To Revenue	**9.62%**	3.04%	3.16%	2.82%	2.08%	-1.17%
Debt Equity Ratio	**0.70**	0.72	0.42	0.41	0.15	0.46
Capital Turnover	**1.96**	1.74	1.82	1.63	1.94	1.25
Fixed Assets to Shareholders' Funds	**0.72**	0.84	0.69	0.63	0.39	0.28
Earnings Per Share	**27.13**	5.50	4.56	3.38	2.17	(1.05)
Net Worth	**2,151.07**	**1,484.80**	**1,343.77**	**1,226.80**	**1,140.16**	**1,084.35**

* Current year includes trading goods.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It was a decade ago, when I first had the privilege to address all you as Chairman of your Company in the Annual Report titled "The Turnaround". We articulated the 4C strategy and reported profits for the first time in the Company's history, releasing it from the clutches of BIFR.

What a decade it has been. Ten years since the turnaround it is my pleasure to announce this year's record results. Simply put, it is another year of record growth in your Company's revenues and profits. Or to express it in another way, this year's PAT (profit after tax) is greater than the revenues of the Company then!

For the year ended March 31, 2010 your Company's revenues grew to Rs.72. 4 crores- a 56% growth over last year. The PAT for the same period grew nearly 400% to Rs. 7 crores! This has resulted in the elimination of all the Company's historical accumulated losses and the Board consequently endorsed the management's recommendation of a 10% dividend for the year subject to your approval at the Company's Annual General Meeting scheduled to be held on September 16, 2010

This performance raises two questions that are probably foremost in your mind.

What is driving this growth in revenues and earnings these last several years?
Is such growth sustainable in the near and medium-term?

Let me address the issue of the historical growth rate first. You will recall the Company's revenues have grown from less than Rs. 27 crores in FY'06 to over Rs. 72 crores last year. This translates to a CAGR (compound annual growth rate) of nearly 28% over this 4-year period. During the same 4-year period, PAT grew from Rs. 56 lakhs in FY'06 to nearly Rs. 7 crores last year- an annual rate of nearly 88%!

What makes this remarkable is that nearly 75% of this growth has been generated due to increase in exports and that too to the most competitive grocery industry in the world -the United States. Equally significant is that this has been achieved during years of unprecedented sluggishness in the US economy.

This growth has come through the sustained efforts of our largest customer and majority shareholder-Preferred Brands International, the Stamford CT based food company. Major focus has been to promote volume growth through three sustained efforts: increasing the number of users through wider grocery chain authorizations, increased usage amongst existing customers through focused and highly targeted marketing programs and finding new uses for our consumers through the launch of several new, innovative and relevant products that provide them greater usage occasion. While the private label business has grown modestly the Tasty Bite brand has grown rapidly and retained its status in the US prepared foods category as the #1 Indian brand and the # 3 Pan-Asian brand. Simultaneously, Australia has continued its steady growth over these years and there too, Tasty Bite is the dominant brand in its category and is distributed nationally in all major supermarket chains and independent stores.

Our focus in India has been the institutional segment catering to major international quick-service restaurants & corporates. For the same 4-year period our domestic business has grown from Rs. 1.3 crores in FY'06 to Rs.10.8 crores last year.

Meanwhile, in a continuing effort to drive profits, our manufacturing and supply chain team is working closely with the Tasty Bite Research Center (TBRC) to build efficiencies throughout the system, improve our cost structure and majorly contribute to customer acquisition. We have also maintained a conservative foreign exchange posture and benefited from the tailwinds of a reasonably stable dollar despite a weak US economy.

Clearly, our theme for FY'10 –'profitable growth' was well conceived and executed during the year as can be seen from various performance indicators.

Let me now briefly address the second question dealing with the sustainability of such growth and our ability to keep pace.

Even as the business has grown and brought with it operating pressures, the Company has retained a major focus on strategy, process and execution. As a result, I am deeply persuaded that we now have a business infrastructure in place that is geared to drive growth in all our key markets even as we endeavor to explore new opportunities. Here are a few highlights of our preparedness:

- We have embarked upon a major expansion and modernization drive that will virtually double our plant capacity this year.
- We are building a state-of-the-art research center in our campus in Bhandgaon and TBRC will relocate there in September. The mission statement of TBRC envisages it to become a center for excellence in prepared foods R&D.
- We are envisioning a major revamp in our farm and will transform it to a demonstration high-yielding farm while we further strengthen our contract farming initiatives. This will improve quality of our inputs and help keep our costs under control.
- Major efforts are being made to make Tasty Bite a household name in all our key markets by our focus on our product innovation, low cost manufacturing and customer partnerships.
- Most importantly, our employees continue to be our biggest source of inspiration. I am particularly pleased to announce that this year too the Great Place to Work Institute rated us among the Top 100 companies to work for in India.
- In the domestic business we see major opportunities over the next five years. We will be working very closely to build strategic relationships with some of our key customers and will continue to transform ourselves from a material supplier to a solutions provider.
- All of this is being facilitated in no small measure through the introduction of a unique strategy tool called the Spice Card inspired by the Balanced Score Card and adapted to suit our Company's unique needs.

Your Company is well poised to continue its growth trajectory in the medium term. While the North American consumers will continue to be the largest revenue source for the Company over the next five years, clearly it is my view that the Indian market will be the fastest growing as Tasty Bite continues to define new opportunities, identify and ride the megatrends in the Indian food and grocery industry.

I wish to thank all our stakeholders who have persisted with us in this long journey. On behalf of all the employees of the Company, I invite all to mark 2010 as a new beginning in the Company's journey and to join us in making Tasty Bite a valued partner to our customers and to make the brand a household name in all our key global markets.

Ashok Vasudevan
Chairman

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of Tasty Bite Eatables Limited will be held on Thursday, September 16, 2010 at 3.00 p.m. at Hotel Le Meridien Pune, RBM Road, Pune 411 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, the Profit & Loss Account for the financial year ended on that date and the reports of the Directors and the Auditors thereon.
2. To declare dividend on 59,530 1% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100 each for the Financial Year 2009-2010.
3. To declare dividend of Rs. 1 per Equity Share on 2,566,000 Equity shares of Rs. 10 each for the Financial Year 2009-2010.
4. To appoint a Director in place of Mr. Ashok Vasudevan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. K. P. Balasubramaniam, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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, Chartered Accountants, Pune who retire at this Annual General Meeting and being eligible, offer themselves for re-appointment, be and are hereby appointed as Auditors of the Company for holding 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:

7. To consider and if thought fit, to pass with or without modifications, the following, as Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269 read with Schedule XIII, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof and the Agreement dated July 20, 2006, approval of the Members of the Company be and is hereby accorded to revise the remuneration payable to the Managing Director of the Company as detailed in the Explanatory Statement w.e.f. April 1, 2010 till July 20, 2011.

   RESOLVED FURTHER THAT all other terms and conditions of the agreement mentioned above for the appointment of Mr. Ravi Nigam as approved by the Members at their Annual General Meeting held on September 25, 2006 shall remain unchanged.

   RESOLVED FURTHER THAT the aforesaid remuneration be considered as minimum remuneration notwithstanding that the Company may make loss or inadequate profits in the year(s) in which Mr. Ravi Nigam is paid the said remuneration.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this Resolution."
8. To consider and if thought fit, to pass with or without modifications, the following, as an Ordinary Resolution :

   "RESOLVED THAT consent of the Members of the Company be and is hereby accorded for appointment and payment of remuneration of Mr. Sohel Shikari (an Alternate Director appointed by the Board of Directors of the Company on February 6, 2010, pursuant to Article 84 of the Articles of Association of the Company and under Section 313 of the Companies Act, 1956, to Mrs. Meera Vasudevan, Director during her absence from the State of Maharashtra) as Alternate Director in whole time employment, designated as Group Chief Financial Officer (CFO) of the Company w.e.f. February 6, 2010 pursuant to Sections 198, 269, 309, 313 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

RESOLVED FURTHER THAT Mr. Sohel Shikari in the capacity as the CFO be paid remuneration as may be fixed by the Board within the limits approved by the Members until March 31, 2011 as per the details given in the Explanatory Statement.

RESOLVED FURTHER THAT the aforesaid remuneration be considered as minimum remuneration notwithstanding that the Company may make loss or inadequate profits in the year(s) in which Mr. Sohel Shikari is paid the said remuneration.

RESOLVED FURTHER THAT the appointment of Mr. Sohel Shikari as CFO on aforesaid remuneration, shall continue without a break, notwithstanding the break being caused in his Alternate Directorship due to the return/ arrival of Mrs. Meera Vasudevan in the State of Maharashtra, India for any reason.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this Resolution."

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

Dated : May 30, 2010 — **Ravi Nigam**
Place : Bengaluru — **Managing Director**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL 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. Members /Proxies should bring duly-filled Attendance Slips sent herewith, to attend the meeting.
3. Members who hold shares in demateralised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
4. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from September 9, 2010 to September 16, 2010 (both days inclusive) for the purpose of Annual General Meeting and Declaration of Dividend.
6. The dividend as recommended by the Board of Directors, upon declaration by the members at the 26th Annual General Meeting shall be paid to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar & Transfer Agents on or before Wednesday, September 8, 2010. In respect of shares held in dematerialised form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as on the closing hours of business on Wednesday, September 8, 2010.
7. Members are requested to notify changes, if any, in their registered addresses and all correspondences, including dividend matters to M/s. Karvy Computershare Pvt. Ltd. (Karvy).
8. The Company prefers use of ECS for payment of dividend. Considering the advantages, members are requested to enroll for ECS facility. In order to avoid loss of dividend warrants in transit, undue delay in receiving the warrants and to protect against fraudulent encashment of dividend warrants, members are requested to provide ECS Mandate before Wednesday, September 8, 2010 to Karvy under the signature of the sole/first joint holder, as per the following information which will be used by the Company for Dividend payment:

   i) Name of Sole/First joint holder and Folio No.

   ii) Particulars of Bank account viz.

      a) Name of the Bank
      b) Name of the Branch

c) Complete address of the Bank with Pin Code
d) Branch Code (9 Digits code number appearing on the MICR Band of the cheque supplied by the Bank)
e) Account Type (Savings Bank or Current account)
f) Bank account number allotted by the Bank

9. The Members holding shares in physical form are requested to send ECS Mandate duly filled in to Karvy. If shares are held in dematerialised form, Bank account details provided by the Depository Participants (DPs) will be used by the Company for dividend payments. Shareholders who wish to change such bank accounts may advise their DPs about such change with complete details of Bank account including MICR Code. After dispatch of dividend warrants, any request for change in the Bank Account will not be entertained by the Company or its Registrars.
10. Members desirous of obtaining any detailed information concerning the accounts and operations of the Company are requested to address their queries to the Managing Director or the Company Secretary so as 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.
11. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item No. 7 & 8 of the Notice is annexed hereto.
12. All the documents referred to in the Notice & Explanatory Statement are open for inspection at the Registered Office of the Company an all working days viz. from Monday to Friday between 10:00 am to 1:00 pm up to the date of Annual General Meeting.
13. 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.

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, A BRIEF RESUME OF THE DIRECTORS PROPOSED TO BE REAPPOINTED VIDE ITEM NO. 4 & 5 MENTIONED IN THE NOTICE IS DETAILED BELOW:

Mr. Ashok Vasudevan, aged 55 years, is a Non-Executive Director of the Company. Prior to co-founding Preferred Brands, he headed the India desk of Pepsi World Trade from its world beverage headquarters in Somers, New York. Prior to this he was a member of Pepsi's start-up team in India as Vice President - Exports. During his tenure at Pepsi he helped set up India's international trading division in a wide range of businesses including commodity trading, food processing, and value added exports. In the process, he has been involved in the design of several joint ventures in India and the US and was awarded the prestigious International MVP award.

Before joining Pepsi, Mr. Ashok Vasudevan spent 10 years with the Unilever group in India in various functions that included Management Development and Sales & Marketing, where he gained a unique understanding of both urban and rural India. During his last three years, with Unilever, he was Operations Manager for Eastern Europe, where he ran India's largest export program in that region.

Mr. Ashok Vasudevan regularly lectures at leading business schools in the US and India. He has a Bachelors in Agricultural Economics and a Masters in Business Administration. Ashok is currently the Chairman of Tasty Bite Eatables Limited. He is a Director in Preferred Brands International Inc., USA which in turn is the holding company with 100% shareholding of Preferred Brands Foods (India) Limited, the holding Company of Tasty Bite Eatables Limited. He is also a Director of ASG Omni India Pvt. Ltd. He does not hold any shares of the Company.

Mr. K. P. Balasubramaniam, aged 69 years, is an Independent Director of the Company. He is a graduate in Science (Maths) with Diploma in Business Administration from London, Fellow Member of the Institute of Directors, London and Member of British Institute of Management, London. He has rich and vast experience in Beer, Food Products and Garment Industries. He has successfully negotiated trade agreements for promoting different brands of Mysore Breweries Ltd. He has also promoted Export Garments & Spices for Pal Industries Ltd. He has introduced manufacture and distribution of Mineral Water with Brand name “Stream” in Karnataka & Andhra Pradesh. He is also a Director of many other Companies in India and President of Karnataka Brewers & Distillers Association. He holds 1500 Equity Shares of Rs. 10 each jointly with his wife Mrs. Rajeswari Balasubramaniam.

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

Item No. 7 of Special Business:

Revision in Remuneration of Mr. Ravi Nigam, Managing Director

Mr. Ravi Nigam was re-appointed as Executive Director and later re-designated as Managing Director, of the Company for 5 years w.e.f. July 20, 2006 approved by the Members of the Company at the Annual General Meeting held on September 25, 2006. The Members also approved his remuneration and other terms and conditions of the appointment as detailed in the Agreement signed for the purpose dated July 20, 2006.

Mr. Ravi Nigam, aged 50 years, holds a Degree in Chemistry and a Masters Degree in Rural Management from the Institute of Rural Management, Anand. He has vast domestic and international experience of over 28 years in Foods and Agriculture Sector. He was the Chief General Manager of Ballarpur Industries Ltd.'s Commodity Foods Group. He started his career with Britannia Industries and also worked for Pepsi India. He also, set up his own business providing Agri-exports consultation and worked with clients such as Pepsi, L&T, Proctor & Gamble, Tata Exports and Ballarpur Industries.

He has been the Chief Executive Officer of Tasty Bite Eatables Limited since 1997 when it was a sick unit under BIFR. He turned it around and made it a profit-making unit.

The remuneration since his re-appointment in 2006 has been in terms of Schedule XIII of the Companies Act, 1956.

The Board of Directors, considering the present profitable position of the Company for the year ended on March 31, 2010 propose to revise the remuneration payable to Mr. Ravi Nigam w.e.f. April 1, 2010 till the expiry of his tenure i.e. July 20, 2011.

The Food Industry needs constant efforts at product innovation and development, process improvisation, productivity increase and efficiencies and ensuring observance of highest international quality standards. The Board of Directors recognizes the leadership and guidance of Mr. Ravi Nigam to the Tasty Bite team and therefore proposes revision in the remuneration as follows:

Salary & Allowances: upto Rs. 3,10,000 p.m.

Perquisites: Provision of a car with driver for use in Company's business, Fuel & vehicle maintenance reimbursement upto Rs. 1.25 lacs p.a., Educational Allowance at Rs. 200 p.m. per child for max. 2 children.

Valuation of perquisites shall be as per the Income Tax Rules, 1962.

Other Benefits: Contribution to Provident Fund as per applicable Income Tax Rules and Company policy, Medical reimbursement as per Income Tax Rules and Leave Travel Allowance for self, spouse and children for travel to any place in India upto Rs. 60,000 p.a.

Other terms and conditions of the agreement dated July 20, 2006 remain unchanged.

The Board recommends the resolution for approval of the Members.

This be treated as an abstract of variation of the terms and conditions governing the payment of remuneration of the Managing Director under Section 302 of the Companies act, 1956.

No other Director, except Mr. Ravi Nigam, is in any way, concerned or interested in the said resolution.

Item No. 8 of Special Business:

The Board of Directors of the Company appointed Mr. Sohel Shikari as Alternate Director to Mrs. Meera Vasudevan who resides abroad, on February 6, 2010 under Section 313 of the Companies Act, 1956 read with Article 84 of the Articles of Association of the Company.

Mr. Sohel Shikari has been employed as Group Chief Financial Officer and in the whole time employment of the Company since 2002.

Mr. Sohel Shikari, aged 40 years, has a Masters degree in Civil Engineering from the Massachusetts Institute of Technology and has previously worked with Goldman Sachs in New York. He has been involved in the acquisition by Preferred Brands International Inc. USA of a majority interest of Tasty Bite Eatables Limited in 1999 and integrating the operations of the business.

He has been responsible for strategic planning in the group and heads the finance function as Group CFO. He is the Director of Preferred Brands Foods (India) Limited which is the holding Company of this Company. He is also a Director of Preferred Brands International Inc., the ultimate holding Company of the group.

The remuneration details of Mr. Sohel Shikari (Alternate Director) designated as Group Chief Financial Officer are:

Salary & Allowances: upto Rs. 2,85,000 p.m.

Perquisites: Provision of a car with driver for use in Company's business, Fuel & vehicle maintenance reimbursement upto Rs. 1.25 lacs p.a., Educational Allowance at Rs. 100 p.m. per child for max. 2 children.

Valuation of perquisites shall be as per the Income Tax Rules, 1962.

Other Benefits: Contribution to Provident Fund as per applicable Income Tax Rules and Company policy, Medical reimbursement as per Income Tax Rules and Leave Travel Allowance for self, spouse and children for travel to any place in India upto Rs. 1,00,000 p.a.

The Board recommends the resolution for approval of the Members.

This be treated as an abstract of the terms of appointment and remuneration of Mr. Sohel Shikari as the Alternate Director in whole time employment designated as CFO under Section 302 of the Companies Act, 1956.

No other Director except Mr. Sohel Shikari, is concerned or interested in the proposed resolution.

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

Dated : May 30, 2010 **Ravi Nigam**
Place : Bengaluru **Managing Director**

DIRECTORS' REPORT

To The Members,

Your Directors are pleased in presenting the Twenty Sixth Annual Report together with Audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

(Rs. In lacs)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Total Revenue	**7244.14**	4632.70
Operating Profit (loss) – PBDIT	**1380.63**	429.19
Interest	**99.54**	97.46
Depreciation	**152.22**	99.36
Profit (Loss) before Tax	**1128.87**	232.37
Provision for Taxation (MAT Credit Entitlement)	**(395.09)**	(70.14)
Provision for Deferred Tax	**(36.68)**	(20.44)
Prior Period Income/ (Expenses)	**(0.21)**	(0.76)
Net Profit	**696.89**	141.03
Profit/(Deficit) Carried Forward	**(144.25)**	(285.27)
Appropriations		
Dividend on Preference Shares	**0.60**	-
Dividend on Equity shares	**25.66**	-
Tax on Dividend	**4.36**	-
Profit/ (Loss) transferred to Balance Sheet	**522.02**	141.03

OPERATIONS

Your Company increased revenues by 56.37% from Rs. 46.33 Cr to Rs. 72.44 Cr. The export revenues grew from Rs. 36.01 Cr to Rs. 56.56 Cr. an increase of 57.07%. The volume growth in Sales was 60.78% as compared to the previous year. The Company continues using foreign exchange forward contracts to hedge the exposure to movements in foreign exchange rates.

DIVIDEND

The Board of Directors at their meeting held on May 30, 2010, recommended a maiden dividend of Re. 1 per equity Share (10% on the face value of Rs. 10 each) , subject to the approval of shareholders at the ensuing AGM, for the financial year 2009-2010. The Equity dividend payment would involve a cash outgo of Rs. 25.66 lacs towards dividend and Rs. 4.26 lacs towards tax on dividend being borne by the Company.

In addition to the above, the Company has provided for a preference dividend of 1% aggregating Rs.59, 530/- on its 59,530 1% Non Cumulative Non Convertible Redeemable Preference Shares of Rs. 100 each for the financial year 2009-10.

Upon declaration by the members at the 26th Annual General Meeting, the dividend shall be paid to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar & Transfer Agents on or before Wednesday, September 8, 2010. In respect of shares held in dematerialised form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as on the closing hours of business on Wednesday, September 8, 2010.

FIXED DEPOSITS

The Company has not accepted or invited any deposits from the public during the year under review.

DIRECTORS

Mr. Ashok Vasudevan and Mr. K.P. Balasubramaniam, who retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

Your Company places great 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 forms a part of this Annual Report. Your Company has also obtained a certificate from Practicing Company Secretary regarding compliance of conditions of corporate governance and is annexed as Annexure A to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors confirm:

(i) that in preparation of the accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

(ii) that they 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 they 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 they have prepared the annual accounts for the financial year ended March 31, 2010 on a 'going concern' basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report is given as an addition to this report and forms part of it.

AUDITORS

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Pune, retire as the Auditors of the Company at the forthcoming Annual General Meeting and are eligible for reappointment. The Directors recommend that M/s. Kalyaniwalla & Mistry, Chartered Accountants, Pune, be appointed as the Company's Auditors to hold office until the conclusion of the next Annual General Meeting. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with provisions of Section 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 B forming part of this Report.

PERSONNEL

During the year under review, the industrial relations of the Company continued to be cordial and peaceful. The Company strives in its HR initiatives to be an engine for instituting value and performance driven culture.

The Company has come a long way in achievement of its mission statement through its continuous efforts and perseverance. The focus is on continuous learning and development to build on the capabilities of the employees. Your Company consistently organises employees' training programmes which are right blend of classroom sessions and on-the-job training. This is done to balance the needs for training in behavioral, functional, managerial and leadership areas. The Company continues to maintain strong belief in all its employees who have played a vital role in the Company's transformation and gearing up for the future growth.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However as per the provisions of Section 219(1)(b)(iv) of the Act, the Reports and Accounts being sent are excluding the statement containing the particulars provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy thereof.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the confidence reposed and continued support extended by the customers, suppliers and shareholders as well as the bankers to the Company.

Your Directors also place on record their deep sense of appreciation for the efforts and contribution of the executives, staff and workers of the Company during 2009 – 10.

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

Date : May 30, 2010 **Ashok Vasudevan**
Place : Bengaluru **Chairman**

ANNEXURE TO DIRECTORS' REPORT

Annexure A

The Members
Tasty Bite Eatables Limited

Re: Corporate Governance Certificate

I have examined the compliance of conditions of Corporate Governance by Tasty Bite Eatables Limited (the Company) for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementations 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 my opinion and to the best of my information and according to the explanations given to me and representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

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

J. N. Mavji
Practising Company Secretary
Membership No. 6111
Certificate of Practice No. FCS 2821

Date : 29 May 2010
Place : Pune

Annexure B

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS & OUTGO :

A. CONSERVATION OF ENERGY :

a) Energy Conservation measures taken:

Power produced from captive power is maintained at 3.05 units/litre of fuel by undertaking preventive maintenance at regular basis.

b) Additional investment & proposals for reduction of consumption of energy being proposed:

The Company had purchased a new Diesel Generator Set of 250 KVA. This has increased the capacity to 750 KVA.

c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: —

d) Total energy consumption & energy consumption per unit of production as per Form A of the Annexure.

B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption as per **Form B** of the Annexure.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) total foreign exchange used & earned :

Current Year	**Current year**	Previous Year
Used (Rs. lacs)	**44.52**	802.13
Earned (Rs. lacs)	**5312.63**	3474.38

FORM A

Disclosure of particulars with respect to Conservation of Energy :

(A) Power and Fuel Consumption:

		Current Year	Previous Year
1.	Electricity		
a)	Purchased Unit (in KWH)	**25,01,710**	21,31,230
	Total Amount (in Rupees)	**1,26,61,910**	98,07,549
	Rate/Unit (In Rupees)	**5.06**	4.6
b)	Own Generation :		

Through Diesel Generator: A very small amount of electric power was generated through 750 KVA DG sets installed as stand-by arrangements, whenever there is power shortage from MSEDCL.

2.	Others (Briquettes)		
	Qty. (in ton)	**1,901.07**	1375.45
	Total Amount (In Rupees)	**77,20,469**	52,26,710
	Avg. Rate (in Rs./ton)	**4061.12**	3800.00

(B) Consumption Per Unit Production:

Standard products (with details) unit		
Electricity: KWH/KG	**0.339**	0.489
Furnace oil: KG/ KG	**0.006**	-
Briquettes: KG/ KG	**0.256**	0.352

FORM B

(A) RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company

   With continuous change in business and technology, investments in research and development need to be made. In its strive to be a centre of excellence in prepared foods R&D, the Company has set-up a modern in-house R&D research center lab within its Regd. & Corporate Office at 204, Mayfair Towers, Pune.

   During the year a range of new products were launched like rices, entrées, sauces, meal inspirations for both the branded and the private labeled business.

2. Benefits derived as result of the above R & D

   The above developments have benefited in a growth of Exports to Rs. 56.56 Crores in the current year from Rs. 36 Crores in the previous year.

3. Future plan of action

   The future plan of action for the Company is to develop various food ranges viz. frozen and chilled foods, nutritious and leguminous foods and organic foods.

4. Expenditure on R & D

a)	Capital (in Rs.)	7,69,819
b)	Recurring (in Rs.)	95,290
c)	Total (in Rs.)	8,65,109
d)	Total R & D expenditure as a percentage of total turnover	0.12%

(B) TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts in brief, made towards technology, absorption, adaptation and Innovation	NIL
2.	Benefits derived as a result of above efforts	
3.	Technology Imported (during last 5 years)	

CORPORATE GOVERNANCE REPORT

GOVERNANCE PHILOSOPHY

Your Company is committed to best global 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. Your Company firmly believes in the right of all its stakeholders to information regarding Company's business and financial performance.

Your Company continues to upgrade its management practices to conform to the norms of ideal corporate governance at frequent intervals.

BOARD OF DIRECTORS

a) Composition of Board

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 three eminently qualified Independent Directors.

b) Board Meetings

There were five Board Meetings during the year ended March 31, 2010. These were on May 29, 2009, July 29, 2009, September 22, 2009, October 29, 2009 and January 31, 2010 and the maximum interval between any two meetings was not more than 4 months.

All the Board Meetings are scheduled well in advance and the notice of each Board Meeting is given in writing and through e-mail to each Director. All the items in the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The agenda and the relevant notes are sent in advance separately to each Director. A Board member is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, with detailed presentations by functional heads.

The Board's role, functions, responsibility and accountability are clearly defined, in addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory/regulatory requirements, major accounting provisions and write-offs are considered by the Board. The minutes of the Board Meeting are circulated in advance to all Directors and confirmed at the subsequent Meeting.

c) Directors attendance record & directorships held

Sr. No.	Name of the Director	Category Of Directorship	Attendance in Board Meetings during 2009-10	Attendance at last AGM held on 27.08.09	No. of other Directorships# as on 31.03.2010	No. of other Committee positions held as on 31.03.2010 (Other Companies)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
1.	Mr. Ashok Vasudevan	N.E.D.	3	Yes	3	NIL
2.	Mrs. Meera Vasudevan	N.E.D.	2	No	4	NIL
3.	Mr. Ravi Nigam	E.D.	5	Yes	3	NIL
4.	Mr. K. P. Balasubramaniam	I.D.	3	No	5	1 (Member)
5.	Dr. V. S. Arunachalam	I.D.	4	No	1	NIL
6.	Mr. Sohel Shikari*	A.D.	3	Yes	3	NIL
7.	Mr. Kavas Patel	I.D.	4	Yes	7	3 (Chairman)

NED – Non-Executive Director, ED – Executive Director, AD – Alternate Director I.D. – Independent Director

Mrs. Meera Vasudevan is wife of Mr. Ashok Vasudevan.

*Mr. Sohel Shikari is an Alternate Director to Mrs. Meera Vasudevan.

including Private Limited companies and excluding foreign companies.

Details of the Directors seeking appointment/reappointment at the AGM pursuant to Clause 49 of the Listing Agreement have been given with the notice of Annual General Meeting.

COMMITTEES OF THE BOARD

a) AUDIT COMMITTEE

The Audit Committee consists of four members, three being Independent Non-Executive Directors and one Executive Director. All the members of the Audit Committee have adequate accounting and financial knowledge.

The constitution of the Committee & the attendance by the Committee members are as follows:

Name of the Director	Position	Independent/ Executive	No. of Meetings	
			Held	**Attended**
Mr. K. P. Balasubramaniam	Chairman	Independent	4	3
Dr. V.S.Arunachalam	Member	Independent	4	4
Mr. Ravi Nigam	Member	Executive	4	4
Mr. Kavas Patel	Member	Independent	4	3

The Group C.F.O., Internal Auditors and Statutory Auditors are invited to attend the meetings. Company Secretary of the Company acts as the Secretary of the Committee.

All Members of the Committee have wide exposure and possess sound knowledge in the areas of accounts, finance, business and internal control. The composition of the Committee is in conformity with the Clause 49 (II) of the Listing Agreement.

Terms of reference:

The powers, duties and terms of reference of the 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 its financial information to ensure that the financial statement is 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.

(m) In addition to the above, all items listed in clause 49(II)(D) of the Listing Agreement.

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

b) SHAREHOLDERS' GRIEVANCE COMMITTEE

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

The Board at its meeting held on May 30, 2010 has reconstituted the Shareholders' Grievance Committee as follows:

Mr. K. P. Balasubramaniam	Chairman	Independent Director
Dr. V.S.Arunachalam	Member	Independent Director
Mr. Kavas Patel	Member	Independent Director

At the beginning of the year under review, there were no complaints that were unresolved. During the year, the Company has received 4 (four) complaints which were resolved & no complaint is pending as on March 31, 2010.

DETAILS OF REMUNERATION OF THE BOARD OF DIRECTORS

All decisions related to the remuneration of the Directors, both Executive & Non Executive are decided by the Board of Directors of the Company in accordance with the shareholders approval, wherever necessary. Details of remuneration paid to the Executive & Non Executive Directors for the year 2009-10 are as follows:

a) Non Executive Directors

Name of the Director	No. of Tasty Bite's Shares held	Sitting fees (Rs.)	Professional fees (Rs.)	Total (Rs.)
Mr. Ashok Vasudevan	—	—	—	—
Mrs. Meera Vasudevan	—	—	—	—
Mr. K. P. Balasubramaniam	*1500	15,000	60,000	75,000
Dr. V.S.Arunachalam	NIL	20,000	80,000	1,00,000
Mr. Kavas Patel	NIL	20,000	80,000	1,00,000

* Jointly

The Board at its meeting held on May 30, 2010 has revised the sitting fees paid to the Independent Directors as follows (for each meeting attended):

Board Meeting (Rs.)	20,000
Audit Committee Meeting (Rs.)	20,000
Shareholder's Grievance Committee (Rs.)	10,000

b) Whole Time Directors : Mr. Ravi Nigam & Mr. Sohel Shikari :-

Salary (Rs.)	65,37,875
Benefits (Rs.)	-
Performance linked Incentive / Commission /Bonus (Rs.)	NIL

Notes:

1. The agreement with Mr. Ravi Nigam, Managing Director is for a period of five years. The Company or the Managing Director shall be entitled to terminate the agreement at any time by giving "Three months" advance notice in writing in that behalf to the other party .
2. Salary includes allowances. No commission or performance bonus has been paid to the directors.
3. No stock option scheme has been launched by the Company till now.

c) Remuneration Policy:

The Board of Directors has fixed the remuneration of the Whole-time Director, 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 Sections 198 & 309 of the Companies Act, 1956. The non-executive directors do not draw any remuneration from the Company except sitting fees for each meeting of the Board & professional fees by Independent Directors.

CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all its Members and Managerial personnel in line with the industry practice and all the members of the Board & the Managerial personnel of the Company have confirmed compliance with the Code of Conduct for the year under review, as adopted by the Company. The confirmation from the Managing Director regarding the compliance with the Code by all the Directors & Senior Management is annexed to the Report.

GENERAL BODY MEETINGS

Details of the last three Annual General Meeting are as follows

Financial year ended	Date & Time	Venue	Special Resolution
2008-09	27th Aug 09, 11.00 a.m.	Registered Office	None
2007-08	22nd Aug 08, 10.30 am	Registered Office	Extension of period of Redemption of Redeemable Preference Shares.
2006-07	14th Sept 07, 11:00 am	Registered Office	None

- The Registered Office of the Company is situated at 204, Mayfair Towers, Shivajinagar, Wakdewadi, Mumbai-Pune Road, Pune- 411005.
- All resolutions moved at the last Annual General Meeting were passed by a show of hands by the Members present at the meeting. During the previous year, the Company did not pass any special resolution through postal ballot.

DISCLOSURES

1. The transactions with related parties do not have potential conflict with the interests of the Company at large. A comprehensive list of related party transactions as required by the Accounting Standards (AS) 18 issued by Institute of Chartered Accountants of India, forms part of Note No. 11 of Schedule 15 to the Accounts in the Annual Report.
2. There has been no instance of non- compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or the Stock exchanges or any other statutory authority does not arise.
3. The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Company has identified major and minor risks like market risk, fluctuation in foreign exchange, interest rate, commodity (raw material etc.), price risks and packaging material prices and other business risks and these risks are analyzed from time to time by the executive management team and reviewed by the Board.
4. There has been no public, rights or preferential issues of shares and debentures during the year.
5. As required by Clause 49 of the Listing Agreement, the Company has obtained a certificate from Practising Company Secretary regarding compliance of conditions of Corporate Governance. The certificate is given as an annexure to the Directors' Report.

   The Company has complied with all the mandatory requirements of the Listing Agreement. The extent of adoption of non- mandatory requirements is given below:

Whistle Blower Policy

- Your Company has adopted and circulated whistle blower policy to provide necessary forum to raise any corporate governance issue to the management. This policy encourages employees to communicate incidents of any misuse of company's properties, any mismanagement or wrongful conduct prevailing anywhere within the organization

- The quarterly un-audited results of the Company after being subjected to Limited Review by the Statutory Auditors are published in newspapers and were also filed with the Electronic Data Information Filing and Retrieval System at www.sebiedifar.nic.in as per the earlier requirement of Listing Agreement. These results are not sent to shareholders individually.
- The Auditors have issued an unqualified report on the statutory financial statements of the Company.
- Training of Board Members/ Mechanism for evaluating non-executive directors.

All the non – executive directors have due qualifications, rich experience and expertise in their respective functional areas. They attend various programmes in the personal capacities which keep them abreast of relevant developments. There is no formal system of evaluating them.

MEANS OF COMMUNICATION

- The annual, half-yearly and quarterly results of the Company are published in national newspaper viz. Asian Age and local newspaper viz. Punyanagari.
- These newspapers are selected on the basis of having reasonable circulation in the areas where majority of our shareholders are located and also on the basis of cost effectiveness.
- The Company provides information to the Bombay Stock Exchange Limited as per the requirement of the Listing Agreement.
- The Company does not have its own website. Quarterly results, official news releases are therefore not being posted.
- Management Discussion and Analysis forms part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

a)	**Annual General Meeting**		
	- Date and Time	:	September 16, 2010 at 3.00 p.m.
	- Venue	:	Hotel Le Meridien Pune, RBM Road, Pune 411 001.
b)	**Financial Calendar**		
	Financial reporting for		
	- the quarter ending June 30, 2010	:	Second week of August, 2010
	- the half year ending September 30, 2010	:	Second week of November, 2010
	- the quarter ending December 31, 2010	:	Second week of February, 2011
	- year ending March 31, 2011	:	Last week of May, 2011
	Annual General Meeting for the year ending March 31, 2011	:	September, 2011
c)	**Financial Year**	:	April 1 to March 31
d)	**Dates of Book Closure**	:	September 9, 2010 to September 16, 2010 (Both days inclusive)
e)	**Dividend Payment**	:	Re. 1 per each equity share of Rs. 10
f)	**Listing on Stock Exchange**	:	Bombay Stock Exchange Ltd (BSE) Code : 519091 ISIN: INE 488B01017 Group : B
g)	**Registrar & Shares Transfer Agent**	:	M/s. Karvy Computershare Pvt. Ltd. "Karvy House", 46, Avenue 4, Street no.1 Banjara Hills, Hyderabad – 500034 Ph: 040-23312454 e-mail: mahendra.singh@karvy.com

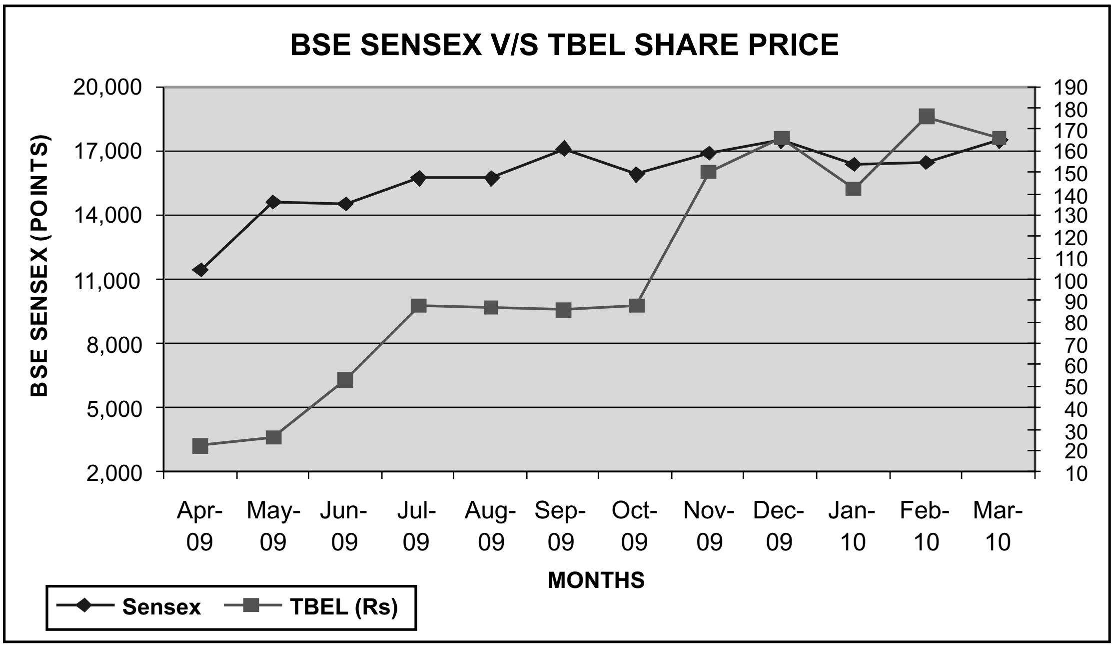
h) Stock Market data

The Market Price and Volume of the Company's Equity Shares traded on the Bombay Stock Exchange Limited; Mumbai during the year 2009-10 is as follows:

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)	Spread (Rs.) H-L
April 09	21.75	16.55	5,242	5.20
May 09	26.00	20.00	4,729	6.00
June 09	52.70	27.30	53,969	25.40
July 09	97.35	52.20	148,273	45.15
Aug 09	97.00	78.00	60,932	19.00
Sept 09	90.00	77.20	31,459	12.80
Oct 09	94.35	75.20	28,157	19.15
Nov 09	164.55	90.00	1,27,896	74.55
Dec 09	190.30	146.10	1,08,094	44.20
Jan 10	172.85	134.00	24,930	38.85
Feb 10	190.00	145.70	87,299	44.30
Mar 10	184.50	164.50	1,40,672	20.00

Note: The above data has been downloaded from the official website of the Bombay Stock Exchange Limited.

Stock performance Vs BSE Sensex :



The graph relates to the monthly closing price/ indices

i) Share Transfer System

In respect of transfer of shares, shareholders are advised to contact M/s. Karvy Computershare Pvt. Ltd. directly. Every effort is made to clear share transfers/transmissions and split/consolidation requests within 15 days. Requests for issue of duplicate share certificates are normally cleared within 25 days, subject to the documents being complete in all respects.

Secretarial Audit Report

The Securities and Exchange Board of India (SEBI) has, vide its circular dated December 31, 2002, made it mandatory for listed companies to subject themselves to secretarial audit to, inter alia, confirm that the total of the shares held in National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) and in physical form tally with the issued / paid up capital listed with the Stock Exchanges. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange and is placed before the Board of Directors.

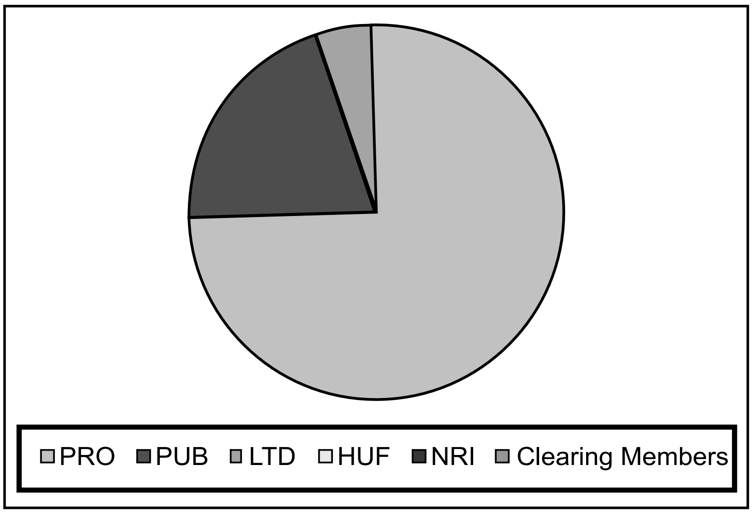
j) Distribution of Shareholding as on March 31, 2010

As of March 31, 2010, the distribution of the Company's shareholding was as follows :

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount(Rs.)	% to Equity
1 - 5000	1497	91.22 %	207724	2077240	8.10 %
5001 - 10000	69	4.20 %	53745	537450	2.09 %
10001 - 20000	34	2.07 %	51473	514730	2.00 %
20001 - 30000	10	10.61 %	26082	260820	1.02 %
30001 - 40000	8	0.49 %	28281	282810	1.10 %
40001 - 50000	7	0.43 %	33772	337720	1.31 %
50001 - 100000	8	0.49 %	57246	572460	2.23 %
100001 & Above	8	0.49 %	2107677	21076770	82.14 %
Total	1641	100%	2566000	25660000	100%

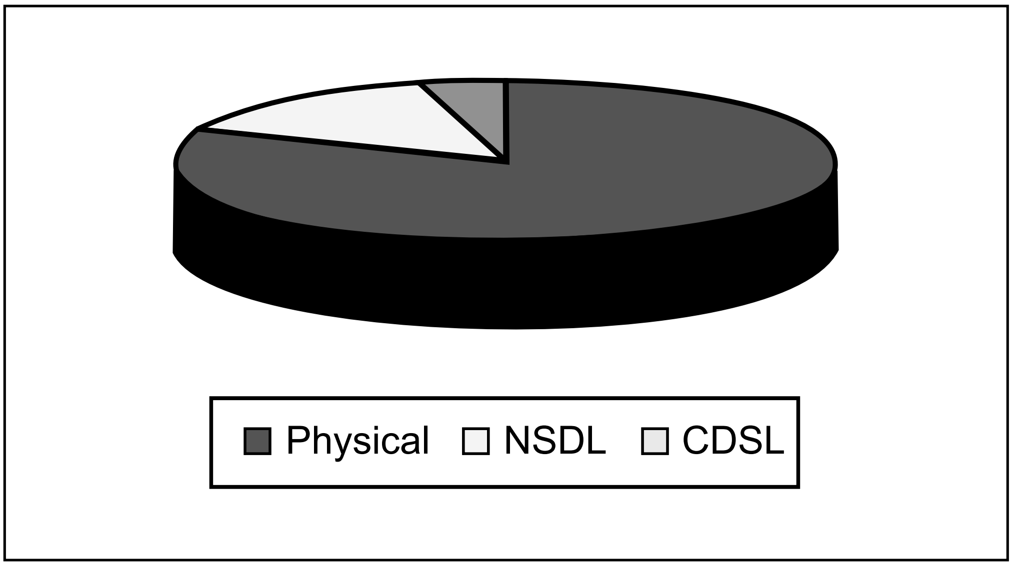
k) Shareholding Pattern as on March 31, 2010

Category	No. of Holders	Total Shares	% to Equity
PROMOTERS	3	1904510	74.22%
RESIDENT INDIVIDUALS	1546	524821	20.45%
BODIES CORPORATES	64	127965	4.99%
H U F	17	4269	0.17%
N R I	6	284	0.01%
CLEARING MEMBERS	5	4151	0.16%
Total	1641	2566000	100.00%



l) Dematerialization of shares and liquidity as on March 31, 2010

Description	No. of cases	Total Shares	% to equity
Physical	821	2071011	80.71%
NSDL	596	388184	15.13%
CDSL	224	106805	4.16%
Total	1641	2566000	100%



m)	Outstanding GDR/ADR/Warrants or any convertible instruments	:	Not Applicable
n)	Factory Location	:	Bhandgaon & Khutbao Villages, Taluka – Daund, Dist - Pune - 412214, Maharashtra.
o)	Investors Correspondence	:	Prasad Nadkarni / Anuja Laturkar w.e.f. August 11, 2010 Company Secretary 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411005 Ph: 91-020-2551 0685 Fax: 91-020-2551 2695 prasad.nadkarni@tastybite.com anuja@tastybite.com

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To the Board of Directors of

Tasty Bite Eatables Limited

We certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year 2009-10 and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit committee

  (i) significant changes in internal control over financial reporting during the year;

  (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Place : Bengaluru
Date : May 30, 2010

Ravi Nigam
Managing Director

Sohel Shikari
CFO

Certificate for compliance with Code of Conduct

I, confirm that all Directors & Members of the Senior Management have affirmed compliance with the Code of Conduct.

Ravi Nigam
Managing Director

Place : Bengaluru
Date : May 30, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. The Company's Management accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner, the Balance Sheet as on March 31, 2010, the Profits and Cash Flows for the Financial Year 2009-10.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Tasty Bite Eatables Limited (TBEL) manufactures and markets "Tasty Bite," brand of a range of shelf stable, all-natural, ready-to-serve (RTS) ethnic food products. As a brand, Tasty Bite is the No. 1 brand in the ethnic dishes, entrées and mixes category in the United States and commands a leading share (more than 50% in conventional supermarkets)[1]. Aside from the US, Tasty Bite is marketed in several countries globally. In India, the Company also develops and manufactures a range of products for institutional users such as hotels, quick-service restaurants and other retail and corporate customers.

There are three major global food trends that drive the growth of the Company's revenues in its international markets. Consumers are seeking foods that are natural (those that contain no preservatives and chemical additives). This industry is over $60 billion in size and is growing at 12% per annum. The second big trend is the growth of convenience foods. Consumers have reduced the time to prepare foods by using ready-to-eat products to prepare meals. This segment of the US supermarket is $40 billion in size and also growing at approximately 12% per annum. Finally, the third big mega-trend is the growth of international cuisines also called specialty foods. Cuisines such as Indian and pan-Asian are growing in demand and growing at more than 30% per annum in US grocery. Tasty Bite occupies the 'sweet spot' across these three industry mega-trends.

The Company's Mission Statement reads:

Be a values driven Company that will make Tasty Bite a house hold name by
Manufacturing & marketing Natural, Convenient, Specialty Foods that will offer consumers
Great Taste, Good Value and a Range of cuisine achieved through
Product Innovation, Low cost manufacturing, Versatility, Vertical integration and Customer Partnerships
In a Knowledge driven, Energetic and Fun work environment.

We continue to be committed to this mission and build upon the five areas that are and continue to be areas of competitive advantage to the Company.

All key management functional areas have developed their independent mission statements that are aligned with the Company's mission statement and a balanced score card methodology is being used to align key decision making in the context of the mission statement.

The Balanced Scorecard approach has allowed focus on key measurement criteria and is a much 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.

Results of this focused strategy have yielded results with a top line growth of around 56.37% in FY10.

TBEL manufacturers the products in a world-class, versatile manufacturing facility located near Pune, India. The versatility of the plant encompasses manufacture of products in multiple formats (shelf-stable, frozen), multiple packaging (pouches, trays), multiple cuisines and multiple pack sizes. The Company prides itself of its quality and has constantly endeavored to set industry standards of quality assurance. The Tasty Bite factory has a capacity to manufacture over 60,000 meals per day on a two shift basis in addition to manufacturing prepared frozen formed products.

[1] SPINS scan data for the year ending December 29, 2008

TBEL recognizes that the core competence of the organization is in the manufacturing of ready-to-eat (RTS) and formed frozen products. It has begun a strategic outsourcing program to source several of its ingredients in a value-added form such as frozen vegetables and intermediate pastes. This will enable effective utilization of the Company's assets.

The engine of growth of the Company has really been its ability to bring innovative products in a timely manner to its customers. The Tasty Bite Research Center (TBRC) has a team of skilled professionals who drive the development of new recipes, product forms, new formulations etc. all with a single-minded focus of delivering on the Company's promise to bring consumers great taste, good value and a range of cuisine. Aside from in-house professionals, TBRC works closely with food and technology experts across the globe to understand new technologies and explore various options to add value to its product portfolio. Product innovation is seen as the key differentiator in the Company's strategy and will be the factor that will provide sustained competitive advantage to it in the future.

The Company has been recognized for its export performance and is currently certified as an Export House.

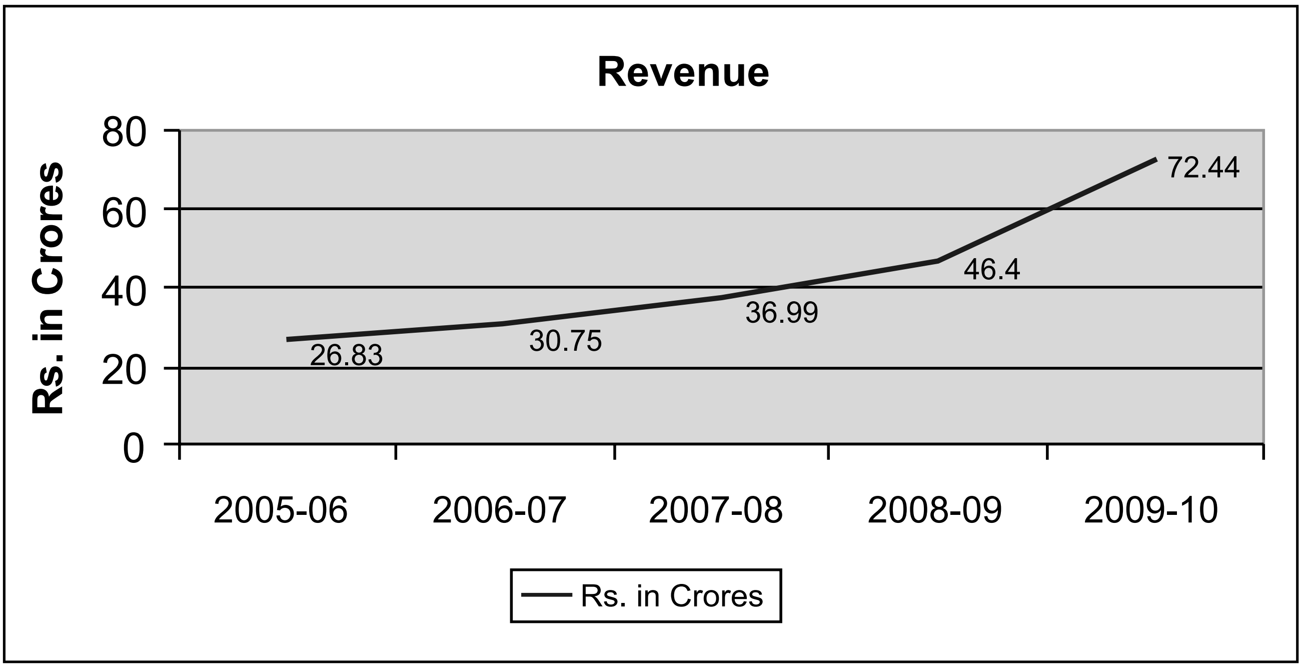
B. FINANCIAL PERFORMANCE

RESULTS OF OPERATIONS

Some salient features of the Company's financial performance in fiscal FY10 (2009-10) are:

- Gross Revenues have grown 56.37% to Rs. 72.44 Crores in FY10 up from Rs. 46.33 Crores in FY09.
- Export Sales have grown 57.07% to Rs. 56.56 Crores in FY10 up from Rs. 36.01 Crores in FY09.
- The Company has reported earnings before interest, taxes, depreciation and amortization (EBITDA) of Rs. 10.74 Crores in FY10 as against Rs. 7.4 Crores in FY09.
- Profit after-tax for the year increased 394% over the previous financial (Rs. 6.97 Crores in FY10 against Rs. 1.41 Crores in FY09).

The Company's overall turnover continues to grow at a CAGR of 28.2%.



Revenue Analysis

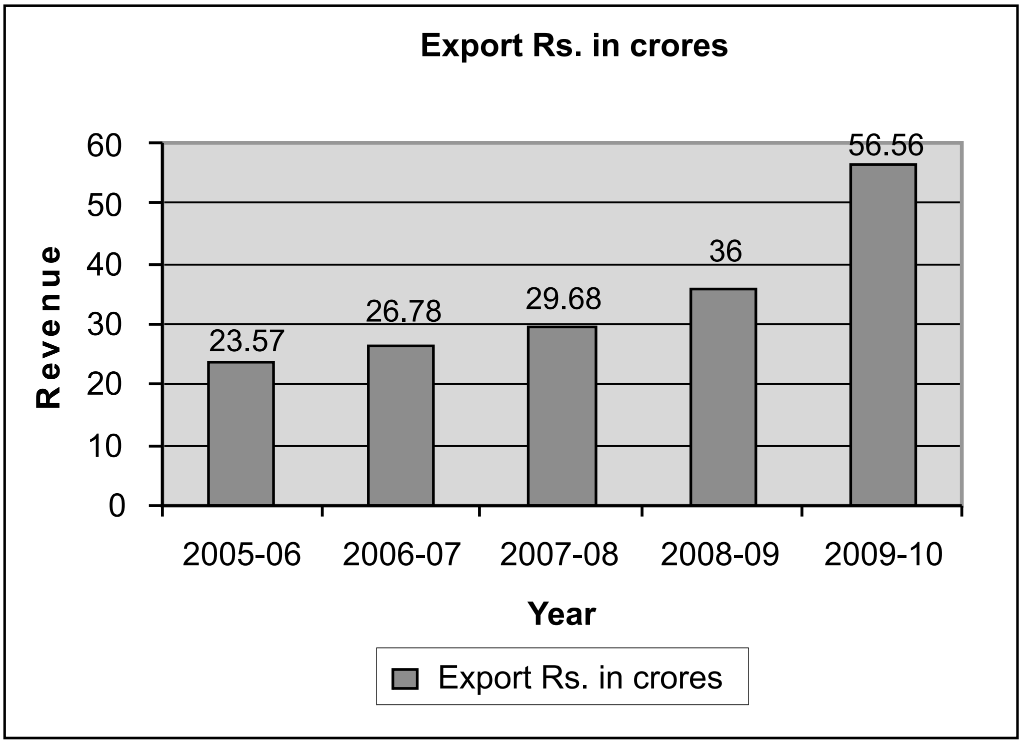
Revenue break-up across key business divisions for the financial year ended March 31, 2010 and 2009 is given below:

Particulars (Rs. in Crores)	2009-10	2008-09	% Growth
Export Sales & Incentives	61.07	39.15	55.99%
Domestic Sales	10.78	6.33	70.30%
Processing Income and Rentals	0.06	0.30	-80.00%
Other Income	0.53	0.55	-3.64%
Total Revenues	72.44	46.33	56.36%

TBEL achieved revenues of Rs. 72.44 Crores in FY10, a growth of 56.37% over FY09 revenues of Rs. 46.33 Crores. Export revenues including export related incentives grew 56% to Rs. 61.07 Crores in FY10 (Rs. 39.15 Crores in FY09). Volume growth in sales was 60.78% over FY09 primarily driven by export sales to USA and Australia and an increase in the India institutional business by over 70%.

Export revenues come mainly from the sale of ready-to-eat meals in consumer branded packs, which continues to remain the key product line of the Company. These retail packs are exported and distributed to consumers through mainstream supermarkets and grocery stores in the US, Canada, Australia and other global markets. Exports including incentives comprise the bulk of the revenues and contribute over 84% of the Company's revenues.

Growth of export sales over the past 5 years is summarized in the chart below. These have grown at an annual compounded growth rate of 24.46%.



Institutional sales grew 70.30% in FY10 to reach Rs. 10.78 Crores as compared to Rs. 6.33 Crores in FY09. The bulk of the domestic sales is from the sale to quick service restaurants. Therefore, the sales growth in domestic sales is linked to the growth of the number of their outlets in India where our product is sold.

In line with the strategy to focus on providing food solutions, the Company has decided to discontinue processing of frozen vegetables for third parties and renting out its cold storage. It is utilizing these assets for its own branded and institutional products business. Therefore, the operational income, which mainly includes export incentives grew only 32.50% in FY10 (Rs. 4.57 Crores compared to Rs. 3.45 Crores). Export incentives schemes which include duty drawback and the Vishesh Krishi and Gram Udyog Yojana (VKGUY) grew 43.4% in FY10 which is primarily attributable to growth in export sales.

EXPENDITURE ANALYSIS

Cost of Goods Analysis

Raw and packing material costs as a percentage of sales were at 60.73% in FY10 compared to 56% in FY09. The increase in these costs are on account of the inflation seen across all ingredients used for the manufacture of our products.

The Company buys a bulk of its raw materials such as vegetables and pulses from mandis and traders. The Company is exposed to variations in prices of raw vegetables such as onions, tomatoes, spinach, potatoes etc, and price escalation of the same has an impact on the gross margins of the business.

Particulars of Material consumption during the year

(Rs. in Crores)

Particulars	2009-10	2008-09
Sales	67.70	42.34
Material Consumed	40.91	23.72
% COGS	**60.73%**	**56%**

Manufacturing and Other Expenses

The Company has initiated various projects of modernization and improvement of the manufacturing facility in order to increase productivity and capacity.

- Power and fuel costs have reduced to 1.9% of sales in FY10 compared to 2.3% in the previous financial.
- Stores and spares consumed decreased to 2.88% of sales in FY10 compared with 3.24% in FY09.
- Payroll expenses including salaries, wages, bonus and gratuity expenses have reduced to 12% of sales in FY10 compared to 13% in FY09.
- Repairs and maintenance costs have increased to Rs. 0.96 crores in FY10 compared to Rs. 0.36 crores in FY09. This primarily relates to expenses to improve plant GMP and consequential manufacturing efficiencies.

Export freight as a percentage of export sales is 7.35% in FY10 as compared to 8.88% in FY09. Cargo freight rates have seen a decline during FY10 given the global recessionary environment which has impacted the shipping trade and providing attractive ocean freight rates between India and the Company's major export markets, namely the US and Australia.

Foreign Exchange Transactions

The Company booked a total gain on account of various foreign exchange contracts and mark-to-market position of its foreign assets and liabilities of Rs. 3.07 Crores. Of this, gain of Rs. 0.25 Crores was on account of the mark-to-market of its USD external commercial borrowing from its parent company, Preferred Brands International, the total balance which is outstanding as on March 31, 2010 of US$ 1,800,000.

The Company continues to hedge its exposure to foreign exchange risk and by taking forward contracts covers its existing and projected export sales.

As on March 31, 2010, Company's outstanding forward contracts for the purpose of hedging its exposure to foreign currency receivables US$ 5,100,000 and AUD 300,000.

EBITDA

Operating EBITDA of the Company came to Rs. 10.74 Crores in FY09 (14.82%) compared to Rs. 7.4 Crores in FY09. This growth of 45% has been on the back of strong growth in revenues in FY10 versus FY09.

Finance Costs

Financial expenses have remained constant between FY10 and FY09 at approximately Rs. 0.99 crores. As on March 31, 2010, total limits utilized from Axis Bank for working capital stood at Rs. 6.4 Crores compared to Rs. 2.3 Crores as on March 31, 2009. Interest costs as a percentage of revenues stood at 1.37% in FY10 compared to 2.10% in FY09. Interest coverage ratio stood at 10.79 times in FY10 compared to 3.47 times in FY09.

Depreciation and Amortization

Depreciation increased to Rs. 1.53 Crores in FY10 compared to Rs. 0.99 Crores in FY09. This is on account of capitalization of a few additional assets in FY10 and depreciating the plant on a three-shift basis for the second half of FY10 since the plant had been running on a three shift basis during that period.

PROFITS

Net profit of TBEL stood at Rs. 6.97 Crores (9.62% of the total revenues) in FY10 compared to Rs. 1.41 Crores (3.04% of the total revenues) in FY09, a growth of 395%.

BALANCE SHEET ANALYSIS

Share Capital

There is only one class of equity shares having a face value of Rs. 10 each. Currently, the Company has a total of 2,566,000 Equity Shares issued and fully paid up.

The Company, also, has 59,530 Preference Shares of face value of Rs. 100 each (1% Non-Cumulative Non-Convertible Redeemable) which were due for redemption on August 31, 2008 at their issued premium of Rs. 1950 per preference share. The Shareholders approved extension for redemption for a maximum period of 20 years from the date of issue of these shares (31.10.1998). Preferred Brands Foods (India) Limited will have the right to demand redemption at any time on these preference shares by giving a 90-day notice in writing to the Company.

Fixed Assets

The Company added Plant and Machinery, Computers and Office Equipment worth Rs. 4.30 Crores during the financial year as part of the modernisation & expansion of the manufacturing facility. The total gross block of the Company as on March 31, 2010 is Rs. 24.9 crores.

Provisions

As per accounting standards relating to employee benefit, a provision of Rs. 0.24 Crores against leave encashment and Rs. 0.15 Crores against gratuity existed on the financials as of March 31, 2010. The Company has also created a Tasty Bite Employees Gratuity Trust in which it has funded Rs. 10 lacs during the financial year.

Ratio Analysis

Ratio Analysis	FY 10	FY 09	FY 08
Ratios - Financial Performance			
Export Sales/Total Sales (%)	83.99%	85.05%	83.80%
Domestic Revenue/Total Sales (%)	14.88%	14.95%	16.20%
GrossProfit /Total Revenue (%)	43.35%	48.79%	53.30%
Aggregate Employee Cost /Total Revenue (%)	11.35%	12.70%	14.40%
Earnings before Depreciation, interest and taxes / Total Revenue (%)	14.82%	9.26%	8.60%
Depreciation / Total Revenue (%)	2.10%	2.14%	2.30%
Interest / Total Revenue (%)	1.37%	2.10%	1.90%
Profit Before Tax / Total Revenue (%)	15.58%	5.02%	4.30%
Profit After Tax / Total Revenue (%)	9.62%	3.04%	3.20%
Ratio – Balance Sheet			
Debt - Equity Ratio	0.70	0.56	0.42
Current Ratio	2.38	2.58	2.10
Days Accounts Receivables	70	72	72
Days Inventory	41	36	47
Days Accounts Payable	42	65	71
Ratios – Return			
ROCE (PBIT / capital employed) (%)	33.68%	13.13%	11.80%
Return on average invested capital (%)	38.33%	9.97%	5.80%
Capital Output ratio	0.50	0.57	0.55
Ratios – Per Share			
Basic EPS (Rs.)	27.13	5.50	4.60
Book value (Rs.)	36.27	10.31	1.20
Price, end of year (Rs.)	166.00	16.50	38.80
Price / Earnings, end of year (Rs.)	6.12	3.00	8.50
Market capitalization / Total Revenue, end of year	0.59	0.09	0.27

C. OPPORTUNITIES AND THREATS

The international market for convenient, natural and specialty foods especially in the Indian and Thai category continued to see robust growth in FY10. The Tasty Bite brand occupies a 74% market share in natural supermarkets and a 54% market share in the mainstream grocery markets. We believe that consumer trends will continue to drive growth at robust rates in all our export markets.

The institutional business for the Company in India has also grown aggressively achieving more than 70% growth over the previous financial year. The increase in quick-service restaurants and the product offering new category enabled the Company to grow in this segment.

Going forward, growth in revenue will continue to be driven by increasing 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 continue to add on its existing base of customers and products focused on the food service industry. The Company will forge strong customer partnerships with leading players in the quick-service restaurant and other food companies in India to grow this segment.

D. RISKS, CONCERNS & RISK MITIGATION

A large part of our revenues come from the US market. Economic slowdown or factors that impact the economic health of this economy has the potential to negatively impact our growth.

Since, a large part of our Company's revenues comes from export (and our price to our customers is pegged in foreign currency), the volatility of the Indian rupee vis-à-vis the US dollar and Australian dollar will have an impact on the revenues and profitability of the business. Appreciation of the Indian rupee vis-à-vis these currencies will have a negative impact to the Company's bottom line. The Company hedges its foreign exchange risk using forward contracts. The Company also has a partial hedge against currency risks because of its use of certain raw and packaging materials that are imported and priced in US dollars.

The past year has seen a significant increase in many agricultural commodities such as vegetable oil, rice, wheat and milk products. The Company has entered into short term Rate contracts for some of the key raw materials. The cold store facility at the factory enables to procure and store vegetables in season in order to manage these costs.

The Company exported by sea to various global markets & any change in oil costs or supply and demand can lead to increased shipping costs which would have an impact on our margins. In FY10, the average cost of rate had been at low levels.

In the consumer business there are no minimum purchase commitments or contracts with customers. The growth is dependent upon the market demand for these kinds of products and our ability to deliver great tasting products at globally competitive prices. The Company understands that consistent deliverance of "great" taste will ensure global competitiveness.

As the Company's revenues are dependent upon a few markets and within that to a limited number of customers (retailers, distributors and corporates), the growth is also linked to customers' growth in the markets they operate in.

E. HUMAN RESOURCES, INDUSTRIAL RELATIONS, SAFETY AND ENVIRONMENT

Human Resources and Industrial Relations

The Company strives in its HR initiatives ***to be an engine for instituting value and a performance driven culture in a Transparent, Energetic and fun work environment.***

Tasty Bite believes in achieving organizational excellence through Human Resources. It follows 'People first' approach to leverage the potential of its 148 employees. Professional training programs, recognition systems and skill enhancement initiatives make Tasty Bite a learning Organization and one of the Great Places to Work for in India. The Company has been ranked as 83 in "India's Best Companies to work for" in India in 2010 study done jointly by the Economic Times of India and Great Places to Work Institute, India.

We are proud of this recognition and delighted to know that the Tasty Bite family has built such a “Great Place to Work At”.

The Company’s success lies in its ability to attract hire and retain qualified and motivated people in all functional areas. The selection process is based on a combination of education, experience and expertise. Given the growth in industry, in general and the emergence of several competitors who have recently entered this area, the challenge of hiring and retaining quality talent continuous to remain large.

Our program to provide a matching education grant for children of the factory employees is going successfully.

Industrial relations at the plant continued to be cordial and the committed efforts of the team and the sustained motivation of the employees has resulted in the Company posting significant productivity gains and achieving several production records.

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”.*** The Company continues to be certified for the following certifications:

- ISO-9001:2000, HACCP (Hazard Analysis & Critical Control Points);
- ISO-14001:2004 (Environmental Management Systems);
- ISO 22000:2005 (Integrated Food Safety) ;
- OHSAS 18001:2007 (Occupational Health and Safety Management System)
- BRC January 2008 (British Retail Consortium).

The Company continues the CT-PAT (Customs Trade Partnership against Terrorism) advantage for exports - without too much delay or inspections into the United States of America.

Environment

The Company is certified for Environmental Management Systems (ISO-14001) and the management and employees continue to be deeply committed towards doing our little bit to preserve the environment. We believe it also often makes business sense.

We recognize that by nature, the food processing industry is a prodigious consumer of water, another increasingly scarce resource. We have invested a lot of resources in effluent treatment through biological intervention rather than polluting chemicals. More importantly, the effluent treatment plant becomes a valuable source of irrigation allowing us to recycle water to our agricultural farm where we grow vegetables and herbs that are important raw materials in our processing plant.

F. INTERNAL CONTROL SYSTEMS AND 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 has implemented a new ERP system integrating some of the critical operations.

The CEO and CFO certification provided in this report discusses the adequacy of the internal controls systems and procedures.

G. 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, 2010 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) On the basis of the written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   f) 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, 2010;
      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.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
(Firm Registration No.: 104607W)

Anil A. Kulkarni
Partner
Membership No.47576
Date : May 30, 2010
Place : Pune

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, 2010.

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

(ii) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification and the same have been properly dealt with in the accounts.

(iii) In our opinion, there was no significant disposal of fixed assets during the year to affect the going concern assumption.

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

(ii) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(iii) The Company is maintaining proper records of inventory. As informed to us, no material discrepancies were noticed on verification between the physical stocks and the book records and the same have been properly dealt with in the accounts.

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 from one party listed in the register maintained under section 301 of the Companies Act, 1956. The total loan amount outstanding at the year end is Rs.80,954,460.

(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 regular in depositing undisputed statutory dues including dues pertaining to Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Customs Duty, Cess (except Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government) and any other statutory dues with the appropriate authorities.

We have been also informed that there are no undisputed dues which have remained outstanding at 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, Value Added 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
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Dues and Interest Dues	1,09,33,763 4,30,191	1996-2007 1991-1997	Employees' Provident Fund Tribunal
Central Sales Tax Act, 1956	Tax, Interest and Penalty	7,88,036	1999-2000	Sales Tax Tribunal
Bombay Sales Tax Act, 1959	Interest and Penalty	41,778	1999-2000	Sales Tax Tribunal
Delhi Sales Tax Act, 1975	Tax, Interest and Penalty	48,702	2003-2004	Deputy Commissioner of Sales Tax (Appeal)
The Customs Tax Act, 1962	Fine and Penalty	9,50,000	1987-1988	High Court

Of the above, the Company has deposited Rs.2,062,118 towards the Provident Fund dues, Rs.491,778 towards Sales Tax.

Further, the Company has disputed certain disallowances under the Income Tax Act, 1961 for the years 2003-2004, 2004-2005 and 2005-2006 before the Commissioner of Income Tax (Appeals). There is no demand for these cases.

10) The Company has no accumulated losses as at the end of the financial year. Further, it has not incurred any cash losses in the current financial year and 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 loans obtained by the Company were applied for the purpose for which the loans were 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
(Firm Registration No.: 104607W)

Anil A. Kulkarni
Partner
Membership No.: 47576
Date : May 30, 2010
Place : Pune

BALANCE SHEET AS AT MARCH 31, 2010

		Schedule	Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
SOURCES OF FUNDS:					
1.	**SHAREHOLDERS' FUNDS**				
	a) Share Capital	1	**31,613**		*31,613*
	b) Reserves and Surplus	2	**183,494**		*116,867*
				215,107	*148,480*
2.	**LOAN FUNDS**				
	a) Secured Loans	3	**149,678**		*106,993*
	b) Unsecured Loans	4	**-**		*10,117*
				149,678	*117,110*
3.	**DEFERRED TAX LIABILITY**			**12,053**	*8,385*
		TOTAL		**376,838**	*273,975*
APPLICATION OF FUNDS:					
4.	FIXED ASSETS	5			
	a) Gross Block		**248,773**		*208,624*
	b) Less: Depreciation		**117,789**		*103,459*
	c) Net Block		**130,984**		*105,165*
	d) Capital Work-in-Progress		**23,827**		*31,336*
				154,811	*136,501*
5.	**CURRENT ASSETS, LOANS AND ADVANCES**	6			
	a) Inventories		**75,968**		*44,742*
	b) Sundry Debtors		**138,075**		*90,820*
	c) Cash and Bank Balances		**26,091**		*30,207*
	d) Other Current Assets		**6,455**		*17*
	e) Loans and Advances		**116,034**		*58,494*
			362,623		*224,280*
6.	**Less: CURRENT LIABILITIES AND PROVISIONS**	7			
	a) Current Liabilities		**82,905**		*75,563*
	b) Provisions		**57,691**		*11,243*
			140,596		*86,806*
7.	**NET CURRENT ASSETS**			**222,027**	*137,474*
		TOTAL		**376,838**	*273,975*
	NOTES TO ACCOUNTS	15			

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

Anil A. Kulkarni
PARTNER

Date : May 30, 2010
Place : Pune

Signatures to the Balance Sheet and Schedules 1 to 7 & 15.

For and on behalf of the Board

Ravi Nigam	*Sohel Shikari*	*Prasad Nadkarni*
Managing Director	**Director**	**Company Secretary**

Date : May 30, 2010
Place : Bengaluru

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

		Schedule		Current Year	Previous Year
			Rs. '000	Rs. '000	Rs. '000
INCOME:					
1.	Sales (Net of Returns)		**677,047**		*423,382*
2.	Operational Income	8	**45,723**		*34,458*
3.	Other Income	9	**1,644**		*5,430*
				724,414	*463,270*
EXPENDITURE					
4.	Materials Consumed	10	**409,077**		*237,231*
5.	Purchase of Trading Goods		**596**		*921*
6.	Manufacturing and Other Expenses	11	**176,006**		*180,608*
7.	Interest and Finance Charges	12	**9,954**		*9,746*
8.	Depreciation and Amortisation		**15,222**		*9,938*
			610,855		*438,444*
9.	Inventory Change	13	**672**		*1,588*
				611,527	*440,032*
PROFIT BEFORE TAX				**112,887**	*23,238*
10.	Provision for Taxation				
	a) Current Tax (including Fringe Benefit Tax)			**39,509**	*7,014*
	b) Deferred tax			**3,668**	*2,045*
PROFIT AFTER TAX				**69,710**	14,179
11.	Prior Period Items (Net)	14		**21**	*76*
				69,689	*14,103*
12.	(Deficit) Brought Forward			**(14,425)**	*(28,528)*
SURPLUS AVAILABLE FOR APPROPRIATION OR (DEFICIT) TO BE CARRIED FORWARD				**55,264**	*(14,425)*
13.	**APPROPRIATIONS**				
	a) Proposed Dividend on Equity Shares			**2,566**	-
	b) Dividend on Redeemable Preference Shares			**60**	-
	c) Tax on Dividend			**436**	-
	d) Balance Surplus / (Deficit) carried to Balance Sheet			**52,202**	*(14,425)*
				55,264	*(14,425)*
Basic and Diluted Earnings per Share (Rs.)		15		**27.13**	*5.50*
Face value Rs. 10 per share					
NOTES TO ACCOUNTS		15			

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

As per our Report attached

Signatures to the Balance Sheet and Schedules 8 to 15

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

For and on behalf of the Board

Anil A. Kulkarni
PARTNER

Ravi Nigam
Managing Director

Sohel Shikari
Director

Prasad Nadkarni
Company Secretary

Date : May 30, 2010
Place : Pune

Date : May 30, 2010
Place : Bengaluru

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

		Current Year Rs. '000	Previous Year Rs. '000
SCHEDULE 1: SHARE CAPITAL			
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 above 1,904,510 (Previous Year: 1,904,510) Equity shares and 59,530 (Previous Year: 59,530) Preference Shares are held by Preferred Brands Foods India Limited, the Holding Company, the subsidiary of Preferred Brands International Inc., USA, the Ultimate Holding Company.

b) 1% Non-Cumulative, Non-Convertible Redeemable Preference Shares are redeemable on or before August 31, 2018 at a premium of Rs. 1,950/- per share.

SCHEDULE 2: RESERVES AND SURPLUS

		Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
1.	**CAPITAL RESERVE**		**5,734**	*5,734*
2.	**SECURITIES PREMIUM ACCOUNT**		**9,475**	*9,475*
3.	**RESERVE FOR PREMIUM ON PREFERENCE SHARE CAPITAL**		**116,083**	*116,083*
4.	**PROFIT AND LOSS ACCOUNT - SURPLUS/(DEFICIT)**		**52,202**	*(14,425)*
	TOTAL		**183,494**	*116,867*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 3: SECURED LOANS

		Current Year Rs. '000	Previous Year Rs. '000
1.	FROM BANKS		
	a) Cash Credit	**64,032**	*23,466*
	b) Term Loans (Refer Note no. 2 of Schedule 15 :Notes to accounts) (Repayment within one year: Rs. 2,500 thousands; Previous Year: Rs. 2,500 thousand)	**4,692**	*4,692*
2.	FROM OTHERS		
	a) Term Loans (Refer Note No. 3 of Schedule 15 : Notes To Accounts)	**80,954**	*78,835*
	TOTAL	**149,678**	*106,993*

Note :

1. Cash credit is secured by hypothecation charge on all current assets of the Company including stocks and book debts to the extent of USD 1,500 Thousand (Previous Year : USD 750 thousand) and deposit with bank.
2. Term loan from banks is secured by deposits with bank.
3. Term loans from others are secured by way of first priority charge and mortgage over all the movable and immovable properties, present and future, all rights in the contracts of the borrower, borrowers right, title and interest in all receivables, returns from investments except to the extent mentioned in Note 1 above.

SCHEDULE 4: UNSECURED LOANS

	Current Year Rs. '000	Previous Year Rs. '000
FROM BANKS		
a) Working Capital Demand Loan	-	*10,117*
TOTAL	-	*10,117*
Amount repayable within one year	-	*10,117*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 5: FIXED ASSETS

Rs. '000

ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31-Mar-09	Additions	Deductions	**As at 31-Mar-10**	Upto 1-Apr-09	For the Year	On Deductions	**Upto 31-Mar-10**	**As at 31-Mar-10**	*As at 31-Mar-09*
Tangible Assets										
Freehold Land	1,255	-	-	**1,255**	-	-	-	**-**	**1,255**	*1,255*
Buildings	37,230	2,579	-	**39,809**	11,768	1,303	-	**13,071**	**26,738**	*25,462*
Plant and Machinery	144,671	34,368	2,605	**176,434**	82,701	12,055	768	**93,988**	**82,446**	*61,970*
Office Equipment	2,506	703	60	**3,149**	654	134	18	**770**	**2,379**	*1,852*
Computers	5,418	1,176	125	**6,469**	4,459	391	70	**4,780**	**1,689**	*959*
Furniture and Fixtures	3,308	445	73	**3,680**	2,877	66	36	**2,907**	**773**	*431*
Vehicles	75	-	-	**75**	33	5	-	**38**	**37**	*42*
Electrical Installations	14,161	-	-	**14,161**	967	673	-	**1,640**	**12,521**	*13,194*
Intangible Assets										
Computer Softwares	-	3,741	-	**3,741**	-	595	-	**595**	**3,146**	-
TOTAL	**208,624**	**43,012**	**2,863**	**248,773**	**103,459**	**15,222**	**892**	**117,789**	**130,984**	
Previous Year	*210,981*	*5,069*	*7,426*	*208,624*	*99,668*	*9,938*	*6,147*	*103,459*		*105,165*
CAPITAL WORK IN PROGRESS										
A. Capital Work-in-Progress									**9,488**	*21,062*
B. Advance for Capital Goods (Unsecured, Considered Good)									**14,339**	*10,274*
TOTAL									**23,827**	*31,336*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 6: CURRENT ASSETS, LOANS AND ADVANCES				
1.	**INVENTORIES**			
a)	Raw Materials	**31,465**		*15,570*
b)	Stores and Spares	**424**		507
c)	Packing Material	**38,791**		*22,705*
d)	Work-in-Progress	**2,594**		*3,699*
e)	Finished Goods	**2,694**		*2,261*
			75,968	*44,742*
2.	**SUNDRY DEBTORS**			
	(Unsecured - Considered good, unless otherwise stated)			
a)	Debts outstanding for a period exceeding six months (Including doubtful debts Rs. NIL; Previous Year Rs. 3,150 thousand)	**1,104**		*3,632*
b)	Other Debts	**136,971**		*90,338*
		138,075		*93,970*
c)	Less : Provision for Doubtful Debts	**-**		*3,150*
			138,075	*90,820*
	Due from companies under the same management:			
	Preferred Brands International Inc. USA		**81,533**	*67,078*
	Preferred Brands Australia Pty. Ltd.		**37,132**	*14,838*
3.	**CASH AND BANK BALANCES**			
a)	Cash in Hand	**223**		*55*
b)	Balances with Scheduled Banks			
	- in Current Accounts	**13,766**		*2,059*
	- in Deposit Accounts	**12,102**		*28,093*
			26,091	*30,207*
4.	**OTHER CURRENT ASSETS**		**6,455**	*17*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

			Current Year	*Previous Year*
		Rs. '000	**Rs. '000**	*Rs. '000*
5.	**LOANS AND ADVANCES**			
	(Unsecured - considered good, unless otherwise stated)			
	a) Advances recoverable in cash or in kind or for value to be received. (includes dues from Preferred Brands Foods India Limited, being a Company under the same management Rs. 90 thousand; (Previous Year : Rs. 61 thousand); Maximum amount due at any time during the year from Preferred Brands Foods India Limited Rs. 90 thousand; (Previous Year: Rs. 61 thousand)).	**69,225**		*45,922*
	b) Sundry Deposits	**4,514**		*4,388*
	c) Advance Payment of Taxes	**42,295**		*8,184*
			116,034	*58,494*
	TOTAL		**362,623**	*224,280*

SCHEDULE 7: CURRENT LIABILITIES AND PROVISIONS

1.	**CURRENT LIABILITIES**			
	a) Sundry Creditors	**66,187**		*54,,578*
	(Refer Note no. 7 of Schedule 15 : Notes to Accounts)			
	b) Other Liabilities	**16,718**		*20,985*
			82,905	*75,563*
2.	**PROVISIONS**			
	a) Proposed Dividend on Equity Shares		**2,566**	-
	b) Proposed Dividend on Redeemable Preference Shares		**60**	-
	c) Tax on Dividend		**436**	-
	d) For Retirement Benefits		**3,886**	*2,882*
	e) For Taxation	**50,743**		*11,640*
	Less: MAT Credit Entitlement	**-**		*3,279*
			50,743	*8,361*
			57,691	*11,243*
	TOTAL		**140,596**	*86,806*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 8: OPERATIONAL INCOME				
1.	Cold Storage Rent		**471**	*1,821*
2.	Processing Charges		**138**	*1,177*
3.	Export Incentives		**45,114**	*31,460*
	TOTAL		**45,723**	*34,458*
SCHEDULE 9: OTHER INCOME				
1.	Interest (Gross) (Tax Deducted at Source Rs.154,009; Previous Year Rs.251,074)		**1,244**	*4,111*
2.	Sundry Balances Written Back		**368**	*928*
3.	Excess Provision Written Back		**-**	*338*
4.	Miscellaneous Income		**32**	*53*
	TOTAL		**1,644**	*5,430*
SCHEDULE 10: MATERIALS CONSUMED				
	RAW MATERIALS INCLUDING PACKING MATERIAL			
	Opening Inventory		**38,275**	*33,255*
	Add: Purchases		**441,058**	*242,251*
			479,333	*275,506*
	Less: Closing Inventory		**70,256**	*38,275*
	TOTAL		**409,077**	*237,231*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 11: MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages, Bonus and Gratuity		**78,806**	*54,397*
Contribution to Provident and Other Funds		**2,529**	*1,984*
Workmen and Staff Welfare Expenses		**884**	*1,796*
Stores and Spares Consumed		**19,483**	*13,711*
Power and Fuel		**12,746**	*9,664*
Repairs and Maintenance:			
a) Plant and Machinery	**2,504**		*1,938*
b) Buildings	**5,885**		*341*
c) Others	**1,297**		*1,288*
		9,686	*3,567*
Rent, Rates and Taxes		**3,918**	*4,324*
Telephone and Postage		**3,133**	*2,183*
Travelling and Conveyance		**8,957**	*6,312*
Legal and Professional Charges		**8,861**	*6,727*
Printing and Stationary		**4,963**	*1,227*
Insurance		**1,345**	*700*
Freight		**41,707**	*32,161*
Sales Promotion		**102**	*616*
Selling and Distribution Expenses		**-**	*763*
Bad Debts Written Off		**3,205**	*-*
Provision for Doubtful Debts		**(3,150)**	*2,550*
(Profit) / Loss on fixed assets sold / written off (Net)		**1,532**	*1,279*
Loss /(Gain) on Foreign Exchange (Net)		**(30,665)**	*39,650*
Loss on derivative contracts	-		*3,560*
Less: Provision for Loss on Derivative Contracts	-		*12,059*
		-	*(8,499)*
Auditor's Remuneration		**935**	*681*
Sundry Balances Written Off		**167**	*262*
Miscellaneous Expenses		**6,862**	*4,553*
TOTAL		**176,006**	*180,608*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 12: INTEREST AND FINANCE CHARGES

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
1.	Interest			
	- on term loans			
	- Banks	**397**		*300*
	- Others	**3,136**		*4,000*
		3,533		*4,300*
	- on other loans			
	- Banks	**3,787**		*3,396*
	- others	**-**		*202*
			7,320	*7,898*
2.	Other Finance Charges		**2,634**	*1,848*
	TOTAL		**9,954**	*9,746*

SCHEDULE 13: INVENTORY CHANGE

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
1.	Opening Inventory			
	a) Finished Goods	**2,261**		*3,210*
	b) Work-in-Progress	**3,699**		*4,338*
			5,960	*7,548*
2.	Less : Closing Inventory			
	a) Finished Goods	**2,694**		*2,261*
	b) Work-in-Progress	**2,594**		*3,699*
			5,288	*5,960*
3.	(Increase) / Decrease in Inventory		**672**	*1,588*

SCHEDULE 14: PRIOR PERIOD ITEMS

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
1.	Short Provision for Income		**-**	*(657)*
2.	Short Provision for Expenses		**21**	*733*
			21	*76*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULES 15 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

The financial statements of Tasty Bite Eatables Limited ('the Company') have been prepared on accrual basis under the historical cost convention and on the 'going concern basis', in conformity in all material aspects with the generally accepted accounting principles in India, the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The differences between the actual results and estimates are recognized in the period in which the results materialize / are known.

c) Fixed Assets and Depreciation:

Tangible and intangible fixed assets are stated at cost less accumulated depreciation / amortization. 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. Computer software is amortised over its estimated useful economic life of five years.

d) 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, whichever 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.

e) Investments:

Long-term investments are valued at cost less provision for diminution in value, if the diminution is other than temporary.

Current Investments are stated at lower of cost or fair value.

f) Borrowing Costs:

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

g) 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. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at the year end exchange rates. Exchange gains / losses are recognized in the Profit and Loss Account. The premium / discount on forward exchange contracts is amortised over the life of the contract.

h) Revenue Recognition:

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

Income from cold storage is recognized on accrual basis on time proportionate basis and income from processing activities is recognized on accrual basis as and when the services are rendered.

Interest income is recognised on the time proportion method.

Dividend income on investments is accounted for when the right to receive the income is established.

i) 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.

j) Export Incentives:

Export incentives receivable under various schemes are accounted for on accrual basis as on actual date of shipment from the factory to the extent the management is certain of income.

k) Employee Benefits:

Employee benefits comprise payments under defined contribution plans like provident fund and family pension. Payments under defined contribution plans are charged to the profit and loss account. The liability in respect of defined benefit schemes like gratuity and leave encashment benefit on retirement is provided on the basis of actuarial valuation at the end of each year. The liability for retirement gratuity is funded through a trust created for the purpose.

l) Taxes on income:

Income Taxes are computed using the tax effect accounting method, where taxes are accrued in the same period as the related revenue and expenses arise. Minimum Alternate Tax (MAT) Credit Entitlement is recognized as an asset for the expected entitlement of credit in future only to the extent management is virtually certain as to sufficiency of future tax liability against which the assets can be realized.

Deferred tax assets and liabilities are recognised for the expected future tax consequences attributable to timing differences between the taxable income and accounting income for a period. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities will be recognised in Profit and Loss Account in the period of change. Deferred tax assets are recognised only to the extent management is reasonably certain as to the sufficiency of future taxable income against which the tax assets can be realised.

m) Impairment of Assets:

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.

n) Provisions and Contingencies:

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the same. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date.

Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made as to the outcome of an event, a disclosure is made as contingent liability. Contingent assets are not recognised in the accounts.

o) **Earnings Per Share**

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

2. TERM LOANS FROM BANKS

Term loans include Rs.2,192 thousand (Previous Year: Rs.2,192 thousand) being disbursement of the grant released by the Ministry of Food Processing Industries to the Company in the form of 'Term Loan (non-interest bearing)' under the scheme 'Technology Up-gradation / Establishment / Modernization of Food Processing Plant' of the Ministry of Food Processing Industries for expansion of existing unit for manufacture of ready to eat foods etc.

The Ministry has sanctioned the grant of Rs.4,384 thousand, which will be released in two equal installments. As per the scheme, the first installment of Rs.2,192 thousand has been released by the bankers on behalf of the Ministry in the form of the term loan. As per the Government scheme guidelines, the term loan will become 'grant' on compliance with the terms and conditions of the scheme.

3. TERM LOANS FROM OTHERS

The Company has taken External Commercial Borrowing (ECB) of USD 1,300 thousand from Preferred Brands International Inc., U.S.A. (PBI), its ultimate holding company, for capacity expansion and modernisation of the existing manufacturing infrastructure. The Company has received the Reserve Bank of India (RBI) approval ref. FED.CO.ECBD./03.02.766/2005-06 dated November 9, 2005. The Company has drawn down entire amount of the loan in the year ended March 31, 2007. As per the terms of the loan agreement, the loan is repayable at any time after the third anniversary of the date of first disbursement upon the written demand by the lender. In the absence of a written demand, the Company has to repay the principal sum in approximately eight quarterly installments commencing with the first payment date occurring eight years after the date of drawdown.

The Company has been sanctioned an additional ECB of USD 1,000 thousand by PBI in the year 2008-2009 for modernization and up-gradation of existing manufacturing facility. The Company has received the RBI approval ref. FED.CO.ECBD/13748/03.02.766/2008-09 dated November 17, 2008. The Company has drawn down USD 500 thousand (Previous Year: USD 250 thousand) as at the balance sheet date. The loan is repayable at any time after the third anniversary of the date of first disbursement upon the written demand by the lender. In absence of a written demand, the Company has to repay the principal sum in twenty equal installments on quarterly basis commencing from September 30, 2012.

The above ECBs are not pre-payable.

4. 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.930 thousand** (Previous Year: Rs.930 thousand).

ii) Income tax claims disputed by the Company and under appeal **Rs.11,767 thousand** (Previous Year: Rs.10,407 thousand).

iii) Custom duty demand disputed by the Company and under appeal **Rs.950 thousand** (Previous Year: Rs.950 thousand).

iv) Provident Fund demand disputed by the Company and under appeal **Rs.10,034 thousand** (Previous Year: Rs.10,034 thousand).

b) Guarantees given by the Company's bankers against counter guarantees given by the Company of **Rs.3,200 thousand** (Previous Year: Rs.3,200 thousand). It includes bank guarantees amounting to **Rs.950 thousand** (Previous Year: Rs.950 thousand) in respect of item (a) (iii) above.

The amounts included above, represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately.

5. DERIVATIVE INSTRUMENTS

The derivative instruments outstanding as at March 31, 2010 are as under:

i) Forward contracts USD-INR for the purpose of hedging its exposure to foreign currency receivables: **USD 5,100 thousand** (Previous Year: USD 4,350 thousand).

ii) Forward contracts AUD-INR for the purpose of hedging its exposure to foreign currency receivables: **AUD 300 thousand** (Previous Year: Nil).

The Company has provided for the losses on derivative instruments by marking them to market.

6. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs.69,312 thousand** (Previous Year: Rs.9,567 thousand).

7. LIABILITIES

Micro, Small and Medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available and the auditors have relied on the same. Sundry Creditors include total outstanding dues of micro enterprises and small enterprises amounting to Rs. NIL (Previous Year: Rs.2,883 thousand). The disclosures pursuant to the Schedule VI to the Companies Act, 1956 and MSMED Act based on the books of account are as under:

Rupees in thousand

	2009-10	2008-09
Dues remaining unpaid		
Principal	**Nil**	*1,259*
Interest	**Nil**	*Nil*
Interest paid in terms of Section 16 of MSMED Act	**Nil**	*Nil*
Amount of payments made to supplier beyond the appointed day	**654**	*Nil*
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year without adding interest specified under MSMED Act	**Nil**	*Nil*
Amount of interest accrued and remaining unpaid	**Nil**	*Nil*
Amount of further interest remaining due and payable in succeeding years for the purpose of disallowance under section 23 of the Act	**Nil**	*Nil*

8. 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 March 31, 2010 (Rs. in thousand)**	As at March 31, 2009 (Rs. in thousand)
Deferred Tax Asset		
Provision for Retirement Benefits	**1,695**	979
Others	**691**	2,865
Deferred Tax Liability		
Depreciation on Fixed Assets	**(14,439)**	(12,229)
Deferred Tax Asset / (Liability)	**(12,053)**	(8,385)

SCHEDULE 15: NOTES TO ACCOUNTS (Contd.)

9. EMPLOYEE BENEFITS

Defined Contribution Plan:

Contribution to defined contribution plans are recognized as expense for the year. The contributions to provident fund under defined contribution plan are reported in Schedule 11 – Manufacturing and other expenses.

Defined Benefit Plan:

The amounts recognized in the Company's financial statements as at the year end as per the certificate issued by actuary are as under:

(Rs. In thousands)

Particulars	2009-10	2008-09
Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	3,390	2,712
Current Service Cost	440	412
Interest Cost	302	244
Contribution by Plan Participants	-	-
Actuarial (Gain) / Loss on Obligation	1,523	159
Foreign Currency exchange rate changes	-	-
Benefits Paid	(108)	(137)
Past Service Cost	-	-
Amalgamations/ Curtailments/ Settlements	-	-
Present value of the obligation at the end of the year	5,547	3,390
Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	2,463	1,569
Expected return on Plan Assets	273	208
Actuarial Gain / (Loss) on Plan Assets	437	(277)
Foreign Currency exchange rate changes	-	-
Contributions by the Employer	1,000	1,100
Contributions by Plan Participants	-	-
Benefits Paid	(108)	(137)
Amalgamations/ Settlements	-	-
Fair value of Plan Assets at the end of the year	4,065	2,463
Amounts Recognized in the Balance Sheet:		
Present value of Obligation at the end of the year	5,547	3,390
Unrecognized Past Service Cost	-	-
Fair value of Plan Assets at the end of the year	4,065	2,463
Net Obligation at the end of the year	(1,482)	(927)
Amounts Recognized in the statement of Profit and Loss:		
Current Service Cost	**440**	412
Interest cost on Obligation	**302**	244
Expected return on Plan Assets	**(273)**	(208)
Expected return on Reimbursement Right recognised as an asset	**-**	-
Net Actuarial (Gain) / Loss recognised in the year	**1,086**	436
Past Service Cost	**-**	-
Effect of Curtailment or Settlement	**-**	-

SCHEDULE 15: NOTES TO ACCOUNTS (Contd.)

(Rs. In thousands)

Particulars	2009-10	2008-09
Net Cost Included in Personnel Expenses	**-**	-
Expenses recognized in the statement of profit and loss	**1,555**	884
Major categories of plan assets as a percentage of total plan		
Actual return on Plan Assets	**710**	69
Estimated contribution to be made in next financial year	**1,717**	1,061
Actuarial Assumptions		
i) Discount Rate	**8.25%**	8.00%
ii) Expected Rate of Return on Plan Assets	**8.00%**	8.00%
iii) Salary Escalation Rate	**5.00%**	5.00%
iv) Employee Turnover	**2.00%**	2.00%
v) Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

Note:

a) The estimates of future salary increases, considered in actuarial valuation, has been done on the basis of current salary suitably projected for future taking into consideration the general trend in salary rise and inflation rates.

b) The liability for leave encashment as at the year end is Rs.2,404 thousand (Previous Year: Rs.1,955 thousand).

10. SEGMENT REPORTING

The disclosure requirements in respect of 'Accounting Standard 17 – Segment Reporting' is as under:

a. Information about Primary Segment

The Company has a single business segment 'Prepared Foods' in accordance with the criteria for identification of reportable segment specified in the said standard. The Company has reduced the activity of providing cold storage on rental basis and vegetable processing activities substantially and now these activities have remained incidental. Hence, the management does not consider the above incidental activities as reportable segment.

b. Information about Secondary Segments

The Company has identified following geographical segments as secondary reportable segments (Rupees in Thousand):

Particulars	India		Outside India		Total	
	2009-10	2008-09	**2009-10**	2008-09	**2009-10**	2008-09
Revenue	**1,58,860**	1,07,746	**5,65,554**	3,55,524	**7,24,414**	4,63,270
Carrying amount of segment assets	**3,88,509**	2,78,866	**1,28,925**	81,915	**5,17,434**	3,60,781
Capital expenditure	**31,438**	35,721	**-**	-	**31,438**	35,721

c. Notes:

i. Revenue within India includes sales to customers located within India and earnings in India. Revenue outside India includes sales to customers located outside India and earnings outside India.

ii. Carrying amount of segment assets are determined by geographical location of assets in India and outside India.

iii. Capital expenditure includes cost incurred during the year to acquire the tangible and intangible fixed assets by geographical location of assets in India and outside India.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO ACCOUNTS (Contd.)

11. RELATED PARTY DISCLOSURE

1. Relationships :

(i) HOLDING COMPANY

Preferred Brands Foods India Limited.

(ii) ULTIMATE HOLDING COMPANY

Preferred Brands International, Inc. USA

(iii) FELLOW SUBSIDIARY

Preferred Brands Australia Pty. Ltd.

ASG Omni India Private Limited

(iv) KEY MANAGEMENT PERSONNEL

Mr. Ravi Nigam - Managing Director

Mr. Sohel Shikari - Alternate Director

(v) RELATIVES OF KEY MANAGEMENT PERSONNEL

Mrs. Ruby Nigam

Mrs. Reshma Shikari

M/s. 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 Company		Ultimate Holding Company		Fellow Subsidiary	
		2009-10	*2008-09*	**2009-10**	*2008-09*	**2009-10**	*2008-09*
1	Sales	**-**	-	**467,074**	*300,710*	**97,677**	*53,735*
2	Interest Income	**-**	-	**-**	*2,681*	**-**	*48*
3	Expenses Charged to Other Companies	**30**	*37*	**2,985**	*2,596*	**440**	*797*
4	Expenses Charged by Other Companies	**-**	-	**451**	*2,459*	**-**	*739*
5	Interest on Loan Taken	**-**	-	**3,136**	*4,000*	**-**	-
6	Loans taken during the year	**-**	-	**11,525**	*12,265*	**-**	-
7	Outstanding receivables net of payables	**90**	*60*	**81,533**	*67,078*	**36,917**	*14,602*
8	Loan Outstanding	**-**	-	**80,954**	*78,835*	**-**	-

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

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	2009-10	*2008-09*	**2009-10**	*2008-09*
1 Remuneration	**7,041**	*3,319*	-	-
2 Receiving of Services	**-**	-	**810**	*240*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO ACCOUNTS (Contd.)

12. 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	**9,800**	*17,200*	**7,382**	*4,687*

* includes captive consumption.

Notes :

Installed capacities are as certified by the Management.
Licenced Capacity has not been mentioned as the product has been delicenced

13. INVENTORY OF FINISHED GOODS

Sr. No.	Item	March 31, 2010		March 31, 2009	
		Quantity MT	Value Rs. '000	Quantity MT	Value Rs.'000
1.	Ready to Serve Foods	**43**	**2,694**	*41*	*2,261*
			2,694		*2,261*

14. SALES TURNOVER

Sr. No.	Item	Current Year		*Previous Year*	
		Quantity MT	Value Rs. '000	Quantity MT	Value Rs.'000
1.	Ready to Serve Food Products	**7,380**	**673,384**	*4,590*	*421,248*
3.	Trading Sales	**20**	**1,980**	*20*	*1,105*
4.	Scrap Sales	*	**1,683**	*	*1,029*
	TOTAL		**677,047**		*423,382*

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

15. 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		**409,077**		*237,231*
	TOTAL		**409,077**		*237,231*

Note:

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

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO ACCOUNTS (Contd.)

16. CONSUMPTION OF RAW MATERIALS AND STORES

Item		Current Year		Previous Year	
		Rs. '000	%	Rs.'000	%
a)	Raw Materials including Packing Material				
	- Imported	**95,591**	**23**	*41,659*	*18*
	- Indigenous	**313,486**	**77**	*195,572*	*82*
		409,077	**100**	*237,231*	*100*
b)	Stores and Spare Parts				
	- Imported	**1,339**	**7**	*146*	*1*
	- Indigenous	**18,144**	**93**	*13,565*	*99*
	TOTAL	**19,483**	**100**	*13,711*	*100*

		Current Year Rs. '000	Previous Year Rs. '000
17.	**VALUE OF IMPORTS ON C.I.F. BASIS**		
a)	Raw Materials and Packing Materials	**84,408**	46,181
b)	Purchases of Trading Goods	**-**	637
c)	Plant and Machinery	**8,158**	18,751
d)	Stores and Spares	**1,022**	146
	TOTAL	**93,588**	65,715
18.	**EXPENDITURE IN FOREIGN CURRENCY**		
-	Travel	**838**	*2,197*
-	Interest	**3,136**	*4,000*
-	Others	**478**	*3,198*
	TOTAL	**4,452**	*9,395*
19.	**EARNINGS IN FOREIGN CURRENCY**		
-	F.O.B. Value of Exports	**531,263**	*329,304*
-	Interest Income	**-**	*2,729*
	TOTAL	**531,263**	*332,033*

SCHEDULE 15: NOTES TO ACCOUNTS (Contd.)

	Current Year Rs. '000	Previous Year Rs. '000
20. MANAGERIAL REMUNERATION		
a) Directors		
Salaries and Bonus	**6,538**	*3,001*
Contribution to Provident Fund	**503**	*318*
(Above figures do not include provisions for leave encashment and gratuity as separate actuarial valuation is not available for the Managing Director.)		
b) Independent Directors		
Professional Fees	**220**	*120*
Directors Sitting Fees	**55**	*30*
	7,316	*3,469*
c) Computation of net profit in accordance with section 349 of the Companies Act, 1956		
Profit before tax	**112,887**	
Add:		
i) Managerial Remuneration	**7,041**	
ii) Directors' sitting fees	**55**	
iii) Depreciation	**15,222**	
iv) (Profit) / Loss on fixed assets sold / written off (Net)	**1,532**	
v) Provision for doubtful debts	**(3,150)**	
	133,587	
Less:		
i) Depreciation u/s 350	**15,222**	
ii) Brought forward losses of earlier years u/s 349	**14,713**	
	103,652	

The computation of net profits for the previous year has not been given, as the Company has paid managerial remuneration as per limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 15: NOTES TO ACCOUNTS (Contd.)

	Current Year Rs. '000	Previous Year Rs. '000
21. AMOUNTS PAID TO AUDITORS (Excluding Service Tax)		
a) Audit Fees	**475**	*375*
b) Audit under other statutes	**275**	*150*
c) Certificates	**170**	*120*
d) Out of Pocket Expenses	**15**	*36*
TOTAL	**935**	*681*

22. DISCLOSURE IN RESPECT OF LEASES

The Company has operating leases for office space and guest house, that expire over the next 1-4 years. These agreements provide for cancellation by either party with a notice period ranging from 60 days to 180 days, after the initial lock-in period, if any. The total of future minimum lease payments under non-cancelable operating leases:

	Current Year Rs. '000	Previous Year Rs. '000
a) Not later than one year	**384**	*1,740*
b) Later than one year and not later than five years	**538**	-
c) Later than five years		

23. EARNING PER SHARE

	Current Year Rs. '000	Previous Year Rs. '000
Net Profit as per Profit and Loss Account	**69,689**	*14,103*
Less: Preference share dividend (including dividend distribution tax)	**70**	-
Amount available for Equity shareholders	**69,619**	*14,103*
Weighted Average No. of Equity shares outstanding	**2,566,000**	*2,566,000*
Earning per share - Basic and Diluted (Rs.)	**27.13**	*5.50*
Face Value per Equity share (Rs.)	**10**	*10*

24. PREVIOUS YEAR FIGURES

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

16) **Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956 :**
Balance Sheet Abstract for the Year Ended March 31, 2010 and Company's General Business Profile

I) Registration Details:

Registration No.	:	37347
State Code	:	11
Balance Sheet Date	:	March 31, 2010

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	:	376,838
Total Assets	:	376,838

Sources of Funds

Paid-up Capital	:	31,613
Reserves and Surplus	:	183,494
Secured Loans	:	149,678
Unsecured Loans	:	-

Application of Funds

Net Fixed Assets	:	154,811
Investments	:	-
Net Current Assets	:	222,027
Misc. Expenditure	:	-
Accumulated Losses	:	-

IV) Performance Of Company : (Amount in Rs. Thousand)

Turnover	:	724,414
Total Expenditure	:	611,527
Profit/Loss Before Tax	:	112,887
Profit/Loss After Tax	:	69,710
Earning Per Share in Rs.	:	27.13
Dividend Rate %	:	10%

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 Food Products

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Net Profit Before Tax and Extraordinary Items		**112,887**	*23,238*
	Adjustment for:			
	Depreciation and Amortisation	**15,222**		*9,938*
	Interest Expense	**7,320**		*7,898*
	Interest Income	**(1,244)**		*(4,111)*
	Loss / (Gain) on Foreign Exchange Transactions	**(14,808)**		14,153
	(Profit) / Loss on fixed assets sold / written off (Net)	**1,532**		*1,279*
			8,022	*29,157*
	Operating Profit Before Working Capital Changes		**120,909**	*52,395*
	Adjustments for:			
	Trade and Other Receivables		**(72,131)**	*(21,900)*
	Inventories		**(31,226)**	*(3,468)*
	Trade Payables	**8,515**		*(2,316)*
			(94,842)	*(27,684)*
	Cash Generated from Operations		**26,067**	*24,711*
	Income Tax Paid :			
	Current Tax (including Fringe Benefit Tax)		**(31,238)**	(5,076)
	Cash Flow Before Extraordinary Items		**(5,171)**	19,635
	Prior Period Items		**(21)**	*(76)*
	Net Cash Flow from Operating Activities		**(5,192)**	19,559
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**			
	Purchase of Fixed Assets	**(35,503)**		*(35,721)*
	Sale of Fixed Assets	**439**		-
	Net Cash Used in Investing Activities		**(35,064)**	*(35,721)*
	Balance carried forward		**(40,256)**	*(16,162)*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
	Balance Brought Forward		**(40,256)**	*(16,162)*
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**			
	Change in Borrowings	**42,216**		33,932
	Swap contracts	**-**		(3,560)
	Interest Expense	**(7,320)**		*(7,898)*
	Interest Income	**1,244**		*4,111*
	Net Cash Used in Financing Activities		**36,140**	*26,585*
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**(4,116)**	*10,423*
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING			
	Cash and Bank Balances	**30,207**		*19,784*
			30,207	*19,784*
	CASH AND CASH EQUIVALENTS AS AT THE ENDING			
	Cash and Bank Balances	**26,091**		*30,207*
			26,091	*30,207*
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**(4,116)**	*10,423*

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 the year.
3. Change in borrowings are shown net of receipts and payments.
4. Cash and cash equivalent represent cash and bank balances including deposits towards margin money amounting to Rs.5,035 thousand (Previous Year: Rs.23,885 thousand) and deposits towards security for loans amounting to Rs.5,977 thousand (Previous Year: Rs.2,880 thousand).
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

Anil A. Kulkarni
PARTNER

Date : May 30, 2010
Place : Pune

For and on behalf of the Board

Ravi Nigam	*Sohel Shikari*	*Prasad Nadkarni*
Managing Director	**Director**	**Company Secretary**

Date : May 30, 2010
Place : Bengaluru

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 ……………………….. or failing him/her …………………………………….. of ……………………. as my/our proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company, to be held on September 16, 2010 at 3.00 p.m at Hotel Le Meridien Pune, RBM Road, Pune 411 001 and at any adjournment thereof.

DP ID *	
Client ID *	
Regd. Folio ID	
No. of shares held	

Affix One Rupee Revenue Stamp here

* Applicable if shares are held in electronic form

Signature of Registered Holder

Signature of Proxy holder

NOTE: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company, not less than 48 hours before the meeting.

TASTY BITE EATABLES LIMITED

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

ATTENDANCE SLIP

DP ID *		**Name And Address of the Registered Shareholder**
Client ID *		
Regd. Folio No.		
No. of shares held		

* Applicable if Shares are held in electronic form

I Certify that I am a registered shareholder/ proxy for the registered shareholder of the Company. I hereby record my presence at the 26th ANNUAL GENERAL MEETING held on September 16, 2010 at 3.00 p.m at Hotel Le Meridien Pune, RBM Road, Pune 411 001.

…………………………………………… Member's/ Proxy's Signature

Note: Please fill this attendance slip and hand it over at the Entrance of the Office.

Tasty Bite Eatables Limited

204, Mayfair Towers, Shivajinagar, Pune