Tasty Bite Eatables Limited

27th Annual Report
2010 - 2011

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 of Natural, Convenient, Specialty Foods that will offer consumers
Promise	Great Taste, Good Value and a Range of cuisine achieved through
Advantage	Product Innovation, Low-cost manufacturing and Customer partnerships
Environment	in a Knowledge Driven, energetic and Fun work environment.

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 - 412 214
Maharashtra

Bankers
Axis Bank Limited
Citibank N. A.

Share Transfer Agent
Karvy Computershare Pvt. Ltd.
17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500 081

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27th Annual General Meeting

Date : September 5, 2011
Time : 12:30 p.m.
Venue : Registered Office
204, Mayfair Towers, Wakdewadi,
Shivajinagar, Pune - 411 005

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	2010-2011	2009-2010	2008-09	2007-08	2006-07	2005-06
Months	**12**	12	12	12	12	12
Statement of Income						
Revenue	**8,185.35**	7,244.14	4,632.71	3,698.90	3,075.48	2,682.66
Cost of Revenue	**5,015.13**	*4103.45	2,388.19	1,972.48	1,686.44	1,302.07
Gross Profit	**3,170.22**	**3,140.69**	**2,244.52**	**1,726.42**	**1,389.04**	**1,380.59**
Operating Expenses	**2,629.56**	1,760.06	1,815.30	1,409.56	1,146.22	1,071.16
Depreciation	**167.62**	152.22	99.38	86.47	67.12	64.93
Interest	**92.98**	99.54	97.46	71.08	32.00	77.18
Extra-Ordinary (Income)/Expenses	**(28.45)**	0.21	0.76	(14.69)	20.27	26.75
Provision for Tax	**119.73**	431.77	90.59	57.03	36.79	84.76
Net Profit	**188.78**	**696.90**	**141.03**	**116.97**	**86.64**	**55.81**
Assets Employed						
Fixed Assets - Gross	**3,436.39**	2,487.73	2,086.24	2,109.81	1,885.95	1,286.61
Fixed Assets - Net**	**2,453.60**	1,548.11	1,365.01	1,119.97	1,032.00	632.45
Investments	**-**	-	-	-	0.50	0.50
Current Assets	**3,775.95**	3,626.23	2,242.80	1,889.72	1,730.77	1,488.69
Current Liabilities	**(2,019.47)**	(1,405.96)	(868.06)	(916.16)	(852.94)	(746.63)
Deferred Revenue Expenditure	**-**	-	-	-	0.18	0.36
Deferred Tax Asset / (liability)	**(137.14)**	(120.53)	(83.85)	(63.40)	(21.48)	10.35
	4,072.94	**3,647.85**	**2,655.90**	**2,030.13**	**1,889.03**	**1,385.72**
Net Current Assets	**1,756.48**	2,220.27	1,374.74	973.56	877.83	742.06
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	**680.28**	522.02	(144.25)	(285.28)	(402.25)	(488.89)
Loan Funds	**1,763.61**	1,496.78	1,171.10	686.36	662.23	245.56
	4,072.94	**3,647.85**	**2,655.90**	**2,030.13**	**1,889.03**	**1,385.72**
Ratios						
Current Ratio	**1.87**	2.58	2.41	2.06	2.03	1.99
Working Capital Turnover	**4.66**	3.26	3.37	3.80	3.50	3.62
Gross Profit % To Revenue	**39%**	43%	48%	47%	45%	51%
Net Profit % To Revenue	**2.31%**	9.62%	3.04%	3.16%	2.82%	2.08%
Debt Equity Ratio	**1.08**	0.92	0.72	0.42	0.41	0.15
Capital Turnover	**2.01**	1.99	1.74	1.82	1.63	1.94
Fixed Assets to Shareholders' Funds	**1.51**	0.95	0.84	0.69	0.63	0.39
Earnings Per Share	**7.33**	27.13	5.50	4.56	3.38	2.17
Net Worth	**2,309.33**	**2,151.07**	**1,484.80**	**1,343.77**	**1,226.80**	**1,140.16**

* Includes trading goods.

** Includes Capital work-in-progress.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It only seems logical that barring a few exceptions, what happens in the broader society gets mirrored in the fortunes of companies, communities, families and individuals. Certainly, what is happening around the world in terms of economic and social turmoil this last year, from the Arab world to North Africa, from Greece to the European community, from the US to the rest of the world should thus threaten to affect our lives here in India as well. But we seem to be a rare exception. Or maybe we are just experiencing a lag.

Not that we are without our share of political and social uncertainty. Despite being riddled with allegations of widespread corruption and a sharp increase in raw material prices, the corporate sector in India has continued to remain the engine for both social change and economic growth, albeit at a slower pace.

The Centre for Monitoring Indian Economy (CMIE) expects that while corporate revenues will grow nearly 18.8 percent compared to just 6 percent in FY'10, net profits will only increase by 7 percent -a significant step down from 29 percent growth in profits in FY'10.

It appears that this trend is mirrored in your Company's performance as well.

Your company continued its trajectory of growth in volumes and revenues. Revenues grew 13 percent over last year to Rs. 82 crores while volumes grew nearly 23 percent. Profit - after tax was Rs.1.9 crores down from Rs. 7 crores last year. You are aware that the company is one of the largest buyers of fresh vegetables and spices in the region. The cost of vegetables was up nearly 23 percent and in a competitive market situation it was difficult for the company to pass on this increase to our customers. Increased labor costs, a weakening dollar and rising oil prices further added to margin pressure.

Notwithstanding this internal inflationary pressure, the good news is that the Tasty Bite brand continues its dominance in the international markets we participate in. US revenues for the company were up more than 14 percent. The launch of a range of ready-to-eat legumes and lentils positioned as a meal inspiration has been received well by consumers. As of a few months ago Tasty Bite's market share in the US was greater than all other Indian prepared food brands combined! Yes, we seem well positioned in the retail branded and private label business internationally and we will continue to invest in that growth vigorously.

But the most vibrant aspect of the company this year was the domestic Tasty Bite Food Service business (TFS). I had written about this in some detail in the previous Annual Report. It grew 58 percent over last year to Rs.17 crores! The TFS business is structured along two technology lines. One that manufactures a range of ambient sauces and the other a line of formed frozen products. Over the last couple of years we have built strong linkages with our customers in both these segments and are actively working with them in new product development that will continue to provide them a competitive edge even as we improve our manufacturing efficiencies and fulfilment rates for our existing business with them.

Given our robust compound annual growth in excess of 27 percent for the previous years and continued profitability the board was pleased to accept the management's recommendation to once again declare a dividend of 10 percent subject to your approval at the Annual General Meeting in September.

Let me summarize by providing you some highlights of the year's activities and some specific initiatives on the anvil.

- The expansion we undertook earlier in the year to double our capacity in our Ready-to-Serve (RTS) plant is almost complete. This enhancement will keep us in good stead as we grow our global business over the next few years.
- The modernization and expansion work on the sauces and frozen food plant will begin soon and we expect to commission it by the end of this fiscal year.
- The new Tasty Bite Research Center (TBRC) was inaugurated on schedule in September 2010. It has received DSIR accreditation and is well poised to become a center for excellence in prepared foods R&D.
- The company was reorganized along profit centers viz. RTS, Sauces, FFP (Formed Frozen products) and the Farm. I believe this will encourage sharper customer focus and give the management a better understanding of challenges and opportunities in each of these strategic business units.
- We have begun to explore new channels for our existing products in existing markets and simultaneously have begun researching new international markets. We expect this effort to continue through the year.
- Just a few months ago, to everyone's satisfaction, we concluded a long-term wage settlement with our union.

I am pleased to see the management and the employees continue to work hard towards the Company's mission statement that encourages creating an environment that is knowledge-driven, energetic and fun.

Ashok Vasudevan
Chairman

NOTICE

Notice is hereby given that the Twenty seventh Annual General Meeting of the Members of Tasty Bite Eatables Limited will be held on Monday, 5th September 2011 at 12.30 p.m. at the Registered Office of the Company at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune 411 005 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, 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 2010-11.
3. To declare dividend of Re. 1 per Equity Share on 25,66,000 Equity shares of Rs. 10 each for the Financial Year 2010-11.
4. To appoint a Director in place of Mrs. Meera Vasudevan, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Dr. V S Arunachalam, 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 (Firm Registration No 104607W) 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 a Special Resolution :

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof) and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for waiver of recovery of a sum of Rs. 21,95,360 (Rupees Twenty one lacs ninety five thousand three hundred & sixty only) being excess remuneration paid to Mr. Ravi Nigam, Managing Director of the Company for the period from 01 April 2010 to 31 March 2011 in excess of the limits prescribed under applicable provisions of the Companies Act, 1956.

   RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to the remuneration paid to Mr. Ravi Nigam, Managing Director of the Company as minimum remuneration in view of inadequacy of profits for the period from 01 April 2010 to 31 March 2011.

   RESOLVED FURTHER THAT subject to the approval of Central Government, the excess remuneration of Rs. 21,95,360 (Rupees Twenty one lacs ninety five thousand three hundred & sixty only) paid to Mr. Ravi Nigam, Managing Director of the Company be held in trust by him for the Company.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to accept the modifications in terms and conditions, if any required by the Central Government.

   RESOLVED FURTHER THAT any Director and/or the Company Secretary be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary to give effect to the resolution."
8. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution :

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof) and subject to the approval of the Central Government, consent of the Company be and is hereby accorded for waiver of recovery of a sum of Rs. 19,29,259 (Rupees Nineteen lacs twenty nine thousand two hundred fifty nine only) being excess remuneration paid to Mr. Sohel Shikari, Alternate Director & Group Chief Financial Officer of the Company for the period from 01 April 2010 to 31 March 2011 in excess of the limits prescribed under applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to the remuneration paid to Mr. Sohel Shikari, Alternate Director & Group Chief Financial Officer of the Company as minimum remuneration in view of inadequacy of profits for the period from 01 April 2010 to 31 March 2011.

RESOLVED FURTHER THAT subject to the approval of Central Government, the excess remuneration of Rs. 19,29,259 (Rupees Nineteen lacs twenty nine thousand two hundred fifty nine only) paid to Mr. Sohel Shikari, Alternate Director & Group Chief Financial Officer of the Company be held in trust by him for the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to accept the modifications in terms and conditions, if any required by the Central Government.

RESOLVED FURTHER THAT any Director and/or the Company Secretary be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary to give effect to the resolution."

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

"RESOLVED THAT in terms of the provisions of Sections 198, 269, 309, 310 and such other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the "Act"), which shall include any statutory modification(s) or re-enactment(s) thereof read with Schedule XIII to the Act and in view of inadequacy or absence of profits in the financial year 2010-2011, for the period April 1, 2011 to July 19, 2011, the consent of the Company be and is hereby accorded to the payment of remuneration to Mr. Ravi Nigam, Managing Director, as approved by the members of the Company at its Annual General Meeting held on September 16, 2010.

RESOLVED FURTHER THAT the aforesaid remuneration payable to Mr. Ravi Nigam, the details of which are mentioned in the explanatory statement for the period mentioned above, is subject to approval of the Central Government.

RESOLVED FURTHER THAT the Board of Directors of the Company (including the Committee of Directors) be and are hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and such other provisions as may be applicable, if any, of the Companies Act, 1956 (hereinafter referred to as the "Act"), which shall include any statutory modification(s) or re-enactment(s) thereof read with Schedule XIII of the Act and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the reappointment of Mr. Ravi Nigam as the Managing Director of the Company for a period of 5 years with effect from 20 July 2011 on the remuneration and upon such terms and conditions as are set out in the draft agreement to be entered into, between the Company and said Mr. Ravi Nigam, the terms of which are mentioned in the explanatory statement annexed, which agreement be and is hereby specifically approved with liberty to the Board of Directors to add, alter and vary the terms and conditions of the said appointment and/or Agreement subject to the relevant provision of the Act.

RESOLVED FURTHER THAT the aforesaid remuneration be considered as the minimum remuneration, notwithstanding that the Company may make loss or inadequate profits during the tenure of the Agreement for a period of 3 years with effect from 20 July 2011.

RESOLVED FURTHER THAT the Board of Directors of the Company (including the Committee of Directors) be and are hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

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

"RESOVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 313 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "Act"), which shall include any statutory modification(s) or re-enactment(s) thereof read with Schedule XIII of the Act and subject to consent of the Central Government, consent 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 14, 2011, 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. April 01, 2011 for a period of 3 years as per the details given in the Explanatory Statement with liberty to the Board of Directors to vary the terms and conditions of the said appointment and remuneration.

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 to the State of Maharashtra, India for any reason.

RESOLVED FURTHER THAT the Board of Directors of the Company (including the Committee of Directors) be and are hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

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

Dated : August 11, 2011
Place : Pune

Ravi Nigam
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. The Register of Members and the Share Transfer Books of the Company will remain closed from August 27, 2011 to September 5, 2011 (both days inclusive) for the purpose of Annual General Meeting and declaration of dividend.
3. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. 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.
5. 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.
6. The dividend as recommended by the Board of Directors, upon declaration by the members at the 27th 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 Friday, August 26, 2011. 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 Friday, August 26, 2011. After dispatch of dividend warrants, any request for change in the Bank Account will not be entertained by the Company or its Registrars.

7. 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.

8. 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.

9. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business of the Notice is annexed hereto.

10. All the documents referred to in the Notice & Explanatory Statement and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days viz. from Monday to Friday between 10:00 am to 1:00 pm up to the date of Annual General Meeting.

11. Members are requested to notify changes, if any, in their registered addresses and all correspondences, including dividend matters to the Company's Registrar and Transfer Agent.

12. 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 on or before Friday, 26 August, 2011 to the Registrar & Transfer Agents viz. Karvy Computershare Private Limited, 17-24, Vithal Rao Nagar, Madhapur, Hyderabad 500 081, under the signature of the sole/first joint holder, the following information which will be used by the Company for Dividend payment:

    a. Name of Sole/First joint holder and Folio No.

    b. Particulars of Bank account viz.

        i. Name of the Bank

        ii. Name of the Branch

        iii. Complete address of the Bank with Pin Code

        iv. Branch Code (9 Digits code number appearing on the MICR Band of the cheque supplied by the Bank)

        v. Account Type (Savings Bank or Current account)

        vi. Bank account number allotted by the Bank

13. The Members holding shares in physical form are requested to send their ECS Mandate to Karvy Computershare Private Limited. 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. The shareholders who wish to change such bank accounts may advise their DPs about such change with complete details of Bank account including MICR Code before the book closure.

14. Members who have neither received nor encashed their dividend warrant(s) for the financial year 2009-10, are requested to write to the Company or Karvy Computershare Private Limited, mentioning the relevant folio number(s)/ DP ID and Client ID, for issuance of demand draft.

15. The Company has launched its website www.tastybite.co.in which provides all information as required by the Listing Agreement. Quarterly results, shareholding pattern and official news releases are being posted on the website, to enable the investors to know all about their Company.

16. SEBI vide circular dated May 20, 2009 has made it mandatory for transferees requesting for transfer of shares of listed companies in physical form, to furnish a copy of their PAN, duly self attested to the Company/ RTA, whilst lodgement of such shares.

17. Ministry of Corporate Affairs (MCA) vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has clarified that a company would be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports, etc. are sent in electronic form to its Members. Accordingly, the said documents of the Company for the financial year ended March 31, 2011 will be sent in electronic form to those Members who have registered their e-mail address with their DP and available to the Company by the Depositories or available with the Company in case of physical holding.

    However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to secretarial@tastybite.com, duly quoting his DP ID and Client ID or the Folio number, as the case may be. Members holding shares in physical form are requested to submit their e-mail address to the Karvy Computershare Private Limited, duly quoting their Folio number and Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA.

    Please note that the said documents will be uploaded on the website of the Company viz. www.tastybite.co.in and made available for inspection at the Registered Office of the Company during business hours.

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, A BRIEF RESUME OF THE DIRECTORS PROPOSED TO BE REAPPOINTED VIDE ITEM NOS. 4 & 5 MENTIONED IN THE NOTICE IS DETAILED BELOW:

Mrs. Meera Vasudevan, aged about 53 years, wife of Mr. Ashok Vasudevan, Chairman of the Company, is a Non-Executive Director of the Company. She has a Bachelor's Degree in English and Post Graduate qualifications in Marketing and Advertising from the University of Madras, India and Advanced Marketing from INSEAD, France.

She is the co-founder of ASG-Omni, a strategic consulting firm that designs entry strategies for large US corporations looking to do business in India. Prior to this, she co- founded Quantum Market Research, India's first specialist and now largest qualitative research company. She has conducted global brand research for leading consumer companies such as Unilever, Colgate, Cadbury, Mars, Citibank, Pepsi, Estee Lauder, Johnson & Johnson. She has also worked closely with Government departments and UNICEF on social research projects.

She is a Director of Preferred Brands International Inc., USA which in turn is the holding Company with 100% shareholding of Preferred Brands Foods (India) Private Limited, the holding Company of Tasty Bite Eatables Limited. She is also the Director of Preferred Brands Foods (India) Private Limited, ASG Omni India Private Limited, Preferred Brands Australia Pty. Ltd. and is a Member of ASG Omni LLC. She does not hold any shares of the Company.

Dr. V S Arunachalam, aged about 76 years, is an Independent Director of the Company.

He has served as a Distinguished Services Professor at the Carnegie Mellon University in Engineering & Public Policy, Department of Materials Science and Robotics Institute. Dr. Arunachalam's career includes serving as the head of DRDO and being the Scientific Advisor to the Defence Minister (Government of India). He has won several awards including the Padma Vibhushan, Padma Bhushan and the Shanti Swarup Bhatnagar Prize for Engineering Services.

He is the Chairman of C STEP (Center for Study of Science Technology and Policy) and Trustee - Director of Birla Sun Life Insurance Co. Ltd. He does not hold any shares of the Company.

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

Item Nos. 7 & 8 of Special Business :

Mr. Ravi Nigam was re-appointed as Executive Director, re-designated as Managing Director, of the Company for 5 years w.e.f. July 20, 2006. The Board of Directors revised the remuneration payable to Mr. Ravi Nigam w.e.f. April 1, 2010 till the expiry of his term which was approved by the shareholders at the Annual General Meeting held on September 16, 2011.

The Board of Directors of the Company appointed Mr. Sohel Shikari as Alternate Director to Mrs. Meera Vasudevan 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. The shareholders at the Annual General Meeting held on September 16, 2011, approved the remuneration to Mr. Sohel Shikari as Alternate Director designated as Group CFO.

Accordingly, during the financial year 2010-11, a sum of Rs. 46,30,000 (including contribution to PF) was paid to Mr. Ravi Nigam as remuneration and a sum of Rs. 39,70,000 (including contribution to PF) was paid to Mr. Sohel Shikari as remuneration.

As per the net profits as calculated under Section 198 & 349 of the Companies Act, 1956, the profits of the Company, for payment of remuneration to the managerial personnel were inadequate. This was mainly due to adverse market conditions. The main reasons for the same were volatile commodity inflation, weakening of the USD vis a vis INR (as compared to FY 2009-10) and overall inflation in food prices during the year 2010-11. There was a rise in freight costs due to increase in oil prices. Thus, inspite of increase in overall revenues, the net profits were lower.

In terms of the applicable provisions of Companies Act, 1956, remuneration of Rs. 21,95,360 (Rupees Twenty one lacs ninety five thousand three hundred & sixty only) excluding contribution to Provident Fund, has been ascertained in excess of net profits for the period from April 1, 2010 to March 31, 2011 to Mr. Ravi Nigam.

And, remuneration of Rs. 19,29,259 (Rupees Nineteen lacs twenty nine thousand two hundred fifty nine only) excluding contribution to Provident Fund, has been ascertained in excess of net profits for the period from April 1, 2010 to March 31, 2011 to Mr. Sohel Shikari.

As per the provisions of Section 309 of the Companies Act, 1956, subject to the approval of the Central Government, the Company can waive recovery of the excess remuneration for which the approval of the members is sought. The Company has applied to the Government on May 2, 2011 in respect of both of them. The approval of the Central Government has been received on July 22, 2011.

The Board recommends passing of the Special resolution as set out at Item no. 7 & 8 of the Notice.

Except Mr. Ravi Nigam and Mr. Sohel Shikari, no other Director is concerned or interested in the above resolution.

Item No. 9, 10 & 11 of Special Business :

Mr. Ravi Nigam :

The revised remuneration to Mr. Ravi Nigam, Managing Director approved at the Annual General Meeting of September 16, 2010 was effective till the expiry of his tenure. His tenure has expired on 19 July 2011.

Due to reasons mentioned in the explanatory statement for item nos. 7 & 8, the net profits as per Sections 198, 349 and other applicable provisions of the Companies Act, 1956 for the financial year 2010-11 are inadequate for payment of remuneration as revised in the Annual General Meeting. The terms and conditions of the remuneration to be paid for the period from April 1, 2011 to July 19, 2011 are as detailed in the Explanatory Statement of the said meeting. The Company seeks the shareholders' approval by way of a Special Resolution for payment of remuneration, which is subject to the approval of the Central Government.

Further, the Agreement with Mr. Ravi Nigam, Managing Director has expired on July 19, 2011. The Board of Directors in their meeting held on May 02, 2011 has considered and approved the re - appointment of Mr. Ravi Nigam, as Managing Director of the Company for a period of five years with effect from July 20, 2011. The Remuneration Committee at their meeting held on August 11, 2011 recommended payment of remuneration for a period of 3 years w.e.f. July 20, 2011. The recommendation was approved by the Board of Directors at their meeting held on August 11, 2011. The appointment and remuneration is subject to the approval by members by way of Special Resolution at the General Meeting and Central Government.

Mr. Sohel Shikari:

The Board of Directors of the Company appointed Mr. Sohel Shikari as Alternate Director to Mrs. Meera Vasudevan who resides abroad, on February 14, 2011 who vacated the office on April 11, 2011 and was again appointed on May 2, 2011, 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 is in the whole time employment of the Company.

The Remuneration Committee at their meeting held on August 11, 2011 recommended payment of remuneration to him as Alternate Director & Group CFO for a period of 3 years w.e.f. April 01, 2011. The recommendation was approved by the Board of Directors at their meeting held on August 11, 2011. This appointment and remuneration is subject to the approval by members by way of Special Resolution at the General Meeting and Central Government.

The main terms of their appointments are :

1. Period of Appointment :

Mr. Ravi Nigam	:	Approval of shareholders sought for the remuneration of balance tenure w.e.f. April 01, 2011 to July 19, 2011
		Reappointment for 5 (Five) years w.e.f. July 20, 2011 unless terminated by either side with three months' notice in writing.
		He shall not be liable to retire by rotation.
Mr. Sohel Shikari	:	Remuneration for reappointment for 3 (Three) years w.e.f. April 01, 2011 unless terminated by either side with one month's notice in writing. His appointment as Alternate Director shall be subject to provisions of Section 313 & Articles of Association of the Company.

2. Powers·:

Mr. Ravi Nigam	:	Subject to the superintendence of the Directors and control of the Board, he shall have all powers of the Board as delegated to him for running of day to day business of the Company or by Power of Attorney except those vested in the members in the General Meeting by law.
Mr. Sohel Shikari	:	He shall be responsible for all finance and strategic planning functions of the Company. He reports to the Board of Directors.

3. Remuneration :

Mr. Ravi Nigam :

In consideration of the duties and obligations undertaken by the Managing Director hereinabove, the Company shall pay him the remuneration for a period from April 01, 2011 to July 19, 2011 as per the terms and conditions detailed in the Explanatory Statement to the Notice of Annual General Meeting held on September 16, 2010 and for the re-appointment, the Company shall pay him remuneration for 3 (three) years w.e.f. July 20, 2011 subject to the approval of Central Government and the shareholders at the General Meeting. The remuneration is as specified in the Agreement with Mr. Ravi Nigam and as detailed at item 5 below.

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

Mr. Sohel Shikari

In consideration of the duties and obligations undertaken by the Group CFO herein above, the Company shall pay him the remuneration for 3 (three) years w.e.f. April 01, 2011 subject to the approval of Central Government and the shareholders at the General Meeting as detailed at item 5 below.

The Managing and Alternate Director shall not be paid any sitting fees for attending Board of Committee Meetings.

The information required to be given as per Schedule XIII is given as follows:

I) GENERAL INFORMATION :

1) Nature of Industry: Food processing consisting of ready to serve products.
2) Date of commencement of commercial production: 20-09-1985
3) In case of new companies expected date of commencement of activities as per project approved by the financial Institutions appearing in the prospectus. : Not Applicable
4) Financial performance based on given indicators

(Rs. In 000)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Total Revenues	8,18,535	7,24,414
Profit before tax	28,006	1,12,887
Profit after tax *	18,878	69,689

* after adjusting prior period items

5) Export Performance and net foreign exchange collaborations:

(Rs. In 000)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
F.O.B. Value of Exports	5,47,301	5,31,263

6) Foreign investments or collaborators, if any:

There is no direct foreign equity participation. The shareholding of Non-Resident Investors as on March 31, 2011 is 2,153 shares (0.08%).

II) INFORMATION ABOUT THE APPOINTEE:

1. Background & details as per Clause 49 of the Listing Agreement:

Mr. Ravi Nigam:

Mr. Ravi Nigam, aged about 51 years, holds a Degree in Chemistry and a Masters Degree in Rural Management from the Institute of Rural Management, Anand and an OPM from the Harvard Business School. He has vast domestic and international experience of over 28 years in food processing and agriculture commodities. 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 as Pepsi, L&T, Proctor & Gamble, Tata Exports and Ballarpur Industries. He is the Director of Prefered Brands Foods (India) Private Limited which is the holding Company of this Company, Preferred Brands Australia Pty. Ltd. and a member of ASG Omni LLC. He is also a Director of Preferred Brands International Inc., the ultimate holding company of the group. He holds 200 equity shares, (including 100 equity shares as joint holder) of the Company.

Mr. Sohel Shikari:

Mr. Sohel Shikari aged about 42 years, has a Masters degree in Civil Engineering from the Massachusetts Institute of Technology. He has vast domestic and international experience of over 17 years in varied Sectors including Investment Banking, Strategic Management and Finance. He has previously worked in the Global Controls and Information Technology Group at Goldman Sachs in New York. He is the co-founder of ASG-Omni LLC a strategic consultancy company in US, into consulting, financial services and venture capital advisory services. He has been heading the Finance function of the Company since 2002. He is the Director of Preferred Brands Foods (India) Private Limited which is the holding company of this Company, ASG Omni India Pvt. Ltd. and member of ASG Omni LLC. He is also a Director of Preferred Brands International Inc., the ultimate holding company of the group. He does not hold any shares of the Company.

2. Past Remuneration:

Mr. Ravi Nigam: Rs. 46,30,000/- for the year 2010-11.

Mr. Sohel Shikari: Rs. 39,70,000/- for the year 2010-11.

3. Recognition or awards:

Mr. Ravi Nigam:

Mr. Ravi Nigam started his career with Britannia Industries where he led the team for exports, achieving "Star Trading House Status". He then joined Pepsi India's start-up team and set up the company's own Basmati-rice plant and a network of high quality suppliers. Later, he set up his own business specializing in Agri-exports consulting and working on large soya, rice, wheat projects for such blue chip clients as Pepsi, L&T, Proctor & Gamble, Tata Exports and Ballarpur Industries. Later, he headed Ballarpur Industries' Commodity Foods Group as its Chief General Manager.

He has 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. In the year 2006-07, the Company was awarded Silver Trophy by APEDA (Agricultural Processed Food Product Export Development Authority) for outstanding export performance.

Mr. Sohel Shikari:

He is the co-founder of ASG-Omni LLC, a US consultancy company that was focused on entry strategy and venture capital advisory. He has been involved in the acquisition by Preferred Brands International Inc. of a majority interest of Tasty Bite Eatables Limited in 1999 and integrating the operations of the business.

He has been the Chief Financial Officer of Tasty Bite Eatables Limited since 2002. In the year 2006-07, the Company was awarded Silver Trophy by APEDA (Agricultural Processed Food Product Export Development Authority) for outstanding export performance.

4. Job Profile and Suitability :

Mr. Ravi Nigam :

Mr. Ravi Nigam has proven record of Merit as narrated at (3) above, and has already turned the company around from its "sick industry unit" status. The performance of the Company in terms of its growth rate both in exports and domestic market is an indicator of his capabilities. He is the driving force behind the marketing, research and development and overall management of the Company contributing to continuous growth, increased productivity and enhanced quality.

Mr. Sohel Shikari:

Mr. Sohel Shikari has been responsible for strategic planning and focuses on capital raising, growth planning and project review for the entire group and heads the finance function as Group Chief Financial Officer. After the acquisition of the Company by Preferred Brands International Inc., US, he as Group CFO was actively involved in integrating the operations of the Company and the Group. He has also been responsible for all the funding, the Company has received till date and has developed banking relationships for the Company for both the working capital and term loan limits for its capital expansion.

5. Remuneration Proposed:

The following remuneration subject to the approval of Central Government for Mr. Ravi Nigam for the period from 20 July 2011:

Salary & Allowances	:	Rs. 3,10,000 p.m. in the scale of Rs. 3,10,000 - Rs. 6,00,000 p.m.
Perquisites	:	Medical reimbursement upto Rs. 15,000 p.a.
		Leave Travel Allowance for self, spouse and children for travel to any place in India upto Rs. 60,000
		Encashment of leave as per Company Policy
Other benefits	:	Contribution to Provident Fund as per applicable Rules and Company Policy
		Gratuity as per Company Policy
		Provision of a car with driver and re-imbursement of telephone bills for use on Company's business shall not be considered as perquisite
		Mediclaim insurance and Group Accident coverage as per Company Policy shall not be considered as perquisite

The following remuneration subject to the approval of Central Government for Mr. Sohel Shikari for the period from 01 April 2011:

Salary & Allowances	:	Rs. 2,85,000 p.m. in the scale of Rs. 2,85,000 - Rs. 5,70,000 p.m.
Perquisites	:	Medical reimbursement upto Rs. 15,000 p.a.
		Leave Travel Allowance for self, spouse and children for travel to any place in India upto Rs. 60,000
		Encashment of leave as per Company Policy
Other benefits	:	Contribution to Provident Fund as per applicable Rules and Company Policy
		Gratuity as per Company Policy
		Provision of a car with driver and re-imbursement of telephone bills for use on Company's business shall not be considered as perquisite
		Mediclaim insurance and Group Accident coverage as per Company Policy shall not be considered as perquisite

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

The managerial remuneration in the industry is on the rise and increasing rapidly. The Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration of managerial persons. Having regard to the type of industry, the trend in the industry, the size of the Company, the growth of the Company, the profile of the whole time directors, their contributions and merits during their tenure, their responsibilities, the remuneration proposed is at par with the remuneration being paid to the senior executives in both domestic as well as multinational corporate sector in the food processing industry.

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

There is no pecuniary relationship of Mr. Ravi Nigam and Mr. Sohel Shikari with the Company or with any managerial personnel except as detailed in the Note no. 13 to Schedule 14: Notes to Accounts.

III OTHER INFORMATION

(1) Reasons for inadequate profits:

Though the overall revenues of the Company have grown, the profits of the Company have reduced due to:

a. Volatile commodity inflation and overall inflation in food prices and other input costs during the year 2010-11. The expense on raw and packing material costs (as a percentage of sales) was 66.14% in FY11 as compared to 60.43% in FY10.

b. Weakening of the USD vis-a-vis INR (as compared to FY 2009-10). The closing rate of USD was Rs.44.40 on 31st March 2011 as against Rs. 44.97 on 31st March 2010.

c. There was rise in freight costs due to increase in oil prices. Export freight as a percentage of export sales was 9.43% in FY11 as compared to 7.35% in FY10.

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

The Company continues to look at ways to hedge its business risks such as increase in commodity and freight costs and the strengthening of the Indian rupee against the US dollar. There are several initiatives which include taking forward covers on foreign exchange, smarter buying and entering into fixed price contracts with its suppliers in order to increase profitability. The Company has also initiated various programs to look at manufacturing costs to seek cost savings. Along with these measures, as the business of the Company continues to grow it is expected to increase the profitability of the Company subject however to the constaints of competition and price increase it can undertake.

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

With the above steps being taken by the Company, the productivity and profitability is expected to improve and increase.

IV. DISCLOSURES:

The Board of Directors commends the resolutions for approval of the members.

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

Above may also be treated as an abstract of the terms and conditions governing the appointment and remuneration of the Managing Director and Alternate Director in whole time employment designated as Group CFO pursuant to section 302 of the Companies Act 1956.

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

Dated : August 11, 2011 **Ravi Nigam**
Place : Pune **Managing Director**

DIRECTORS' REPORT

To The Members,

Your Directors are pleased in presenting the Twenty Seventh Annual Report together with Audited Statement of Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS **(Rs. In lacs)**

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Total Revenue	**8185.35**	7244.14
Operating Profit (loss) – PBDIT	**540.66**	1380.63
Interest	**92.98**	99.54
Depreciation	**167.62**	152.22
Profit (Loss) before Tax	**280.06**	1128.87
Provision for Taxation	**103.12**	395.09
Provision for Deferred Tax	**16.61**	36.68
Prior Period Income/ (Expenses)	**28.45**	(0.21)
Net Profit	**188.78**	696.89
Profit/(Deficit) Carried Forward	**522.02**	(144.25)
Appropriations		
Dividend on Preference Shares	**0.60**	0.60
Dividend on Equity shares	**25.66**	25.66
Tax on Dividend	**4.26**	4.36
Profit/ (Loss) transferred to Balance Sheet	**680.28**	522.02

FINANCIAL PERFORMANCE & OPERATIONS

The export revenues grew from Rs. 56.56 Cr to Rs. 59.76 Cr, showing a modest increase of 5.7%; whereas domestic revenues grew from Rs. 10.78 Cr to Rs. 17.06 Cr, an increase of 58%. On an overall basis, your Company had increased revenues by 13% from Rs. 72.44 Cr to Rs. 81.85 Cr. The volume growth in Sales was 22.71% as compared to the previous year.

The above results will have to be considered in the backdrop of volatile commodity inflation, weakening of the USD vis a vis INR (as compared to FY 2009-10) and overall inflation in food prices. The Company continues to focus on mix of aggressive cost reduction measures, commodity hedging measures through forward contracts and foreign exchange contracts to offset volatility in foreign exchange rates.

The Company continues to focus on growth in the export market as well as being "preferred processed food supplier" in domestic market. Accordingly, the Company has built additional capacity which has resulted in increase in processed food capacity to approx. 100,000 meals per day. The capacity expansion project is expected to complete by the end of Q2 FY 2011-12 which will additionally increase the throughput time in the overall production process.

The TBRC (Tasty Bite Research Centre) is the "Jewel in the crown" and your Company prides in product innovation offering great taste, good value, and range of cuisine. With increase in manufacturing complexities and broad based product portfolio, the Company has built a state-of-the-art R&D facility next to the manufacturing facility. This will ensure improved response to market, effective implementation of cost reduction programs and faster communication. Your Company has also applied to the Department of Science and Industrial Research (DSIR), Govt of India for recognition of the TBRC facility.

DIVIDEND

The Board of Directors at their meeting held on May 2, 2011, recommended a final dividend of Re. 1 per equity Share (10% on the face value of Rs. 10 each), subject to the approval of the shareholders at the ensuing AGM, for the financial year 2010-2011.

In addition to the above, the Director have recommended a Preference dividend of 1% aggregating to Rs. 59,530 on its 59,530 1% Non Cumulative Non Convertible Redeemable Preference Shares of Rs. 100 each for the financial year 2010-11.

The dividend payment would involve a cash outgo of Rs. 30.52 lacs including tax on dividend being borne by the Company.

Upon declaration by the members at the 27th 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 Friday, August 26, 2011. 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 Friday, August 26, 2011.

FINANCE

The Company has fully utilized the second External Commercial Borrowing of USD 1 Million availed from Preferred Brands International Inc., USA which has been utilized for the expansion program undertaken by your Company.

The Company has successfully negotiated an increase in working credit limits with Axis Bank Limited and Citibank N.A. to the tune of Rs 8.50 Cr through a judicious mix of pre and post shipment facilities.

Moreover, the Company has availed the Term Loan of Rs. 0.96 Crores from total sanctioned limit of Rs. 7.75 Crores from Axis Bank Limited, Pune. The Company has also utilized internal accruals for funding the capital expansion program.

The Company obtained consent of its shareholders by Postal Ballot for borrowing up to Rs. 50 Crores and for providing security up to Rs. 50 Crores, the results of which were declared on December 31, 2010.

FIXED DEPOSITS

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

DIRECTORS

Mrs. Meera Vasudevan and Dr. V S Arunachalam, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

The information of these Directors retiring by rotation at the ensuing Annual General Meeting as stipulated under Clause 49 of the listing agreement is given in the Notice.

The tenure of appointment of Mr. Ravi Nigam, Managing Director of the Company shall expire on July 19, 2011. The Board of Directors at their meeting held on May 2, 2011 re-appointed him as Managing Director for 5 years w.e.f. July 20, 2011. The appointment and remuneration is subject to approval by shareholders by way of special resolution as given in the notice.

Mr. Sohel Shikari has been appointed as Alternate Director to Mrs. Meera Vasudevan on September 28, 2010, February 14, 2011 and May 2, 2011 during the absence of Mrs. Meera Vasudevan from India. Detailed terms and conditions of his appointment for three years are given in the notice which are subject to approval by shareholder by way of special resolution.

CORPORATE GOVERNANCE

Your Company places great significance to good Corporate Governance as an important step towards building investors' confidence, improve their 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 Practising 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, 2011, 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 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, 2011 on a 'going concern' basis.

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, 2011, the Profits and Cash Flows for the Financial Year 2010-11.

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 (growing 22% in 2010 over 2009 with a market share of more than 58% in dollar sales in conventional supermarkets)[1]. While the US along with Australia continue to remain the largest markets for the Company's products, the domestic Indian market provides growing opportunities for the Company in the food-service arena.

From an overall macroeconomic point, GDP growth in our major market, the US, was lower than originally projected. The continued high unemployment levels and the large fiscal deficit predict a slower rate of growth over the next couple of years.

The grocery segment pertaining to the Company's products, namely the international/ethnic foods category is poised to grow at a robust rate of 19% over the next five years, i.e. 2010-15. This growth is on account of an increased interest in international foods due to travel and cooking shows, increasing number of ethnic restaurants, an increasingly ethnically diverse population and a resurgence of home eating driven by economic considerations.

The overall size of the ethnic foods market in the US is approximately $2.5 billion which is dominated by Mexican/ Hispanic foods with sales of over $1.5 billion in 2010. Ethnic foods have grown 20% over the five-year period 2005-2010 which is a growth rate of 4% per annum. This rate while small, is several times the growth of the overall grocery industry which typically has growth rate of 0.5% to 0.75% per annum. Asian foods account for nearly 30% of the ethnic foods category with a size of approximately $700 million in 2010 and an overall growth of about 40% between 2005-10 (approx 7% per annum). This category is expected to increase 20% over the next five years. The Indian foods segment is smaller ($40 million in 2010) but has nearly doubled in size between 2005 and 2010, growing at approximately 14% per annum. This has made this category the fastest growing category in the ethnic foods segment. While growth rates in 2009 and 2010 have been slower compared to the growth in the earlier years (2005-2008), it is expected that the Indian foods segment growth rates will rebound to approximately 12% per annum which will result in the category growing over 80% over the next five years.

There are three major global food trends that drive the growth of the Company's revenues in its international markets :

- Increasing consumer focus on illnesses such as obesity, diabetes, and heart disease is driving consumers to making healthy and natural food choices. A recent study done by Mintel shows that 49% of consumers said that they were trying to eat healthier in 2010 than in 2009.
- Consumers are increasingly eating at home and are seeking products that are convenient to prepare and integrate into their meals while adding new flavors and cuisines.
- Growth of international cuisines also called specialty foods. Cuisines such as Indian and pan-Asian are growing in demand.

Tasty Bite continues to occupy the 'sweet spot' across these three industry mega-trends.

[1]IRI data for year ending 2010

In India, the Company develops and manufactures a range of products for institutional users such as quick-service restaurants, hotels, and other retail and corporate customers. The Company's strategy is to partner with industry leaders in these segments to develop and manufacture products specifically for the Indian consumer market. This market is expected to see robust growth over the next several years. With strong growth rates and favorable demographic trends, India's economy is expected to be one of the top-five economies over the next few decades. This will result in significant increases in household disposable incomes and a growing middle class population that is expected to cross 500 million by 2025. All of this will result in increasing demand of convenient packaged food products both in grocery as well as in the food service arena.

The year also saw unprecedented inflation in food prices, more so in the latter half of the year. Food inflation in India spiraled to 18% with several categories such as dairy, edible oils and a few vegetables such as onions witnessing far higher increases. While this has impacted business margins in the financial year, the Company continues to improve upon and use more efficient and smarter sourcing means to minimize the impact of the same.

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, and Customer partnerships in a knowledge driven, energetic and fun work environment.

We continue to be committed to this mission and continue to build upon these competitive advantages that are important for the Company to meet its objective.

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.

This focused strategy has resulted in growth of 27.7% per annum in total revenues over the past four years.

TBEL manufactures 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. During the course of the fiscal year, the Company has made investments to enhance its manufacturing capacity to over 100,000 meals per day in addition to manufacturing prepared frozen formed products.

TBEL continues to focus on the core competence of the organization i.e., Ready-to-serve (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.

The engine of growth of the Company has really been its ability to bring innovative products in a timely manner to its customers. A state-of-the-art Tasty Bite Research Center (TBRC) facility has been built adjoining the manufacturing facility which is managed by a team of highly skilled culinary professionals and food technologists. They continue to drive the development of new recipes, product forms, new formulations etc. to bring consumers *great taste, good value and a range of cuisine*. TBRC continues to work closely with food and technology experts across the globe to understand new technologies and explore various options to add value to its product portfolio. The facility is awaiting accreditation from the Department of Science and Industrial Research as an in-house research center and is well poised to become a center of excellence in prepared foods R&D. Product innovation is seen as the key differentiator in the Company's strategy and will continue to be the factor that will provide sustained competitive advantage to it in the future.

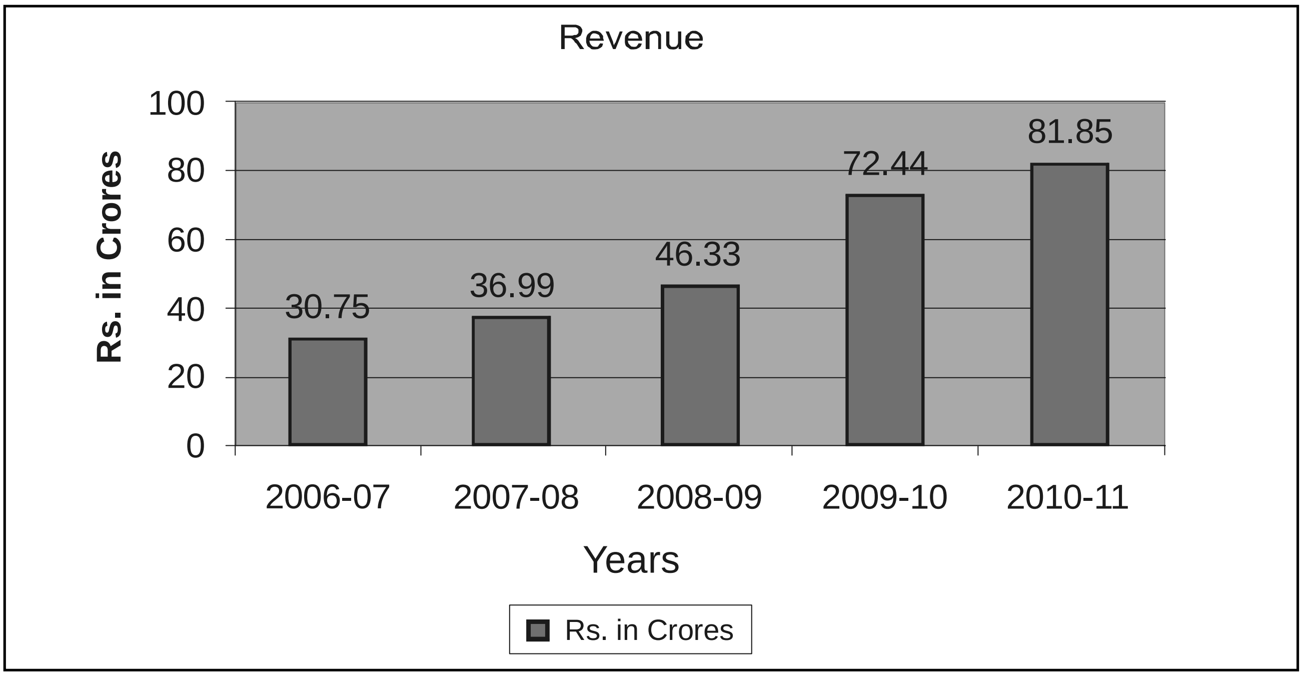
The Company has been recognized for its sustained export performance and is currently certified as an Export House.

B. FINANCIAL PERFORMANCE

Results of Operations

Some salient features of the Company's financial performance in fiscal FY11 (2010-11) are:

- Gross Revenues have grown 13% to Rs. 81.85 Crores in FY11 up from Rs. 72.44 Crores FY10.
- Export Sales have grown 5.7% to Rs. 59.76 Crores in FY11 up from Rs. 56.56 Crores in FY10.
- The Company has reported earnings before interest, taxes, depreciation and amortization (EBITDA) of Rs. 5.04 Crores in FY11 as against Rs. 10.74 Crores in FY10.
- Profit after-tax for the year is Rs. 1.89 Crores in FY 11 as against Rs. 6.97 Crores in FY10.



Revenue Analysis

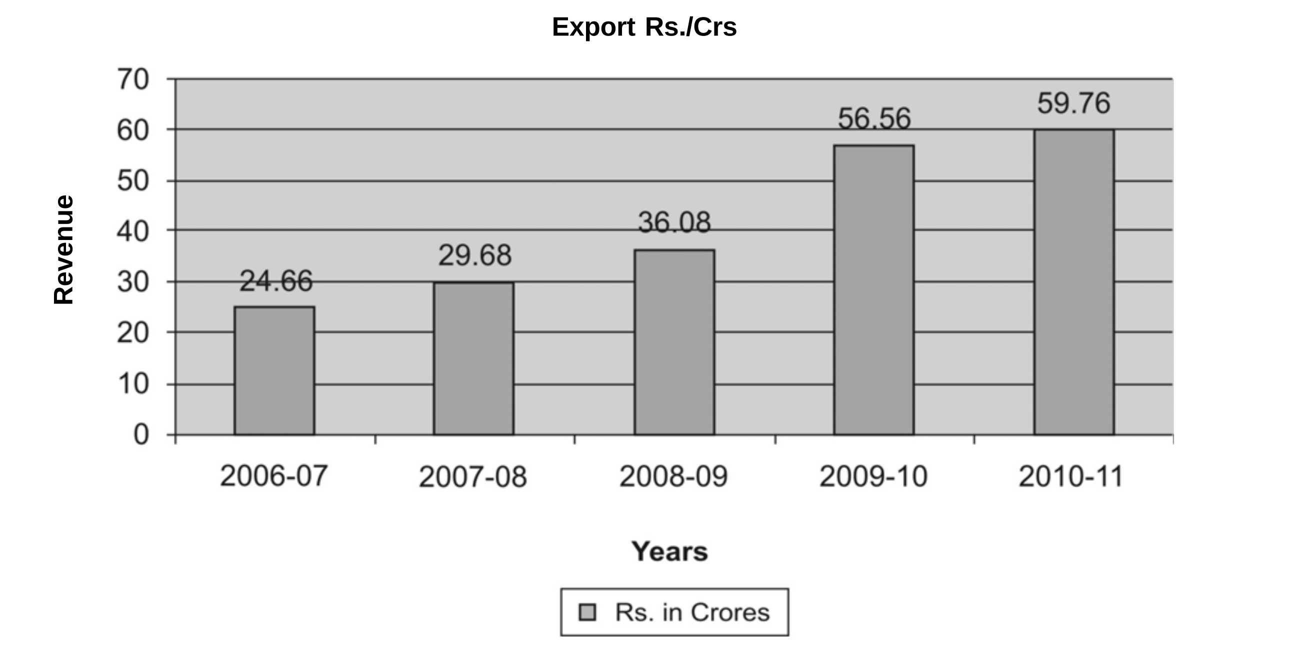
Revenue break-up across key business divisions for the financial year ended March 31, 2011 and 2010 is given below:

Particulars (Rs. in Crores)	2010-11	2009-10	% Growth
Export Sales & Incentives	64.19	61.07	5.11%
Domestic Sales	17.06	10.78	58.26%
Processing Income and Rentals	0	0.06	-100.00%
Other Income	0.60	0.53	13.21%
Total Revenues	81.85	72.44	13.00%

TBEL achieved revenues of Rs. 81.85 Crores in FY11, a growth of 13% over FY10 revenues of Rs. 72.44 Crores. Volume growth in sales is 22.71% over FY10.

Export revenues including export related incentives grew 5% to Rs. 64.19 Crores in FY11 (Rs. 61.07 Crores in FY10). Export revenues comprises of 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 distributed to consumers through mainstream supermarkets and grocery stores mainly in US, Australia and other global markets. Exports including incentives comprise the bulk of the revenues and contribute over 78.42% of the Company's revenues.

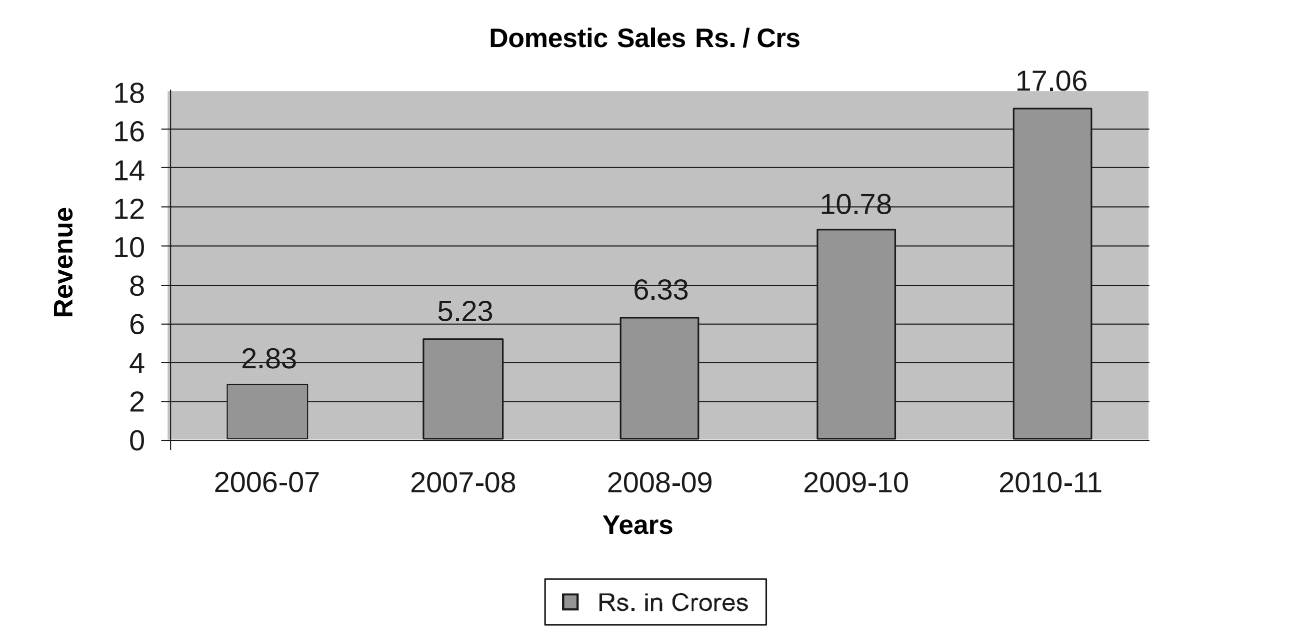
Growth of export sales over the past 5 years is summarized in the chart below. These have grown at an annual compounded growth rate of 24.77%.



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. Indian business grew by 58.26% to Rs. 17.06 Crores in FY11 against Rs. 10.78 Crores in FY10. It comprises of 20.84% of Company's revenue. The bulk of the domestic sales is from the sale to quick service restaurants. The growth in this segment is achieved in the face of

- High competitive intensity from both national and international players in this category.
- Significant food inflation across spectrum leading to market slowdown during the year.

The CAGR of the domestic business from 2006-07 to 2010-11 is 56.69%



The operational income includes export incentives which reduced in FY11 to Rs. 4.43 Crores compared to Rs. 4.57 Crores in FY10. The reduction in the export incentive is on account of the weakening of USD vis a vis INR and the reduction in excise duty rates for certain packing material which has resulted in lower duty The Export incentive schemes include duty drawback and the Vishesh Krishi and Gram Udyog Yojana (VKGUY) availed by the Company. The Company continues to explore applicability of the various government incentives.

EXPENDITURE ANALYSIS

Cost of Goods Analysis

Over the last two years, India had limited the impact of global slowdown on its growth. The GDP growth rate for FY'11 was 8.5% as against 8% in FY'10. The downward pressure came from the manufacturing sector and the services, hotels and transport and communication sector in the second half of the year. Though GDP growth was encouraging, food inflation reached unprecedented high especially in later part of 2010 with cost of staple food items like red onions increasing by 200%. Increase in food product costs along with firming up of global commodity prices impacted the domestic commodities and services which in turn impacted the margins of all major FMCG companies.

The company continues to buy majority of its raw materials from mandis/ traders and therefore continues to be exposed to volatility in input commodity fluctuations. In this background, your company expense on raw and packing material costs (as a percentage of sales) was 66.14% in FY11 as compared to 60.43% in FY10.

(Rs. in Crores)

Particulars	2010-11	2009-10
Sales	76.96	67.70
Material Consumed	50.90	40.91
% of material consumption	**66.14%**	**60.43%**

Manufacturing and Other Expenses

The movement of major components of manufacturing expenses in FY11 as compared to FY10 :

- Power and fuel costs have marginally increased to 2.05% of sales compared to 1.9% in previous year.
- Stores and spares consumed increased to 3.52% of sales compared with 2.88%.
- Payroll expenses including salaries, wages, bonus and gratuity expenses have increased to 13.85% of sales in FY' 11 as compared to 12.01% in FY' 10.

The company continues to pursue its aggressive cost reduction programs to improve efficiency and reduce downtime.

While 2009-10 was a good year due to lower shipping costs on account of contraction in global demand and consequential drop in container movement, FY' 11 saw an increase in global trade and sustained increase in global crude oil prices. Consequentially, export freight as a percentage of export sales was 9.43% in FY11 as compared to 7.35% in FY10.

Distribution of income :

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. 0.65 Crore.

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

The Company's bulk of revenue is generated through its exports. The trend in exchange rates of Indian Rupees vis-à-vis the major currencies in which the Company does business is as follows:

Currency	FY 11 (as on March 31)	FY 10 (as on March 31)	Currency change FY11 vs. FY 10
USD	44.40	44.97	(1.27%)
AUD	45.96	41.23	11.47

As on March 31, 2011, Company's outstanding forward contracts for the purpose of hedging its exposure to foreign currency receivables USD 74,92,548 and AUD 7,00,000.

EBITDA

Consequently, operating EBITDA of the Company has declined to Rs. 5.04 Crores in FY11 compared to Rs. 10.74 Crores in FY10. The Company estimates that food inflation will continue to put pressure on margins on both the export and domestic businesses.

Finance Costs

Financial expenses have reduced from FY10 and are at Rs. 0.93 crores.

During the year under review, the Company availed Rs. 7.42 Crores from the total limits of Rs. 16.75 Crores (including Rs. 0.50 Cr for Bank Guarantee) sanctioned by Axis Bank Ltd. and Citibank N.A., taken together. Out of the same, Rs. 7.75 Crores have been sanctioned as Term Loan for the capital expenditure program of the Company.

As on March 31, 2011, total limits utilized from Axis Bank Ltd. and Citibank N.A. for working capital stood at Rs. 6.46 Crores compared to Rs. 6.40 Crores as on March 31, 2010. Some facilities out of the total credit facilities availed by the Company are LIBOR based; and therefore any downward movement in LIBOR rates positively impacts interest costs. Interest costs as a percentage of revenues stood at 1.14% in FY11 compared to 1.37% in FY10. This was primarily on account of the reduction in LIBOR rates and hence resulted into saving in interest cost.

Interest coverage ratio stood at 3.61 times in FY11 compared to 9.97 times in FY10.

Depreciation and Amortization

Depreciation increased to Rs. 1.67 Crores in FY11 compared to Rs. 1.53 Crores in FY10. This is on account of expansion and thus, capitalization of additional Rs. 11.63 Crores of assets in FY11. The plant & machinery was depreciated on a two-shift basis.

Net Profit

Net profit of TBEL stood at Rs. 1.89 Crores (2.31% of the total revenues) in FY11 compared to Rs. 6.97 Crores (9.62% of the total revenues) in FY10.

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 25,66,000 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 are due for redemption on August 31, 2018 at their issued premium of Rs. 1950 per preference share.

Fixed Assets

The Company added extension to its Building, Plant and Machinery, Computers, Furniture & Fixtures, Electrical Installations and Office Equipment of Rs. 11.63 Crores during the financial year as part of the modernization and expansion of the manufacturing facility. The total gross block of the Company as on 31 March 2011 is Rs. 34.36

crores.

Provisions

As per the Accounting Standard relating to employee benefit, provision of Rs. 0.60 Crores towards Leave Encashment and Rs. 0.47 Crores against Gratuity existed on the financials as of March 31, 2011. The Company has funded the Tasty Bite Employees Gratuity Trust by Rs. 27 lacs during the financial year.

Ratio Analysis	FY 11	FY 10	FY 09
Ratios - Financial Performance			
Export Sales/Total Sales* (%)	77.79	83.99	85.05
Domestic Revenue/Total Sales* (%)	22.21	16.01	14.95
Gross Profit /Total Revenue (%)	38.73	43.36	48.79
Aggregate Employee Cost /Total Revenue (%)	13.29	11.35	12.70
Earnings before Depreciation, interest and taxes / Total Revenue (%)	6.16	14.83	9.26
Depreciation / Total Revenue (%)	2.05	2.10	2.14
Interest / Total Revenue (%)	1.14	1.37	2.10
Profit Before Tax / Total Revenue (%)	3.42	15.58	5.02
Profit After Tax / Total Revenue (%)	2.31	9.62	3.04
Ratio – Balance Sheet			
Debt - Equity Ratio	0.76	0.70	0.56
Current Ratio	1.87	2.58	2.58
Days Accounts Receivables	63	70	72
Days Inventory	35	41	36
Days Accounts Payable	57	42	65
Ratios – Return			
ROCE (PBIT / capital employed) (%)	8.86	32.60	13.13
Return on average invested capital (%)	8.46	38.33	9.97
Capital Output ratio	0.51	0.52	0.57
Ratios – Per Share			
Basic EPS (Rs.)	7.33	27.13	5.50
Book value (Rs.)	42.44	36.27	10.31
Price, end of year (Rs.)	134.10	166.00	16.50
Price / Earnings, end of year (Rs.)	18.29	6.12	3.00
Market capitalization / Total Revenue, end of year	0.42	0.59	0.09

* This does not include scrap sales.

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 FY11. The Tasty Bite brand occupies more than 70% market share in natural supermarkets and approximately 58% market share in the mainstream grocery markets.

The institutional business for the Company in India has also grown aggressively achieving 58% growth over the previous financial year. The increase in quick-service restaurants and the increase in frozen and hot-filled product offering 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 continue to focus on forging 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

As large part of the Company's 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. 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 in accordance with its risk management policies and procedure. The Company also has partial natural 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 prices of many agricultural commodities such as vegetable oil, rice, wheat, pulses and dairy products. The Company has entered into short to medium term rate contracts for some of its key raw materials. The cold storage 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 and any change in oil costs or supply and demand can lead to increased shipping costs which would have an impact on our margins. In FY11, the average cost of freight had been at comparatively higher levels compared to FY10.

The Company understands that consistent deliverance of "great taste" will ensure global competitiveness. 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.

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 146 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 had been ranked 'Top 100' 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 continues to remain large.

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

The Company has also started vernacular as well as English language skill development - an Adult literacy drive among the Factory workmen where workers who cannot read / write undergo training for 2 hours a day.

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 (Environmental Management Systems);
- ISO 22000 (Integrated Food Safety);
- OHSAS 18001 (Occupational Health and Safety)

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.

Corporate Social Responsibility:

As part of Tasty Bite's green initiative, a special program on tree plantation was conducted at Village Khutbav adjoining the Factory. The Company donated 1000 saplings. The plantation of the saplings was done by the Company officials along with Sarpanch of Village Khutbav and local School teachers and village leaders, who enthusiastically participated in the tree plantation programme.

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 is strengthening the internal control systems through integration into the ERP system.

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

M/s Kalyaniwalla & Mistry, Chartered Accountants, Pune, retire as the Auditors of the Company at the forthcoming Annual General Meeting and are eligible for re-appointment. The Directors recommend that M/s Kalyaniwalla & Mistry, Chartered Accountants, Pune, be re-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.

AUDITORS' REPORT

The Directors wish to state that the observations referred in Point no. 4 of the Auditors' Report for the year ended on March 31, 2011 and Point no. 17 of the Annexure to the Auditors' Report are self explanatory and therefore do not call for further comments or elaboration.

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.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is NIL.

IMPLEMENTATION OF CIRCULAR ISSUED BY MINISTRY OF CORPORATE AFFAIRS ON "GREEN INITIATIVES IN CORPORATE GOVERNANCE"

The Company has implemented the 'Green Initiative' as per Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs to enable electronic delivery of notices/documents and annual reports to shareholders.

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 2010-11.

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

Date : May 2, 2011	**Ravi Nigam**	**Sohel Shikari**
Place : Pune	**Managing Director**	**Alternate Director**

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, 2011 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 : 2 May 2011
Place : Pune

Annexure B

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS & OUTGO :

A. CONSERVATION OF ENERGY :

a) Energy Conservation measures taken

Company continues to use briquettes as a measure for energy conservation.

b) Additional investment & proposals for reduction of consumption of energy being proposed - None

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

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	Previous Year
Used (Rs. lacs)	**47.80**	44.52
Earned (Rs. lacs)	**5506.76**	5312.63

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)	**27,41,570**	25,01,710
Total Amount (in Rupees)	**1,57,40,954**	1,26,61,910
Rate/Unit (In Rupees)	**5.74**	5.06
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)	**2334.69**	1901.07
Total Amount (In Rupees)	**1,04,63,299**	77,20,469
Avg. Rate (in Rs./ton)	**4481.66**	4061.12

(B) Consumption Per Unit Production:

Standard products (with details) unit		
Electricity: KWH/KG	**0.336**	0.339
Furnace oil: KG/ KG	**–**	0.006
Briquettes: KG/ KG	**0.252**	0.256

FORM B

(A) RESEARCH & DEVELOPMENT (R & D)

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

   The TBRC (Tasty Bite Research Centre) is the "Jewel in the crown" and your Company prides in product innovation offering great taste, good value, and range of cuisine. With increase in manufacturing complexities and broad based product portfolio, the Company has built a state-of-the-art R&D facility next to the manufacturing facility. This will ensure improved response to market, effective implementation of cost reduction programs and faster communication. Your Company has also applied to the Department of Science and Industrial Research (DSIR), Govt. of India for recognition of the TBRC facility.

   The Company has continued its R & D efforts in the Thermally processed prepared foods segment for export market in the product categories of Entrees, Rices, Meal inspirations, Cooking Sauces etc.

   The Company also deployed the R & D resource for the development of Pasta sauces /Tomato based sauces, Frozen products for domestic market.

   R&D teams have worked on applications of thermal processing technology for the Pasta range of products and successfully standardized the process to extend the cooked pasta shelf life to 18 months at ambient temperature.

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

   During the financial year 2010-11, the Company has developed and launched

   1. Ready to serve Pastas with tomato sauce with ambient shelf life of 18 months
   2. Ready to serve soup with lentil and vegetables
   3. Indian gravies for food service market

3. Future plan of action

   Research and development work will continue to expand the range of the prepared foods in convenient pack and food intermediates for food service segment.

4. Expenditure on R & D

a)	Capital (in Rs.)	1,31,80,236
b)	Recurring (in Rs.)	40,62,401
c)	Total (in Rs.)	1,72,42,637
d)	Total R & D expenditure as a percentage of total turnover	2.11 %

(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 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, a Managing Director and three eminently qualified Independent Directors.

b) Board Meetings

There were five Board Meetings during the year ended 31st March, 2011. These were on May 30, 2010, August 11, 2010, November 12, 2010, January 12, 2011 and February 14, 2011 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 subsequent Meeting.

c) Directors attendance record & directorships held

Sr. No.	Name of the Director	Category Of Directorship	Attendance in Board Meetings during 2010-11	Attendance at last AGM held on 16.09.10	No. of other Directorships# as on 31.03.2011	No. of other Committee positions held as on 31.03.2011 (Other Companies)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
1.	Mr. Ashok Vasudevan	N.E.D.	3	Yes	2	NIL
2.	Mrs. Meera Vasudevan	N.E.D.	1	Yes	2	NIL
3.	Mr. Ravi Nigam	E.D.	5	Yes	1	NIL
4.	Mr. K. P. Balasubramaniam	I.D.	4	Yes	5	1 (member)
5.	Dr. V. S. Arunachalam	I.D.	3	No	2	NIL
6.	Mr. Kavas Patel	I.D.	5	Yes	8	3 (Chairman of 3)
7.	Mr. Sohel Shikari*	A.D.	4	N.A.	2	NIL

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	2
Mr. Ravi Nigam	Member	Executive	4	4
Mr. Kavas Patel	Member	Independent	4	4

The Group CFO, Controller Finance and Statutory Auditors are invited to attend the meetings. Company Secretary 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 and 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 to look into the redressal of shareholder complaints like share transfers, non-receipt of Annual Reports, dividend warrants, securities, non-credit of shares to demat account and issue of duplicate shares etc.. The Committee comprised of :

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

The Compliance Officer is Ms. Anuja Laturkar, Company Secretary.

At the beginning of the year under review, there were no investor complaints that remained unresolved. During the year, the Company received 6 (Six) complaints which were resolved and no complaint is pending as on March 31, 2011.

c) REMUNERATION COMMITTEE :

The Company has constituted a Remuneration Committee on May 2, 2011 to determine, approve and recommend remuneration and compensation package, remuneration policy etc. of the managerial personnel of the Company subject to the provisions of the Companies Act, 1956.

The Committee consists of the following independent non-executive directors:

Mr. K P Balasubramaniam, Chairman
Dr. V S Arunachalam
Mr. Kavas Patel

DETAILS OF REMUNERATION OF THE BOARD OF DIRECTORS

Details of remuneration paid to the Executive & Non Executive Directors for the year 2010-11 are as follows:

a) Non Executive Directors :

Name of the Director	No. of Tasty Bite's Equity Shares held	Total Sitting fees (Rs.)
Mr. Ashok Vasudevan	NIL	—
Mrs. Meera Vasudevan	NIL	—
Mr. K. P. Balasubramaniam	*1500	1,60,000
Dr. V. S. Arunachalam	NIL	1,20,000
Mr. Kavas Patel	NIL	2,20,000

* Joint holder

b) Whole Time Directors :

Particulars	Mr. Ravi Nigam (Rs. p.a.) Managing Director	Mr. Sohel Shikari (Rs. p.a.) Alternate Director & Group CFO
Basic Salary	36,42,492	3,60,000
Allowance, Perquisites & PF	9,87,508	36,10,000
Performance linked Incentive / Commission /Bonus	NIL	NIL
Pension	NIL	NIL
Total	46,30,000	39,70,000
No. of Shares held (equity)	200*	NIL

* 100 Equity Shares held as joint holder

Notes :

1. The agreement with Mr. Ravi Nigam, Managing Director is for a period of five years which is expiring on July 20, 2011. The Company or the Managing Director shall be entitled to terminate the agreement at any time by giving Three month's notice in writing in that behalf to the other party.

2. Mr. Sohel Shikari receives salary as Group Chief Financial Officer. The Company or the Group CFO shall be entitled to terminate the agreement at any time by giving One month's notice in writing in that behalf to the other party

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 for the year 2010-2011 was approved by the shareholders at the Annual General Meeting held on September 16, 2010. Due to inadequacy of profits, the Company has applied to the Central Government for seeking waiver of the excess remuneration paid to the Whole time Directors. The approval of the shareholders for the waiver is being sought at the ensuing Annual General Meeting. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration structure comprises basic salary, perquisites and allowances, contribution to provident fund and other funds in accordance with Section 198 & 309 of the Companies Act. The non-executive independent directors do not draw any remuneration from the Company except sitting fees for attending each meeting of the Board & Committees thereof.

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 and Senior Management is annexed to the Report.

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings are as follows :

Financial year ended	Date & Time	Venue	Special Resolution
2009-10	16th Sep 10, 03.00 p.m.	Le Meridien Pune, RBM Road, Pune 411 001	None
2008-09	27th Aug 09, 11.00 a.m.	Registered Office	None
2007-08	22nd Aug 08, 10.30 a.m.	Registered Office	Extension of period of Redemption of Redeemable Preference Shares.

- 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. The Company passed the following Ordinary Resolutions by postal ballot as set out in Notice dated 12 November 2010 and the results were declared on 31 December 2010:
    - Authorizing the Board of Directors or its Committee thereof to borrow up to an amount not exceeding Rs. 50 Crores under Section 293(1)(d) of the Companies Act, 1956 and
    - Authorizing the Board of Directors to create mortgage and/or charge on the assets of the Company for securing borrowings up to an amount not exceeding Rs. 50 Crores under Section 293(1)(a) of the Companies Act, 1956

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. 13 of Schedule 14 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 Annexure A 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. 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 requisite qualification, 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 has launched its website www.tastybite.co.in which provides all information as required by the Listing Agreement. Quarterly results, shareholding pattern, official news releases and other Company information is being posted on the website.
- Management Discussion and Analysis forms part of this Annual Report.

GENERAL SHAREHOLDER INFORMATION

a)	**Annual General Meeting**		
	- Date and Time	:	September 5, 2011 at 12.30 P.M.
	- Venue	:	Registered Office at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune 411 005
b)	**Financial Calendar**		
	Financial reporting for		
	- the quarter ending June 30, 2011	:	Second week of August, 2011
	- the half year ending September 30, 2011	:	Second week of November, 2011
	- the quarter ending December 31, 2011	:	Second week of February, 2012
	- year ending March 31, 2012	:	Last week of May, 2012
	Annual General Meeting for the year ending March 31, 2012	:	September, 2012
c)	**Financial Year**	:	April 1 to March 31
d)	**Dates of Book Closure**	:	August 27, 2011 to September 5, 2011 (both days inclusive)
e)	**Dividend Payment**	:	Re. 1 per each equity share of Rs. 10 & Re. 1 per each preference share of Rs. 100 within 30 days from the date of declaration of the dividend by shareholders in the Annual General Meeting
f)	**Listing on Stock Exchange**	:	Bombay Stock Exchange Ltd (BSE) Code : 519091 ISIN : INE 488B01017 Group : B

g) Registrar & Shares Transfer Agent : Karvy Computershare Pvt. Ltd.
17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500 081
Ph: 040-23312454 / 44655116
e-mail: mahendra.singh@karvy.com

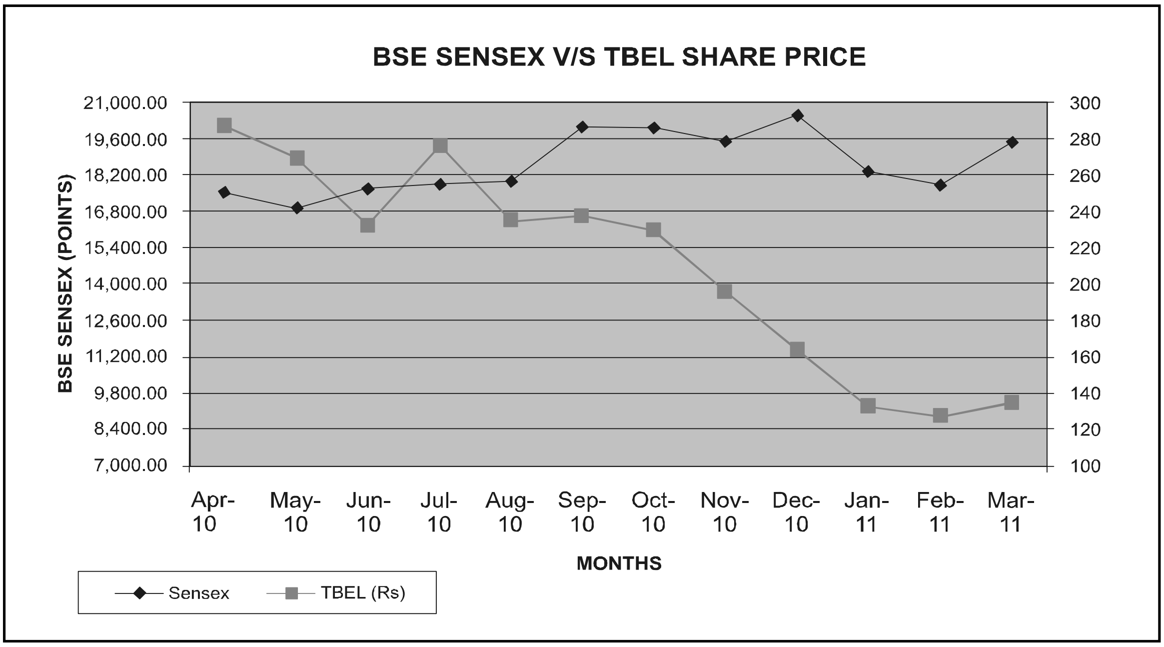
h) Stock Market data

The Market Price and Volume of the Company's Equity Shares traded on the Bombay Stock Exchange Limited; Mumbai during the year 2010-11 is as follows:

Month	High (Rs.)	Low (Rs.)	Volume (Nos.)	Spread (Rs.) H-L
April 10	351.5	165.25	4,70,852	186.25
May 10	295	210.1	38,183	84.9
June 10	285	222	19,572	63
July 10	346	230.3	1,44,376	115.7
August 10	303.65	215	84,387	88.65
September 10	257	216	28,147	41
October 10	248.7	220	15,737	28.7
November 10	269.9	164	26,707	105.9
December 10	219	134.2	29,688	84.8
January 11	168	125.2	9,613	42.8
February 11	147	100.5	16,006	46.5
March 11	177.9	115.25	31,948	62.65

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 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.

Reconciliation of Share Capital 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 Reconciliation of Share Capital 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 exchanges and is placed before the Board of Directors.

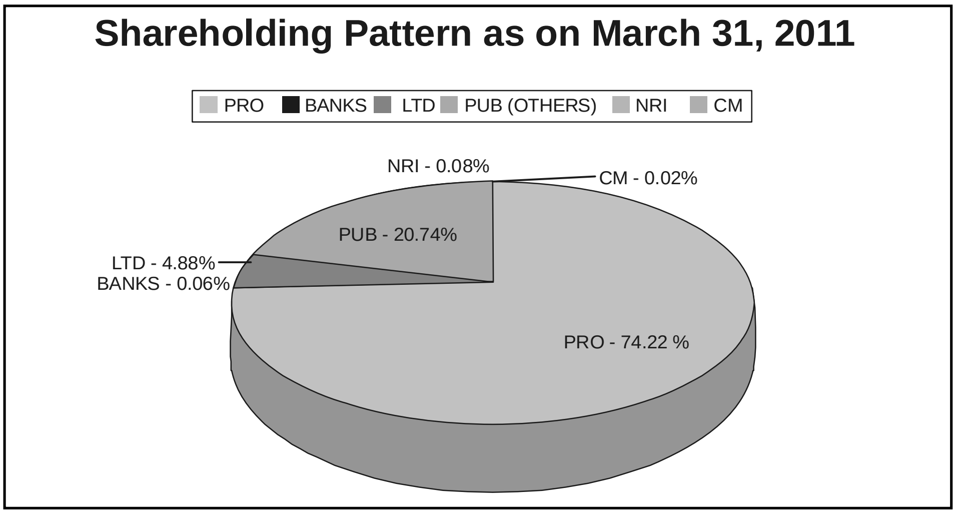
j) Distribution of Shareholding as on March 31, 2011

As of March 31, 2011, 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	1802	92.70	221061	2210610	8.62
5001 - 10000	71	3.65	56296	562960	2.19
10001 - 20000	32	1.65	46182	461820	1.80
20001 - 30000	13	0.67	34588	345880	1.35
30001 - 40000	4	0.21	13850	138500	0.54
40001 - 50000	7	0.36	32951	329510	1.28
50001 - 100000	6	0.31	39640	396400	1.54
100001 & Above	9	0.46	2121432	21214320	82.67
Total	1944	100	2566000	25660000	100.00

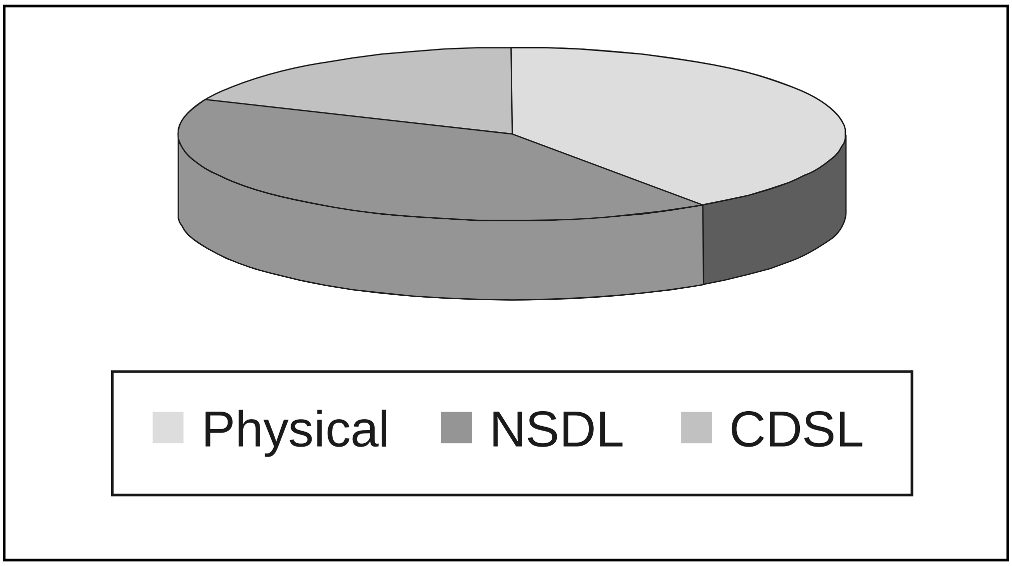
k) Shareholding Pattern as on March 31, 2011

Category	No. of Holders	Total Shares	% to Equity
PROMOTERS	3	1904510	74.22
BANKS	1	1500	0.06
BODIES CORPORATES	84	125234	4.88
PUBLIC	1828	532039	20.74
NON RESIDENT INDIANS	20	2153	0.08
CLEARING MEMBERS	8	564	0.02
Total	1944	2566000	100.00



l) Dematerialization of shares and liquidity as on March 31, 2011

Description	No. of cases	Total Shares	% to equity
Physical	785	2062111	80.36%
NSDL	795	389920	15.20%
CDSL	364	113969	4.44%
Total	1944	2566000	100.00%



m)	Outstanding GDR/ADR/Warrants or any convertible instruments	:	Not Applicable
n)	Factory Location	:	Bhandgaon Villages, Taluka – Daund, Dist - Pune - 412214, Maharashtra.
o)	Investors Correspondence	:	Anuja Laturkar Company Secretary 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411005 Ph: 91-020-2551 0685 Fax: 91-020-2551 2695 anuja@tastybite.com or secretarial@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 2010-11 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 we 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 : Pune	**Ravi Nigam**	**Sohel Shikari**
Date : May 2, 2011	**Managing Director**	**CFO**

Certificate for compliance with Code of Conduct

I, confirm that all Directors and members of the Senior Management have affirmed compliance with the code of conduct.

Ravi Nigam
Managing Director

Place : Pune
Date : May 2, 2011

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, 2011 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. Without qualifying our report, we draw attention to Note no. 22 of schedule 14: Notes to Accounts, wherein, it has been stated that the Company has made an application to the Central Government for the approval of the excess remuneration paid to the whole time directors as per the limits laid down under section 198 of the Companies Act, 1956 read with Schedule XIII to the said Act.
5. 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011, 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, 2011;
      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 2, 2011
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 for the year ended March 31, 2011.

1) (i) The Company has maintained 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 has maintained proper records of inventory. As informed to us, no material discrepancies were noticed on the physical 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, overdue amount and reasonable steps taken for recovery of principal and interest does not arise.

(iii) There is no overdue amount of loans taken from, 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.102,120 thousand.

(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 the payment of interest. The repayment of the principal amounts has not commenced yet.

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
Central Sales Tax Act, 1956	Tax, Interest and Penalty	788,036	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 Income Tax Act, 1961	Tax, Interest and Penalty	100,818	2005-2006	Commissioner of Income Tax (Appeals)
The Customs Act, 1962	Fine and Penalty	950,000	1987-1988	High Court

Of the above, the Company has deposited Rs.491,778 towards Sales Tax.

Further, the Company has disputed certain disallowances under the Income Tax Act, 1961 for the years 2003-2004 and 2004-2005 before the Commissioner of Income Tax (Appeals) and for the year 2006-2007 before the Dispute Resolution Panel. 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 of the Company, funds amounting to Rupees 41,085 thousand raised on short-term basis (primarily represented by creditors) have been used for long-term investment (primarily represented by fixed assets). Further, the Company has explained that steps are being taken to augment the long term funds.

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 2, 2011
Place : Pune

BALANCE SHEET AS AT MARCH 31, 2011

	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	**1,99,320**		*1,83,494*
			2,30,933	*2,15,107*
2. LOAN FUNDS				
a) Secured Loans	3	**1,76,361**		*1,49,678*
			1,76,361	*1,49,678*
3. DEFERRED TAX LIABILITY			**13,714**	*12,053*
	TOTAL		**4,21,008**	*3,76,838*
APPLICATION OF FUNDS:				
4. FIXED ASSETS	4			
a) Gross Block		**3,43,639**		*2,48,773*
b) Less: Depreciation		**1,17,570**		*1,17,789*
c) Net Block		**2,26,069**		*1,30,984*
d) Capital Work-in-Progress		**19,291**		*23,827*
			2,45,360	*1,54,811*
5. CURRENT ASSETS, LOANS AND ADVANCES	5			
a) Inventories		**73,308**		*75,968*
b) Sundry Debtors		**1,41,481**		*1,38,075*
c) Cash and Bank Balances		**20,274**		*26,091*
d) Other Current Assets		**2,953**		*6,455*
e) Loans and Advances		**1,39,579**		*1,16,034*
		3,77,595		*3,62,623*
6. Less: CURRENT LIABILITIES AND PROVISIONS	6			
a) Current Liabilities		**1,27,128**		*82,905*
b) Provisions		**74,819**		*57,691*
		2,01,947		*1,40,596*
7. NET CURRENT ASSETS			**1,75,648**	*2,22,027*
	TOTAL		**4,21,008**	*3,76,838*
NOTES TO ACCOUNTS	14			

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 2, 2011
Place : Pune

Signatures to the Balance Sheet and Schedules 1 to 6 & 14.

For and on behalf of the Board

Ravi Nigam	*Sohel Shikari*	*Anuja Laturkar*
Managing Director	**Alternate Director**	**Company Secretary**

Date : May 2, 2011
Place : Pune

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

		Schedule	Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
INCOME:					
1.	Sales (Gross)		**7,69,846**		*6,77,047*
2.	Less: Excise Duty		**188**		-
3.	Sales (Net)		**7,69,658**		*6,77,047*
4.	Operational Income	7	**44,278**		*45,723*
5.	Other Income	8	**4,599**		*1,644*
				8,18,535	*7,24,414*
EXPENDITURE					
6.	Materials Consumed	9	**5,09,049**		*4,09,077*
7.	Purchase of Trading Goods		**-**		*596*
8.	Manufacturing and Other Expenses	10	**2,62,956**		*1,76,006*
9.	Interest and Finance Charges	11	**9,298**		*9,954*
10.	Depreciation and Amortisation		**16,762**		*15,222*
			7,98,065		*6,10,855*
11.	Inventory Change	12	**(7,536)**		*672*
				7,90,529	*6,11,527*
PROFIT BEFORE TAX				**28,006**	*1,12,887*
12.	Provision for Taxation				
	a) Current Tax			**10,312**	*39,509*
	b) Deferred tax			**1,661**	*3,668*
PROFIT AFTER TAX				**16,033**	*69,710*
13.	Prior Period Items (Net)	13		**(2,845)**	*21*
				18,878	*69,689*
14.	Surplus / (Deficit) Brought Forward			**52,202**	*(14,425)*
SURPLUS AVAILABLE FOR APPROPRIATION				**71,080**	*55,264*
15.	**APPROPRIATIONS**				
	a) Proposed Dividend on Equity Shares			**2,566**	*2,566*
	b) Dividend on Redeemable Preference Shares			**60**	*60*
	c) Tax on Dividend			**426**	*436*
	d) Balance Surplus / (Deficit) carried to Balance Sheet			**68,028**	*52,202*
				71,080	*55,264*
Basic and Diluted Earnings per Share (Rs.)				**7.33**	*27.13*
Face value Rs. 10 per share					
NOTES TO ACCOUNTS		14			

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 7 to 14

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
Alternate Director

Anuja Laturkar
Company Secretary

Date : May 2, 2011
Place : Pune

Date : May 2, 2011
Place : Pune

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 1: SHARE CAPITAL

		Current Year Rs. '000	Previous Year Rs. '000
1.	AUTHORISED		
	44,00,000 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		
	- 25,66,000 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 19,04,510 (Previous Year: 19,04,510) Equity shares and 59,530 (Previous Year: 59,530) Preference Shares are held by Preferred Brands Foods (India) Private Limited (formerly known as 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

		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	**1,16,083**	*1,16,083*
4.	PROFIT AND LOSS ACCOUNT	**68,028**	*52,202*
	TOTAL	**1,99,320**	*1,83,494*

		Current Year Rs. '000	Previous Year Rs. '000
SCHEDULE 3: SECURED LOANS			
1.	FROM BANKS		
	a) Cash Credit	**64,631**	*64,032*
	b) Term Loans (Refer Note no. 2 of Schedule 14 : Notes to Accounts) (Repayment within one year: Rs. 9,610 thousand; Previous Year: Rs. 2,500 thousand)	**9,610**	*4,692*
2.	FROM OTHERS		
	a) Term Loans (Refer Note No. 3 of Schedule 14 : Notes To Accounts)	**1,02,120**	*80,954*
	TOTAL	**1,76,361**	*1,49,678*

Note :

1. Cash credit is secured by hypothecation charge on current assets of the company and collaterally secured by hypothecation charge on movable fixed assets of the Company and deposits with bank.

2. Term loans from banks are secured by charge over movable fixed assets of the Company and collaterally secured by deposits with bank and hypothecation charge over current assets of the Company.

3. Term loans from others are secured by way of first priority charge and mortgage over all the movable and immovable preperties, tangible and intangible properties of the Company.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011
SCHEDULE 4 : FIXED ASSETS

Rs. '000

ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-Apr-10	Additions	Deductions/ Adjustmemts*	**As at 31-Mar-11**	Upto 31-Mar-10	For the Year	On Deductions	**Upto 31-Mar-11**	**As at 31-Mar-11**	*As at 31-Mar-10*
Tangible Assets										
Freehold Land	1,255	-	-	**1,255**	-	-	-	**-**	**1,255**	*1,255*
Buildings	39,809	20,102	1,243	**58,668**	13,071	1,425	-	**14,496**	**44,172**	*26,738*
Plant and Machinery	1,76,434	87,367	20,117	**2,43,684**	93,988	12,695	16,976	**89,707**	**1,53,977**	*82,446*
Office Equipment	3,149	2,526	44	**5,631**	770	186	5	**951**	**4,680**	*2,379*
Computers	6,469	556	-	**7,025**	4,780	423	-	**5,203**	**1,822**	*1,689*
Furniture and Fixtures	3,680	4,988	-	**8,668**	2,907	610	-	**3,517**	**5,151**	*773*
Vehicles	75	-	-	**75**	38	5	-	**43**	**32**	*37*
Electrical Installations	14,161	731	-	**14,892**	1,640	678	-	**2,318**	**12,574**	*12,521*
Intangible Assets										
Computer Softwares	3,741	-	-	**3,741**	595	740	-	**1,335**	**2,406**	*3,146*
TOTAL	**2,48,773**	**1,16,270**	**21,404**	**3,43,639**	**1,17,789**	**16,762**	**16,981**	**1,17,570**	**2,26,069**	
Previous Year	*2,08,624*	*43,012*	*2,863*	*2,48,773*	*1,03,459*	*15,222*	*892*	*1,17,789*		*1,30,984*
CAPITAL WORK IN PROGRESS										
A. Capital Work-in-Progress									**12,806**	*9,488*
B. Advance for Capital Goods (Unsecured, Considered Good)									**6,485**	*14,339*
TOTAL									**19,291**	*23,827*

* Adjustments include government grant recognised during the year amounting to Rupees 4,384 thousand (Previous Year: Nil).

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 5: CURRENT ASSETS, LOANS AND ADVANCES				
1.	**INVENTORIES**			
	a) Raw Materials	**33,400**		*31,465*
	b) Stores and Spares	**501**		424
	c) Packing Material	**26,583**		*38,791*
	d) Work-in-Progress	**4,532**		*2,594*
	e) Finished Goods	**8,292**		*2,694*
			73,308	*75,968*
2.	**SUNDRY DEBTORS**			
	(Unsecured - Considered good, unless otherwise stated)			
	a) Debts outstanding for a period exceeding six months	**607**		*1,104*
	b) Other Debts	**1,40,874**		*1,36,971*
			1,41,481	*1,38,075*
	Due from companies under the same management:			
	Preferred Brands International Inc. USA	**94,256**		*81,533*
	Preferred Brands Australia Pty. Ltd.	**26,540**		*37,132*
3.	**CASH AND BANK BALANCES**			
	a) Cash in Hand	**169**		*223*
	b) Balances with Scheduled Banks			
	- in Current Accounts	**872**		*13,766*
	- in Deposit Accounts	**19,233**		*12,102*
			20,274	*26,091*
4.	**OTHER CURRENT ASSETS**		**2,953**	*6,455*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

		Rs. '000	Current Year Rs. '000	*Previous Year 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	**68,274**		*69,225*
	(include dues from Preferred Brands Foods India Private Limited (formerly known as Preferred Brands Foods India Limited), being a Comapany under the same management Rs. 98 thousand; (Previous Year: Rs. 90 thousand); Maximum amount due at any time during the year: Rs. 98 thousand; (Previous Year: Rs. 90 thousand)			
	b) Balances with Excise Authorities	**61**		*-*
	b) Sundry Deposits	**16,419**		*4,514*
	c) Advance Payment of Taxes	**54,825**		*42,295*
			1,39,579	*1,16,034*
	TOTAL		**3,77,595**	*3,62,623*

SCHEDULE 6: CURRENT LIABILITIES AND PROVISIONS

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
1.	**CURRENT LIABILITIES**			
	a) Sundry Creditors	**87,865**		*66,187*
	(Refer Note no. 7 of Schedule 14 : Notes to Accounts)			
	b) Other Liabilities	**39,183**		*16,718*
	c) Unclaimed Dividends	**80**		*-*
			1,27,128	*82,905*
2.	**PROVISIONS**			
	a) Proposed Dividend on Equity Shares		**2,566**	*2,566*
	b) Proposed Dividend on Redeemable Preference Shares		**60**	*60*
	c) Tax on Dividend		**426**	*436*
	d) For Retirement Benefits		**10,712**	*3,886*
	e) For Taxation		**61,055**	*50,743*
			74,819	*57,691*
	TOTAL		**2,01,947**	*1,40,596*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 7: OPERATIONAL INCOME				
1.	Cold Storage Rent		-	*471*
2.	Processing Charges		-	*138*
3.	Export Incentives		**44,278**	*45,114*
	TOTAL		**44,278**	*45,723*
SCHEDULE 8 : OTHER INCOME				
1.	Interest (Gross) (Tax Deducted at Source Rs.25,410; Previous Year Rs.154,009)		**845**	*1,244*
2.	Sundry Balances Written Back		**335**	*368*
3.	Miscellaneous Income		**3,419**	*32*
	TOTAL		**4,599**	*1,644*
SCHEDULE 9 : MATERIALS CONSUMED				
	RAW MATERIALS INCLUDING PACKING MATERIAL			
	Opening Inventory		**70,256**	*38,275*
	Add: Purchases		**4,98,776**	*4,41,058*
			5,69,032	*4,79,333*
	Less: Closing Inventory		**59,983**	*70,256*
	TOTAL		**5,09,049**	*4,09,077*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

	Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 10: MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages, Bonus and Gratuity		**1,03,600**	*78,806*
Contribution to Provident and Other Funds		**3,008**	*2,529*
Workmen and Staff Welfare Expenses		**2,215**	*884*
Stores and Spares Consumed		**27,111**	*19,483*
Power and Fuel		**15,792**	*12,746*
Repairs and Maintenance:			
a) Plant and Machinery	**3,767**		*2,504*
b) Buildings	**3,777**		*5,885*
c) Others	**1,114**		*1,297*
		8,658	*9,686*
Rent, Rates and Taxes		**3,736**	*3,918*
Telephone and Postage		**3,371**	*3,133*
Travelling and Conveyance		**10,058**	*8,957*
Legal and Professional Charges		**12,498**	*8,861*
Printing and Stationary		**4,116**	*4,963*
Insurance		**1,766**	*1,345*
Freight		**56,648**	*41,707*
Sales Promotion		**624**	*102*
Bad Debts Written Off		**1,556**	*3,205*
Provision for Doubtful Debts		**-**	*(3,150)*
(Profit) / Loss on fixed assets sold / written off (Net)		**(1,067)**	*1,532*
Loss /(Gain) on Foreign Exchange (Net)		**(6,549)**	*(30,665)*
Auditor's Remuneration		**1,050**	*935*
Sundry Balances Written Off		**4,914**	*167*
Miscellaneous Expenses		**9,851**	*6,862*
TOTAL		**2,62,956**	*1,76,006*

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 11: INTEREST AND FINANCE CHARGES				
1.	Interest			
	- on term loans			
	- Banks	**154**		*397*
	- Others	**3,429**		*3,136*
		3,583		*3,533*
	- on other loans			
	- Banks	**2,828**		*3,787*
			6,411	*7,320*
2.	Other Finance Charges		**2,887**	*2,634*
	TOTAL		**9,298**	*9,954*
SCHEDULE 12 : INVENTORY CHANGE				
1.	Opening Inventory			
	a) Finished Goods	**2,694**		*2,261*
	b) Work-in-Progress	**2,594**		*3,699*
			5,288	*5,960*
2.	Less : Closing Inventory			
	a) Finished Goods	**8,292**		*2,694*
	b) Work-in-Progress	**4,532**		*2,594*
			12,824	*5,288*
3.	(Increase) / Decrease in Inventory		**(7,536)**	*672*
SCHEDULE 13: PRIOR PERIOD ITEMS				
1.	Excess Provision for Expenses		**(4,641)**	-
2.	Short / Non Provision for Expenses		**1,796**	*21*
			(2,845)	*21*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULES 14 : 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 when the risks and rewards of ownership are passed on to the customers, which is generally on dispatch. Export sales are accounted for on the basis of date of bill of lading. 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 the date of bill of lading to the extent the management is certain of income.

k) Government Grants:

Government grants are recognized when there is reasonable assurance that the same will be received. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.

l) 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.

m) 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.

n) 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.

o) **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.

p) **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

The Ministry of Food Processing Industries under the scheme 'Technology Up-gradation / Establishment / Modernization of Food Processing Plant' had released the grant of Rupees 4,384 thousand for expansion of existing unit for manufacture of ready to eat foods etc.

The grant had been disbursed by the Ministry to the bank. As per the scheme, the bank had released the grant to the Company in the form of term loan keeping fixed deposit of equal amount in the name of the Company.

During the year, the Company has complied with the terms and conditions of the grant and the bankers have adjusted the term loan against the deposit. Accordingly, the Company recognized the grant in the books and has deducted the same from the gross value of eligible assets.

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. 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 written demand by the lender. In 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 availed 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 entire amount of USD 1,000 thousand (Previous Year: USD 500 thousand) as at the balance sheet date. 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 absence of a written demand, the Company has to repay the principal sum in twenty equal installments of USD 50 thousand each on quarterly basis commencing from March 31, 2012.

The above ECBs are not pre-payable.

4. CONTINGENT LIABILITIES

Rupees in thousands

		Current Year	Previous Year
a.	Sales Tax demands disputed by the Company and under appeal.	**930**	930
b.	Custom duty demand disputed by the Company and under appeal.	**950**	950
c.	Provident Fund demand disputed by the Company and under appeal. During the year, the Employees' Provident Fund Appellate Tribunal had confirmed the demand raised by the Assistant Provident Fund Commissioner (APFC), Pune. Consequently, the provident fund authorities had recovered the dues from the Company. The Company had filed Writ Petition against the order of the Employees' Provident Fund Appellate Tribunal with Hon. High Court at Bombay. The Hon. High Court had quashed and set aside the orders passed by the Employees' Provident Fund Appellate Tribunal and APFC, Pune and remitted back the proceeding to the APFC, Pune with specific directive to refund Rupees 7,303 thousand out of the recovered amount. In opinion of the management, there is no contingent liability.	**-**	10,034
d.	Income tax liability towards additions / disallowances under dispute.	**22,351**	11,767
e.	Guarantees given by banks counter guaranteed by the Company. It includes bank guarantees amounting to Rupees 950 thousand (Previous Year: 950 thousand) in respect of item (b) above.	**3,200**	3,200

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, 2011 are as under:

i) Forward contracts USD-INR for the purpose of hedging its exposure to foreign currency receivables: **USD 7,493 thousand** (Previous Year: USD 5,100 thousand).

ii) Forward contracts AUD-INR for the purpose of hedging its exposure to foreign currency receivables: **AUD 700 thousand** (Previous Year: AUD 300 thousand).

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 **Rupees 18,865 thousand** (Previous Year: Rupees 69,312 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.NIL). 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

	2010-11	2009-10
Dues remaining unpaid		
Principal	**Nil**	*Nil*
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	**1,851**	654
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. The Company was hitherto recognizing the revenue from sale of goods on the basis of dispatch of goods to customers from the factory. During the year, the Company has refined its revenue recognition policy for export sales to recognize the revenue on the basis of dispatch of goods from the port of shipment which is the date of bill of lading. Consequent thereto, the sales for the year are lower to the extent of Rupees 3,359 thousand.

Consequent to the above change, income from export incentives recognized during the year is lower to the extent of Rupees 242 thousand.

9. In the opinion of the management, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to amounts at which they are stated in the balance sheet and provisions for all known liabilities have been made as at the year end.

10. 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, 2011 (Rs. in thousand)**	As at March 31, 2010 (Rs. in thousand)
Deferred Tax Asset		
Provision for Retirement Benefits	**3,962**	1,695
Others	**2,395**	691
Deferred Tax Liability		
Depreciation on Fixed Assets	**(20,071)**	(14,439)
Deferred Tax Asset / (Liability)	**(13,714)**	(12,053)

SCHEDULE 14: NOTES TO ACCOUNTS (Contd.)

11. 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 10 - 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	2010-11	2009-10
Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	**5,547**	3,390
Current Service Cost	**677**	440
Interest Cost	**513**	302
Contribution by Plan Participants	**-**	-
Actuarial (Gain) / Loss on Obligation	**4,429**	1,523
Foreign Currency exchange rate changes	**-**	-
Benefits Paid	**-**	(108)
Past Service Cost	**645**	-
Amalgamations/ Curtailments/ Settlements	**-**	-
Present value of the obligation at the end of the year	**11,811**	5,547
Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	**4,065**	2,463
Expected return on Plan Assets	**541**	273
Actuarial Gain / (Loss) on Plan Assets	**(258)**	437
Foreign Currency exchange rate changes	**-**	-
Contributions by the Employer	**2,700**	1,000
Contributions by Plan Participants	**-**	-
Benefits Paid	**-**	(108)
Amalgamations/ Settlements	**-**	-
Fair value of Plan Assets at the end of the year	**7,048**	4,065
Amounts Recognized in the Balance Sheet:		
Present value of Obligation at the end of the year	**11,811**	5,547
Unrecognized Past Service Cost	**-**	-
Fair value of Plan Assets at the end of the year	**7,048**	4,065
Net Obligation at the end of the year	**(4,763)**	(1,482)
Amounts Recognized in the statement of Profit and Loss:		
Current Service Cost	**677**	440
Interest cost on Obligation	**513**	302
Expected return on Plan Assets	**(541)**	(273)
Expected return on Reimbursement Right recognised as an asset	-	-

SCHEDULE 14: NOTES TO ACCOUNTS (Contd.)

(Rs. In thousands)

Particulars	2010-11	2009-10
Net Actuarial (Gain) / Loss recognised in the year	**4,687**	1,086
Past Service Cost	**645**	-
Effect of Curtailment or Settlement	**-**	-
Net Cost Included in Personnel Expenses	**-**	-
Expenses recognized in the statement of profit and loss	**5,981**	1,555
Major categories of plan assets as a percentage of total plan		
Actual return on Plan Assets	**283**	710
Estimated contribution to be made in next financial year	**1,916**	1,717
Actuarial Assumptions		
i) Discount Rate	**8.00%**	8.25%
ii) Expected Rate of Return on Plan Assets	**8.00%**	8.00%
iii) Salary Escalation Rate	**9.25%**	5.00%
iv) Employee Turnover	**8.00%**	2.00%
v) Mortality	**LIC (1994-96) Ultimate**	LIC (1994-96) Ultimate

Note:

a) The estimates of future salary increases, considered in actuarial valuation, have 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 discounting rate is considered based on government securities having the term, which is consistent with the expected future service based on the average age.

c) The liability for leave encashment as at the year end is **Rs. 6,015 thousand** (Previous Year: Rs.2,404 thousand).

d) The above information is certified by the actuary.

12. SEGMENT REPORTING

The disclosure requirements in respect of 'Accounting Standard 17 - SegmentReporting' is as under:

a. Information about Primary Segments

The Company has a single business segment 'Prepared Foods' in accordance with the criteria for identification of reportable segment specified in the said standard.

b. Information about Secondary Segments

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

SCHEDULE 14: NOTES TO ACCOUNTS (Contd.)

Particulars	India		Outside India		Total	
	2010-11	2009-10	**2010-11**	2009-10	**2010-11**	2009-10
Revenue	**2,17,544**	1,58,860	**6,00,991**	5,65,554	**8,18,535**	7,24,414
Carrying amount of segment assets	**5,01,508**	3,88,509	**1,21,447**	1,28,925	**6,22,955**	5,17,434
Capital expenditure	**1,15,204***	31,438	**-**	-	**1,15,204**	31,438

*net of government grant.

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.

13. RELATED PARTY DISCLOSURE

1. Relationships :

(i) HOLDING COMPANY

Preferred Brands Foods (India) Private Limited (formerly known as Preferred Brands Foods (India) Limited).

(ii) ULTIMATE HOLDING COMPANY

Preferred Brands International, Inc. USA

(iii) FELLOW SUBSIDIARY

Preferred Brands Australlia 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) and (iii) above (Rupees in Thousand):

Sr. No.	Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiary	
		2010-11	*2009-10*	**2010-11**	*2009-10*	**2010-11**	*2009-10*
1	Sales	-	-	**5,12,706**	*4,67,074*	**84,728**	*97,677*
2	Interest Income	-	-	-	-	-	-
3	Expenses recovered / other income	**8**	*30*	**6,176**	*2,985*	**274**	*440*
4	Expenses Charged by Other Companies	-	-	**578**	*451*	-	-
5	Interest on Loan Taken	-	-	**3,429**	*3,136*	-	-
6	Loans taken during the year	-	-	**23,250**	*11,525*	-	-
7	Outstanding receivables net of payables	**98**	*90*	**94,256**	*81,533*	**26,325**	*36,917*
8	Loan Outstanding	-	-	**1,02,120**	*80,954*	-	-

(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	
	2010-11	*2009-10*	**2010-11**	*2009-10*
1 Remuneration*	**8,600**	*7,617*	-	-
2 Receiving of Services	-	-	**1,332**	*810*
3 Outstanding receivables net of payables	-	-	**(162)**	-

* Previous year's figures have been restated to be in line with current year's presentation.

14. 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	**13,800**	*9,800*	**9,177**	*7,382*

Notes :

Installed capacities are as certified by the Management.

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

SCHEDULE 14: NOTES TO ACCOUNTS (Contd.)

15. INVENTORY OF FINISHED GOODS

Sr. No.	Item	March 31, 2011		March 31, 2010	
		Quantity MT	Value Rs. '000	Quantity MT	Value Rs.'000
1.	Ready to Serve Foods Products	164	8,292	*43*	*2,694*
			8,292		*2,694*

16. 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	9,056	7,68,265	*7,380*	*6,73,384*
3.	Trading Sales	-	-	*20*	*1,980*
4.	Scrap Sales	*	1,393	*	*1,683*
	TOTAL		7,69,658		*6,77,047*

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

Note: Sales are net of excise duty paid.

17. 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		5,09,049		*4,09,077*
	TOTAL		5,09,049		*4,09,077*

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, 2011

SCHEDULE 14: NOTES TO ACCOUNTS (Contd.)

18. CONSUMPTION OF RAW MATERIALS AND STORES

Item	Current Year		Previous Year	
	Rs. '000	**%**	Rs.'000	**%**
a) Raw Materials including Packing Material				
- Imported	**1,10,005**	**22**	*95,591*	*23*
- Indigenous	**3,99,044**	**78**	*3,13,486*	*77*
	5,09,049	**100**	*4,09,077*	*100*
b) Stores and Spare Parts				
- Imported	**962**	**4**	*1,339*	*7*
- Indigenous	**26,149**	**96**	*18,144*	*93*
TOTAL	**27,111**	**100**	*19,483*	*100*

		Current Year Rs. '000	Previous Year Rs. '000
19.	**VALUE OF IMPORTS ON C.I.F. BASIS**		
a)	Raw Materials and Packing Materials	**75,618**	*84,408*
b)	Plant and Machinery	**55,432**	*8,158*
d)	Stores and Spares	**962**	*1,022*
	TOTAL	**1,32,012**	*93,588*
20.	**EXPENDITURE IN FOREIGN CURRENCY**		
-	Travel	**773**	*838*
-	Interest	**3,429**	*3,136*
-	Others	**578**	*478*
	TOTAL	**4,780**	*4,452*
21.	**EARNINGS IN FOREIGN CURRENCY**		
-	F.O.B. Value of Exports	**5,47,301**	*5,31,263*
-	Other Income	**3,375**	–
	TOTAL	**5,50,676**	*5,31,263*

SCHEDULE 14 : NOTES TO ACCOUNTS (Contd.)

		Current Year Rs. '000	Previous Year Rs. '000
22.	**MANAGERIAL REMUNERATION**		
a)	Whole Time Directors		
	Salaries and Bonus	**8,120**	*7,114*
	(inclusive of estimated monetary value of perquisites and benefits but excluding provision for gratuity and provision for leave encashment as separate figures are not available as per actuarial valuation.		
	The amount relatable to the directors is therefore, disclosed in the year of payment.)		
	Contribution to Provident Fund	**480**	*503*
b)	Independent Directors		
	Professional Fees	**–**	*220*
	Directors Sitting Fees	**500**	*55*
		9,100	*7,892*
c)	Computation of net profit in accordance with section 349 of the Companies Act, 1956		
	Profit before tax	**28,006**	*1,12,887*
	Add :		
	i) Managerial Remuneration	**8,600**	*7,617*
	ii) Directors' sitting fees	**500**	*55*
	iii) Depreciation	**16,762**	*15,222*
	iv) Prior period items	**2,845**	*(21)*
	v) Provision for doubtful debts	**–**	*(3,150)*
		56,713	*1,32,610*
	Less :		
	i) Depreciation u/s 350	**16,762**	*15,222*
	ii) Brought forward losses of earlier years u/s 349	**–**	*14,713*
		39,951	*1,02,675*

SCHEDULE 14 : NOTES TO ACCOUNTS (Contd.)

		Current Year Rs. '000	Previous Year Rs. '000
d)	Maximum remuneration payable to whole time directors as per section 198 of the Companies Act, 1956 read with Schedule XIII to the Act	**3,995**	*10,268*

Notes :

1) The payment of remuneration of Rupees 4,125 thousand to whole time directors is in excess of the limits laid down in section 198 of the Companies Act, 1956 read with Schedule XIII to the said Act and is pending approval of the Central Government and also of shareholders by way of special resolution in the ensuing annual general meeting of the Company. The Company has made an application in this respect to the Central Government for the said approval.

2) Previous year's figures have been restated to be in line with current year's presentation.

23. AMOUNTS PAID TO AUDITORS (Excluding Service Tax)

		Current Year	Previous Year
a)	Audit Fees	**550**	*475*
b)	Audit under other statutes	**250**	*275*
c)	Certificates	**250**	*170*
d)	Out of Pocket Expenses	**–**	*15*
	TOTAL	**1,050**	*935*

24. DISCLOSURE IN RESPECT OF LEASES

The Company has operating leases for the period that will expire over next 1-3 years. The total of future minimum lease payments under non-cancelable operating leases:

		Current Year	Previous Year
a)	Not later than one year	**400**	**384**
b)	Later than one year and not later than five years	**138**	**538**
c)	Later than five years	**–**	–

25. EARNING PER SHARE

	Current Year	Previous Year
Net Profit as per Profit and Loss Account	**18,878**	*69,689*
Less: Preference share dividend (including dividend distribution tax)	**70**	*70*
Amount available for Equity shareholders	**18,808**	*69,619*
Weighted Average No. of Equity shares outstanding	**25,66,000**	*25,66,000*
Earning per share - Basic and Diluted (Rs.)	**7.33**	*27.13*
Face Value per Equity share (Rs.)	**10**	*10*

26. PREVIOUS YEAR FIGURES

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

15) Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956 :
Balance Sheet Abstract for the Year ended March 31, 2011 and Company's General Business Profile

I) Registration Details:

Registration No.	:	37347
State Code	:	11
Balance Sheet Date		MARCH 31, 2011

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	:	4,21,008
Total Assets	:	4,21,008
Sources of Funds		
Paid-up Capital	:	31,613
Reserves and Surplus	:	1,99,320
Secured Loans	:	1,76,361
Unsecured Loans	:	-
Application of Funds		
Net Fixed Assets	:	2,45,360
Investments	:	-
Net Current Assets	:	1,75,648
Misc. Expenditure	:	-
Accumulated Losses	:	-

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

Turnover	:	8,18,535
Total Expenditure	:	7,90,529
Profit/Loss Before Tax	:	28,006
Profit/Loss After Tax	:	16,033
Earning Per Share in Rs.	:	7.33
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, 2011

	Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit Before Tax and Extraordinary Items		**28,006**	***1,12,887***
Adjustment for:			
Depreciation and Amortisation	**16,762**		*15,222*
Interest Expense	**6,411**		*7,320*
Interest Income	**(845)**		*(1,244)*
Loss / (Gain) on Foreign Exchange Transactions	**(2,360)**		(14,808)
(Profit) / Loss on fixed assets sold / written off (Net)	**(1,067)**		*1,532*
		18,901	*8,022*
Operating Profit Before Working Capital Changes		**46,907**	*1,20,909*
Adjustments for:			
Trade and Other Receivables	**(8,680)**		*(72,131)*
Inventories	**2,660**		*(31,226)*
Trade Payables	**48,300**		*8,515*
		42,280	*(94,842)*
Cash Generated from Operations		**89,187**	*26,067*
Income Tax Paid :			
Current Tax		**(12,530)**	(31,238)
Cash Flow Before Extraordinary Items		**76,657**	(5,171)
Prior Period Items		**2,845**	*(21)*
Net Cash Flow from Operating Activities		**79,502**	(5,192)
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	**(1,11,734)**		*(35,503)*
Sale of Fixed Assets	**1,106**		*439*
Net Cash Used in Investing Activities		**(1,10,628)**	*(35,064)*
Balance carried forward		**(31,126)**	*(40,256)*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
	Balance Brought Forward		**(31,126)**	*(40,256)*
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**			
	Change in Borrowings (net of Government Grant recognised)	**33,857**		*42,216*
	Interest Expense	**(6,411)**		*(7,320)*
	Interest Income	**845**		*1,244*
	Dividend Paid on Equity Shares	**(2,486)**		-
	Dividend Paid on Redeemable Preference Shares	**(60)**		-
	Dividend Distribution Tax Paid	**(436)**		-
	Net Cash Used in Financing Activities		**25,309**	*36,140*
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**(5,817)**	*(4,116)*
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING			
	Cash and Bank Balances	**26,091**		*30,207*
			26,091	*30,207*
	CASH AND CASH EQUIVALENTS AS AT THE ENDING			
	Cash and Bank Balances	**20,274**		*26,091*
			20,274	*26,091*
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**(5,817)**	*(4,116)*

NOTES

1. The Cash Flow statement has been prepared following the indirect method except in case of taxes and dividend 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 the 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.2,388 thousand (Previous Year: Rs.5,035 thousand), deposits towards security for loans amounting to Rs.8,856 thousand (Previous Year: Rs.5,977 thousand) and unclaimed dividend of Rs. 80 thousand (Previous Year: Nil).
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 2, 2011
Place : Pune

For and on behalf of the Board

Ravi Nigam — **Managing Director**
Sohel Shikari — **Alternate Director**
Anuja Laturkar — **Company Secretary**

Date : May 2, 2011
Place : Pune

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 27th Annual General Meeting of the Company, to be held on September 5, 2011 at 12.30 p.m. at the Registered Office of the Company at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune 411 005 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.

ATTENDANCE SLIP

TASTY BITE EATABLES LIMITED

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

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 27th Annual General Meeting on September 5, 2011 at 12.30 p.m. at the Registered Office of the Company at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune 411 005.

…………………………………………. 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