TASTY BITE EATABLES LIMITED

# 34th ANNUAL REPORT 2017-18

# Wholesome MAZAA!

***'Wholesome Mazaa for Everyone'*** *is what we promise, and that's what we deliver.*

*The Indian concept of mazaa or enjoyment underlines every offering we make - indeed it's the hallmark of Tasty Bite across the world.*

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## 34th ANNUAL GENERAL MEETING

Date: Thursday, August 9, 2018
Time: 11:00 a.m.
Venue: Hotel Sheraton Grand, RBM Road, Pune - 411 001

# CORPORATE INFORMATION

## Directors

**Mr. Ashok Vasudevan**
*Chairman*

**Mr. Ravi Nigam**
*Managing Director*

**Mr. Masahiro Sumitomo**
*Director (Till Nov 2, 2017)*

**Mr. Kavas Patel**
*Independent Director*

**Dr. V. S. Arunachalam**
*Independent Director (Till Mar 9, 2018)*

**Mrs. Sucharita Hegde**
*Independent Director (Till Oct 9, 2017)*

**Dr. Chengappa Ganapati**
*Independent Director (Appointed on Jan 17, 2018)*

**Ms. Dawn Allen**
*Director (Appointed on Nov 14, 2017)*

**Ms. Rama Kannan**
*Independent Director (Appointed on Dec 22, 2017)*

**Mr. Sohel Shikari**
*Alternate Director*
*(Alternate to Mr. Ashok Vasudevan*
*and Chief Financial Officer)*

## Company Secretary

**Ms. Minal Talwar**

## Statutory Auditor

**M/s. BSR Associates & LLP**
*Chartered Accountants, Pune*

## Internal Auditor

**M/s. Suresh Surana & Associates LLP**
*Chartered Accountants, Mumbai*

## Secretarial Auditor

**Mr. Abhishek Jagdale**
*Practicing Company Secretary, Pune*


## Registered Office

201-202, Mayfair Towers,
Wakdewadi, Shivajinagar,
Pune – 411 005, Maharashtra
**CIN:** L15419PN1985PLC037347
**Tel No.:** 020 3021 6000
**Fax No.:** 020 3021 6035
**Website:** www.tastybite.co.in
**Email:** info@tastybite.com

## Factory

At Post 490,
Village – Bhandgaon,
Taluka – Daund,
Dist – Pune – 412 214
Maharashtra

## Registrar and Transfer Agent

**M/s. Karvy Computershare Pvt. Ltd.**
Karvy Selenium,
Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad – 500 032
**Tel No.:** 040-67161528, 1800-345-4001
**Email ID:** ramesh.desai@karvy.com

## Bankers

- RBL Bank Ltd
- Mizuho Bank Ltd
- MUFG Bank Ltd


Founder Members


Factory


Factory


Quality Assurance


R&D Lab

# MISSION STATEMENT

To be a **socially responsible** company that will **delight** consumers
by offering **Great Taste, Good Value, and Real Convenience**
achieved through manufacturing & marketing **Natural, Convenient & Speciality Foods**
in a **Knowledge-driven, Energetic and Fun** work environment

# CHAIRMAN'S MESSAGE

**We eat. Therefore we are. Our health, wellness, beliefs, family values and even our politics are deeply influenced by the kinds of food we eat, produce we buy, and the manner in which we prepare them. Who we invite home for dinner, what we cook for them, who we choose to go out with for a meal or how often we choose to eat out, each reflects who we are as people. I call this our *Food Life*.**

## Dear Shareholders,

Welcome to a new beginning. The title of this Annual Report "Wholesome Mazaa" ushers in Tasty Bite 3.0. The first phase of almost 15 years was during the incubation of the company and a long period of existential challenge that lasted through 1998. The next phase started with the acquisition by Preferred Brands, the quick turnaround in 1999 and an uninterrupted period of continuous and profitable growth. Tasty Bite 3.0 represents a new beginning today.

I am pleased to announce that in our present avatar as a Mars, Incorporated subsidiary we continued along our well defined path of accelerated growth ending the year with record revenues and profits. I shall discuss highlights of this performance later in my message and several sections of this Annual Report will delve deeper still.

For now, lets talk *Wholesome Mazaa.*

We eat. Therefore we are. Our health, wellness, beliefs, family values and even our politics are deeply influenced by the kinds of food we eat, produce we buy, and the manner in which we prepare them. Who we invite home for dinner, what we cook for them, who we choose to go out with for a meal or how often we choose to eat out, each reflects who we are as people. I call this our *Food Life.*

Ancient cultures with long standing food traditions will find this instinctual. But melting pot societies driven by standardization have fallen prey to food choices that combine low-cost convenience with engineered taste (through non-food additives for instance). It is now manifest that this path is neither cheap nor convenient resulting in soaring healthcare costs and lost workdays. This is not a Food Life conducive to wellness.

The good news is, this is changing. Partly driven by *'Aspirationals'* a large group of adult consumers that represent an enlightened cross section of the Baby Boomers, Gen-Xers, and Millennials, companies are being forced to recalibrate their products, their messaging and indeed even their purpose. These Aspirationals expect convenience without compromise, adopt and demand sustainable practices, shop in style yet seek value, choose fun but without the associated guilt. At Tasty Bite we salute and celebrate this consumer. This is consistent with our long-standing mission statement whose stated purpose is to build a socially responsible organization that will provide consumer delight. We now call it Wholesome Mazaa!

You have often heard me refer to *natural, convenient & Specialty Foods* as megatrends. We rode and perhaps to some extent even helped drive these megatrends through sustained innovation. We believe it is now time to scale. The ability of your company to design, develop and manufacture great tasting products combines well with Mars' global reach and infrastructure. Add to this our track record of accelerated growth and I believe we have a clear competitive advantage as we move into our next phase.

## Performance Highlights for 2017-18:

Five years ago, in Fiscal 2013, I reported your company had crossed ₹ 1 Billion in revenues for the first time in its history. It took us 30 years to get there. In 2016, just 3 years later we got the 2nd Billion. I am now delighted to announce that just 2 years later for the year ended March 2018, the company had revenues of ₹ 303 Crores up 18% over last year and Profit after Tax of ₹ 26.5 Crores up 20%.

- All segments across the board including our Consumer Business, Private Label and the Tasty Bite Food Service (TFS) saw double-digit growth.
- While Revenue growth accelerated 18% to ₹ 303 Crores, EBIDTA at ₹ 54.4 crores grew faster (18% of revenues) contributing to a 20% growth in PBT of ₹ 41 crores up from ₹ 34 crores last year.
- Exports crossed ₹ 2 Billion for the first time growing 18% over last year.
- The Food Service industry, after a few years of stagnancy rebounded during the year helping TFS grow 16%, accounting for 29% of revenues.
- Capacity expansion of the RTS and Sauces section of the factory proceeded on schedule and new plans are afoot for further expansion

## Consumer Business:

Tasty Bite continued its market leadership in N.America with all three channels (Grocery, Club and Private Label) experiencing robust growth. *Entrees* and *Rice & Grains* continued to show double-digit consumption growth in conventional, natural and Club stores across the region. The overall consumer facing business grew more than 15 % over last year.

Our record of uninterrupted growth since Tasty Bite was launched in the US in 1994 enters its 24th year. Between all our SKUs the brand today is available in over 20,000 large-scale supermarkets that represent over 50% of all grocery stores in America.

The company launched the *Hot & Spicy* range of entrees during the year and extended the ready to eat *organic rice & grains*. Both these have been authorized in major chains and will be in full national distribution by the end of the year.

Marketing got a major digital boost during the year. Tasty Bite today has one of the largest social media presence in the natural foods industry and our E-Commerce business grew 60%, our fastest growing channel in the company

## TFS Business:

A series of factors including demonetization, regulatory hurdles, urban concentration by the multinational QSRs, a burgeoning domestic food service industry and a rapidly changing consumer each contributed to stagnancy of most of the companies in the food service sector these last few years.

This year however, the industry seems to have turned the corner with all major chains reporting an uptick in SSSG (same store sales growth), the bellwether index for the health of the QSR industry.

The TFS business grew 16% in revenues over last year and is set to accelerate further this year driven by continued differentiation in both Sauces and FFP (Frozen Formed Products). This innovation has helped consolidate our relationship with key customers who are leaders in this industry and open new markets regionally.

Consequently, we expect new channels and international expansion to be major growth driver for the TFS business in the medium term.

## Sustainability:

You might recall, a couple of years ago your company adopted 12 of the 17 sustainable development goals that we thought were immediately relevant to us. We have made significant progress in each of them. In fact, our resolve has been further strengthened given Mar's global commitment to sustainability.

- Today 100% of the fuel we use in our boilers are sugarcane briquettes.
- The Tasty Bite Organic Farm enters its 2nd year after certification and crop yields are already comparable with conventional farming in the area, with significantly better soil health.
- The effluent treatment plant is in full operation and has ensured a zero water waste environment on campus.
- The Rainwater harvesting program is in its 5th year and remarkably the water table continues to rise. Even prior to the monsoon this year the water table rose to 60-70 feet.
- Wind power continues to be an important source of energy and accounts for about 14% of our total power consumption.
- We have begun work on solar power generation and should be seeing significant progress during the year.
- The organic waste we generate increases with the scale of our business. But I am pleased to inform you that the biogas plant capacity has been doubled in less than 2 years after commissioning.

We remain committed to our guiding principle on sustainability: *It is not sufficient to follow sustainable practices only when they make business sense. Our responsibility is to make business sense out of sustainable practices.*

## Three-Year Plan (2019-2021) and beyond:

We recently concluded our corporate three-year plan that seeks to accelerate growth and profitability. This will involve significant capital expenditure for capacity enhancement and modernization, expansion in a few select global markets for both our Consumer and Food Service business, and a continued focus on innovation with products that are necessarily natural and preferably organic.

In the long term, we are seeking to be:

- A household name in select global markets
- Synonymous with "Wholesome Mazaa"
- A brand of choice to the 'Aspirationals'
- The benchmark for sustainability in the Food Industry

We have set our sights high. The employees at Tasty Bite, and our network of service providers have repeatedly proven to function well in this high-energy environment. We remain committed to driving a positive *Food Life*.
I think we are ready for Tasty Bite 3.0.

Thank you

**Ashok Vasudevan**
Chairman

# Wholesome MAZAA!

**'Wholesome Mazaa for Everyone'**

**Since it was first launched in the US in 1995, the Tasty Bite brand has stood for great taste, real convenience, and good value. It has brought to customers a range of easily accessible culinary experiences that evoke nostalgia in those far from home, and delight in those trying a palate-pleasing new cuisine for the first time.**

The Tasty Bite range of ready-to-eat and easy-to-cook, all-natural products covers the gamut of Indian and Asian cuisines, and includes a vast selection of entrees, ready-to-cook sauces, and organic rice and whole grain preparations. Made from the choicest ingredients at a state of the art facility in Pune, the products contain no preservatives and are 'designed' by a team of chefs to balance delicious taste with good nutritive values.

Each product offers the consumer a wholesome option that is restaurant quality. All we've done is eliminate all the tedious and often time-consuming preparation required to create an Indian or Asian meal from scratch. The 'Ready to Heat' range can be served up in 60 to 90 seconds, making it the perfect option for those who lack the time or inclination to whip up a delicious meal after a long day. For those who enjoy spending some time in the kitchen but dislike being overwhelmed by an array of ingredients and complicated cooking processes, the 'Spice & Simmer' sauces range is more suitable. Competitively priced, Tasty Bite products are widely and easily available across the US, Canada, Australia, New Zealand and UK. An increasing number of satisfied customers in these countries have welcomed the opportunity to add the excitement and novelty of exotic cuisines to their daily meals with little or no difference to their budget.

In India the Tasty Bite Food Service (TFS) business reaches a staggering amount of customers through the sauces and formed frozen products it supplies to leaders in the food service industry.  The country's top QSR and HORECA brands rely on us to provide innovative, customized solutions in the vegetarian sauces, meals and frozen food categories. Our versatile range of tomato based sauces, emulsion sauces, specialty sauces, savory fillings, curries and pastes, and mixed vegetable, plant protein, potato, cottage cheese and cheese based frozen products is what makes us the brand behind every super brand! The TFS portfolio of


cutting edge technologies combined with decades of experience and a sound understanding of customer preferences ensures that we are the first choice of the biggest names in the business.

The success of our TFS business in the hugely competitive and constantly evolving Indian market has also helped us expand globally. Our formed frozen products and ready-to-cook and eat sauces and entrees have now entered the overseas market in South East Asia, Middle East and Africa.

***"Wholesome Mazaa for Everyone"*** *is what we promise, and that's what we deliver. The Indian concept of mazaa or enjoyment underlines every offering we make - indeed it's the hallmark of Tasty Bite across the world.*

# FINANCIAL HIGHLIGHTS

## Performance & Key Trends

₹ in Crore

| Statement of Proft and Loss | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| Net Revenue | 303.1 | 256.8 | 208.8 | 178.2 | 145.9 |
| Gross Profit | 131.7 | 108.7 | 85.3 | 71.5 | 53.7 |
| Operating Profit (Profit before Interest, Tax, Depreciation and Amortisation) | 54.4 | 45.8 | 34.3 | 26.1 | 11.9 |
| Profit Before Tax (PBT) | 41.0 | 34.2 | 24.6 | 16.5 | 6.3 |
| Profit After Tax (PAT) | 26.5 | 22.0 | 16.1 | 10.8 | 4.3 |
| Earnings Per Share of Face Value of ₹ 10 | 103.1 | 85.7 | 62.8 | 42.0 | 16.8 |
| Dividend Per Share of Face Value of ₹ 10 | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 |

| Balance Sheet | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| Cash and Cash Equivalents | 5.8 | 6.3 | 7.3 | 6.2 | 4.5 |
| Fixed Assets (Net) | 76.2 | 65.2 | 61.5 | 61.0 | 64.2 |
| Net Current Assets | 52.4 | 37.0 | 24.0 | 9.6 | (2.3) |
| **Share Capital** | | | | | |
| Equity Shares | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Redeemable Preference Shares | – | – | 0.6 | 0.6 | 0.6 |
| **Reserves and Surplus** | | | | | |
| Reserve for Premium of Preference Share Capital | – | – | 11.6 | 11.6 | 11.6 |
| Others | 96.7 | 71.9 | 46.1 | 30.0 | 19.7 |
| Long Term Borrowings | 30.6 | 36.0 | 19.74 | 21.23 | 23.9 |

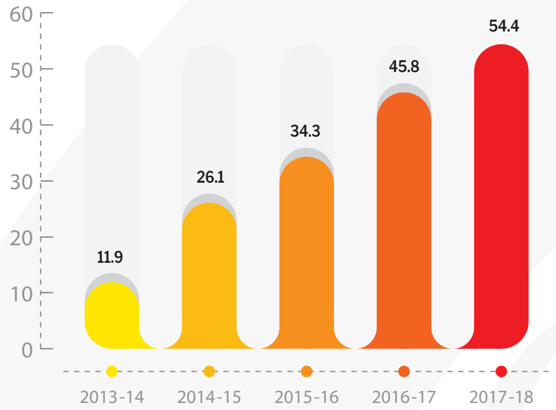
| Key Ratios | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| EBITDA (% of Revenue) | 17.9% | 17.8% | 16.5% | 14.7% | 8.2% |
| PAT/Revenue % | 8.7% | 8.6% | 7.7% | 6.1% | 3.0% |
| Fixed Assets Turnover Ratio | 4.0 | 3.9 | 3.4 | 2.9 | 2.3 |
| Current Ratio | 2.0 | 1.7 | 1.5 | 1.2 | 1.0 |
| Debt Equity Ratio | 0.5 | 0.8 | 0.7 | 1.0 | 1.3 |
| Return on Capital Employed | 38.4% | 38.9% | 34.1% | 28.7% | 12.6% |

| Others | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| TBEL Share Price on BSE (₹ per share of face value of ₹ 10) | 7,463.2 | 4,658.5 | 1,690.5 | 605.0 | 239.0 |
| Market Capitalisation (₹ in Crore) | 1,915.1 | 1,195.4 | 433.8 | 155.2 | 61.3 |

**Financial years 2016-17 & 2017-18 figures are as per IND-AS; other financial years figures are as per IGAAP.*

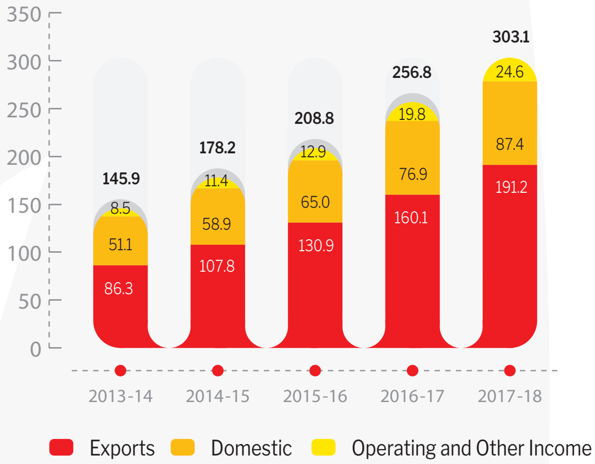
## EBIDTA

₹ in Crore



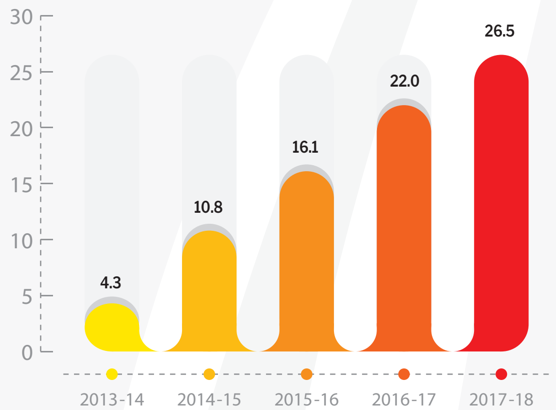

## REVENUE

₹ in Crore



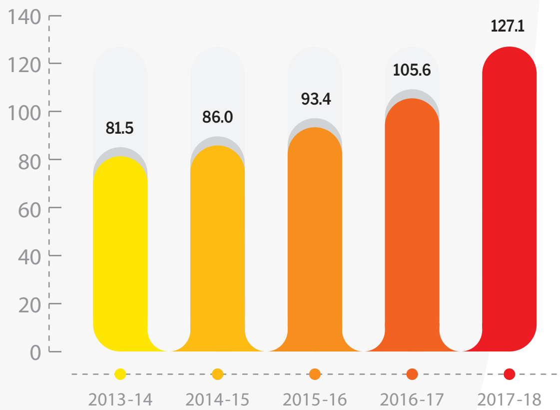

## NET PROFIT

₹ in Crore



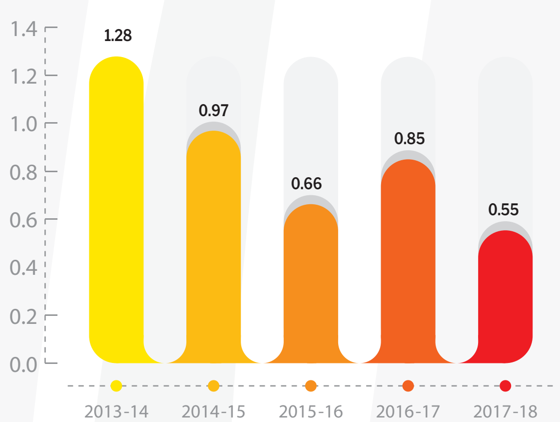

## FIXED ASSETS (GROSS)

₹ in Crore



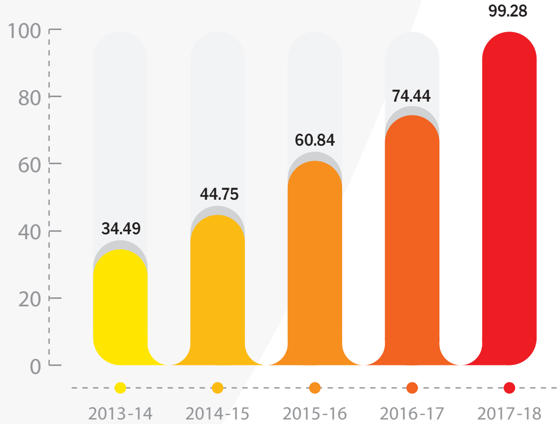

## DEBT EQUITY RATIO

₹ in Crore




## NET WORTH

₹ in Crore




**Financial years 2016-17 & 2017-18 figures are as per IND-AS; other financial years figures are as per IGAAP.*

# PRODUCT RANGE

## Consumer Products

**INDIAN**
**RANGE**


**HOT & SPICY**
**RANGE**


**ORGANIC RICE & GRAINS**
**RANGE**


**SPICE & SIMMER**
**RANGE**

## Food Service Products










# WORK PLACE

## Knowledge-Driven Energetic & Fun

# SUSTAINABILITY

## Commitment to our Eco System

As a long-standing member of the rapidly evolving food industry, Tasty Bite is committed to sustainable manufacturing processes that reflect its mission to utilize natural resources at every stage. Conservation of water and energy is a priority and we use environment-friendly methods to ensure that our production process remains among the cleanest and greenest in the industry.

With the aim to reduce our carbon footprint, we have taken several initiatives to improve air, soil and water quality across our eco system.

An 'in-ground rain water harvesting' system has been installed at our organic farm that has helped to raise the ground water level. Simple techniques such as crop rotation, use of natural fertilisers and pest control methods, and green composting also help to improve yield in the most natural way possible. At the factory premises, effluent water is fully treated and utilized for irrigation purposes in our farm.

The Company uses alternative and renewable sources of energy such as wind and solar to a significant extent. Last year we commissioned a bio-gas facility that now converts all organic waste into electricity. This is used to power the effluent treatment plant and the water treatment plant. Steam for the boilers is generated using sugarcane briquettes.

We purchase approximately 14% of our electricity from a wind generation company.

By the end of 2018, the Company intends to install rooftop solar panels with a total capacity of 640 KWp. This will provide 10% of the current power that the Company consumes. Together, wind and solar energy sources will thus account for 24% of the Company's power needs.

Tasty Bite cares for the health of its consumers, the industry and the environment at large and this shows in every activity we undertake.


Effluent Treatment Plant


Solar Power


Biogas Plant


Bhandgaon School Building


Training on Organic Farming

# NOTICE

Notice is hereby given that the thirty-fourth annual general meeting of the shareholders of Tasty Bite Eatables Limited will be held on Thursday, 9th day of August, 2018 at 11.00 a.m. at Hotel Sheraton Grand Pune, RBM Road, Pune – 411 001 to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for year ended March 31, 2018 and the reports of the Board of Directors and the Auditors thereon.

2. To declare dividend of Re. 1 per share on 59,530 1% Non-Cumulative, Non-Convertible Redeemable Preference shares of Rs. 100/- each for the financial year 2017-18.

3. To declare dividend of Rs. 2 per equity share on 25,66,000 equity shares of Rs. 10 each for the financial year 2017-18.

4. To appoint a director in place of Mr. Ashok Vasudevan, who retires by rotation and being eligible offers himself for re-appointment.

## SPECIAL BUSINESS:

5. **Regularization of Additional Director Ms. Dawn Allen:**

   To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution:**

   **"RESOLVED THAT** Ms. Dawn Allen (DIN 07983206), who was appointed as an additional director under non executive category with effect from November 14, 2017 on the Board of the Company in terms of Section 161 and 149 of the Companies Act, 2013 ("Act") and read with provisions of Article of Association of the Company and who holds such office upto the date of ensuing Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Act be and is hereby appointed as a director of the Company liable to retire by rotation."

6. **Regularization of Additional Director Ms. Rama Kannan:**

   To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution:**

   **"RESOLVED THAT** Ms. Rama Kannan (DIN 08005849), who was appointed as an Additional Director under Independent category with effect from December 22, 2017 on the Board of the Company in terms of Section 161 and 149 of the Companies Act, 2013 ("Act") and read with provisions of Article of Association of the Company and who holds such office upto the date of ensuing Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Act be and is hereby appointed as a director of the Company."

7. **Appointment of Ms. Rama Kannan as an Independent Director for a term of 5 years:**

   To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder, read with Schedule IV of the Act and any other applicable provisions of the Act, Ms. Rama Kannan (DIN 08005849), a non executive director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act, and who is eligible for appointment, be and is hereby appointed as Independent director of the Company for a term of 5 years effective from August 9, 2018, not liable to retire by rotation."

8. **Regularization of Additional Director Dr. Chengappa Ganapati:**

   To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution:**

   **"RESOLVED THAT** Dr. Chengappa Ganapati (DIN 06771287), who was appointed as an Additional Director under Independent category with effect from January 17, 2018 on the Board of the Company in terms of Section 161 and 149 of the Companies Act, 2013 ("Act") and read with provisions of Article of Association of the Company and who holds such office upto the date of ensuing Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Act be and is hereby appointed as a director of the Company."

9. **Appointment of Dr. Chengappa Ganapati as an Independent Director for a term of 5 years:**

   To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder, read with Schedule IV of the Act and any other applicable provisions of the Act, Dr. Chengappa Ganapati (DIN 06771287), a non executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, and who is eligible for appointment, be and is hereby appointed as Independent director of the Company for a term of 5 years effective from August 9, 2018, not liable to retire by rotation."

10. **Fixation of remuneration of Mr. Ravi Nigam as Managing Director for a period of 3 years:**

    To consider and if thought fit, to pass the following Resolution as **Special Resolution:**

    **"RESOLVED THAT** pursuant to Sections 196, 197, 203 and such other provisions as may be applicable, if any, of the Companies Act, 2013 ("Act"), which shall include any statutory modification(s) or re-enactment(s) thereof read with Schedule V of the Act and subject to the approval of the Central Government if necessary, the consent of the Company be and is hereby accorded for fixation of remuneration of Mr. Ravi Nigam as Managing Director, for a period of 3 years w.e.f. July 20, 2018 and upon such terms and conditions as are set out in the agreement entered into between the Company and said Mr. Ravi Nigam, the terms of which are mentioned in the statement setting out material facts annexed herewith, be and is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include the Nomination and Remuneration Committee of the Board of Directors) to add, alter and vary the terms and conditions of the said appointment and/or Agreement subject to the relevant provisions of the Act.

    **RESOLVED FURTHER THAT** subject to other applicable provisions, the aforesaid remuneration be considered as the minimum remuneration, notwithstanding that the Company may make losses or inadequate profits during the tenure of the Agreement for a period of 3 years with effect from July 20, 2018.

    **RESOLVED FURTHER THAT** the Board (including the Committees of Directors) be and is hereby authorized to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said remuneration as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any director(s) and/or officer(s) of the Company to give effect to this resolution."

11. **Approval for declassification of Promoter:**

    To consider and if thought fit, to pass the following Resolution as **Special Resolution:**

    **"RESOLVED THAT** pursuant to the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("LODR")** and any other laws and regulations as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), if any, the approval of the members be and is hereby accorded for: (a) the de-classification of the status of Kagome Co., Ltd. **("Kagome")** (holding nil shares of the Company) from the 'promoter/ and promoter group' shareholding of the Company **("Kagome De-classification"),** and (b) for the application dated March 3, 2018 filed by the Company with BSE Ltd and National Stock Exchange of India Limited (Stock Exchanges) under LODR in relation to the Kagome De-classification **("De-classification Application").**

    **RESOLVED FURTHER THAT** the any of directors or Key Managerial Personnel of the Company, be and are hereby authorized to severally perform and execute all such acts, deeds, matters and things including but not limited to making timely intimation/filings to Stock Exchanges, and to execute all other documents required to be filed in connection with the Kagome De-classification and De-classification Application, and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard to give full effect to the aforesaid resolution."

12. **Revision in overall borrowing powers:**

    To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**

    **"RESOLVED THAT** in supersession of the earlier Resolution passed by the Members at their Meeting held on September 10, 2014 and subject to the provisions of Section 180 (1)(c) and other applicable provisions, if any, of the Companies

Act, 2013, the Memorandum and Articles of Association of the Company, consent of the Members be and is hereby accorded to the Company, to borrow from time to time any sum or sums of monies (exclusive of interest) on such terms and conditions as may be determined, from anyone or more of the Company's bankers and/or from anyone or more other banks, persons, firms, companies/bodies corporate, financial institutions, institutional investor(s), mutual funds, insurance companies, pension funds and or any entity/entities or authority/authorities, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures, commercial papers, long/short term loans, suppliers' credit, securitized instruments such as floating rate notes, fixed rate notes, syndicated loans, commercial borrowing from the private sector window of multilateral financial institution, either in rupees and/or in such other foreign currencies as may be permitted by law from time to time, and/or any other instruments/securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licences and properties, whether immovable or movable and all or any of the undertaking of the Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Company and outstanding at any time shall not exceed the sum of Rs.200 Crore (Rupees Two Hundred Crore Only).

**RESOLVED FURTHER THAT** in connection with the aforesaid, the Board/Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

**RESOLVED FURTHER THAT** notwithstanding the aforesaid supersession, all actions and decisions taken till date under the said Resolution shall be valid and in order."

13. **Creation of charge on assets of the Company:**

To consider and if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution:**

**"RESOLVED THAT** in supersession of the earlier resolution passed by the Members in their Meeting held on September 10, 2014 and subject to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (the Board), to create such charges, mortgages and hypothecations in addition to existing charges, mortgages and hypothecations, if any created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, in favour of Banks, Financial Institutions, other lending/ investing agencies/ trustees for holders of debentures/ bonds which may be issued to or subscribed by all or any Financial institutions'/ Banks or any other investing agencies or any other person(s)/ bodies corporate by way of private placement or otherwise (hereinafter collectively referred to as "Lenders") to secure Rupee / Foreign Currency Loans, debentures, bonds or other instruments (hereinafter collectively referred to as "Loans") provided that total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption costs, charges, expenses and all other monies payable by Company in respect of said loans, for which charge, mortgage, hypothecations are created, shall not, at any time exceed the limit of Rs. 200 crore (Rupees Two Hundred Crore only)

**RESOLVED FURTHER THAT** in connection with the aforesaid, the Board/Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

**RESOLVED FURTHER THAT** notwithstanding the aforesaid supersession, all actions and decisions taken till date under the said Resolution shall be valid and in order."

14. **Material Related Party transaction approval:**

To consider and if thought fit, to pass the following Resolution as **Ordinary Resolution:**

"**RESOLVED FURTHER THAT** pursuant to the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, including any re-enactment, modification, amendment thereof, consent of the Members be and is hereby accorded to enter into Related Party Transactions, to be entered into with entities mentioned below in the table amounting not more than Rs.500 crore per entity per financial year over the period of three financial years commencing from financial year 2018-19 till financial year 2020-21, notwithstanding the fact that the transactions within these financial years may exceed 10% of the turnover of Company as per last audited financial statement or materiality threshold as may be applicable from time to time under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| Name of entity | Transaction | Amount in crore |
|---|---|---|
| Mars, Incorporated (ultimate holding company) or any other Mars Group Company (being any direct or indirect subsidiary of the ultimate holding company) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |
| Effem Holdings Limited (Promoter) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |
| Mars Food US, LLC (Group company of ultimate holding company) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |
| Mars Food UK Limited (Group company of ultimate holding company) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |
| Mars GmbH (Group company of ultimate holding company) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |
| Mars Petcare & Food France (Group company of ultimate holding company) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |
| Mars Australia Pty Ltd (Group company of ultimate holding company) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |
| Mars Canada, Inc (Group company of ultimate holding company) | Sale / purchase/manufacturing of goods & availing/ providing services & business / financial transactions, sharing of know how or any other technical transaction, including reimbursement of expenses. | 500 |

**RESOLVED FURTHER THAT** any Director of the Company, Chief Financial Officer and / or Company Secretary be and hereby severally authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution".

15. **Approval for buyback of 59,530 1% Non-Cumulative, Non-Convertible Redeemable Preference shares:**

To consider and if thought fit, to pass the following Resolution as **Special Resolution:**

**"RESOLVED THAT** in accordance with Article 12A of the Articles of Association of the Company and the provisions of Sections 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014("Rules") including any amendments, statutory modifications or re-enactments thereof, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to any modifications and conditions, if any, as may be prescribed by the appropriate authorities which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression includes any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) and subject to such conditions and modifications as may be prescribed or imposed by such government, regulatory, statutory or appropriate authorities, the consent of the shareholders is hereby accorded for the buyback ("Buyback") by the Company of its 59,530 fully paid-up 1% Non-Cumulative, Non-Convertible Redeemable Preference shares ("Preference Shares") of a face value of Rs. 100/- each from the preference shareholder of the Company, for an amount not exceeding Rs. 12.21crore (Rupees Twelve Crore Twenty One Lakh only) (hereinafter referred to as the "Buyback Offer Size").

**RESOLVED FURTHER THAT** the Buyback Offer Size is exclusive of transaction costs, applicable taxes, stamp duty, filing fees, advisors' fees and other incidental and related expenses. The Buyback Offer Size is 12.49% of the total paid-up equity capital and free reserves of the Company as per the latest audited Balance Sheet as of March 31, 2018 at a price Rs. 2,050 (Rupees Two Thousand and Fifty only) per Preference Share.

**RESOLVED FURTHER THAT** the Company shall implement the Buyback out of its Securities Premium Account and/ or Free Reserves & surplus account and that the Buyback shall be from existing preference shareholder and in such manner as may be prescribed under the Act and the Rules and on such terms and conditions as the Board may deem fit.

**RESOLVED FURTHER THAT** the Board and / or Chief Financial Officer and / or Controller Finance and/ or Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things as it may, in their absolute discretion deem necessary, expedient or proper, for the implementation of the Buyback, including but not limited to creation of Capital Redemption Reserve, the appointment of lawyers, bankers, advisors, scrutinizers, consultants, representatives, intermediaries, agencies and others as may be required, for the implementation of the Buyback; executing and delivering a purchase agreement and carrying out incidental documentation as may be required to give effect to the Buyback and as also to make applications to the appropriate authorities for requisite approvals, if required, and to initiate all necessary actions for the preparation and issuance of various documents, opening of accounts, letters of offer, extinguishing the share certificates and such other undertakings, agreements, papers, documents, correspondence and instruments as may be necessary for the lawful and effective implementation of the Buyback.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s) and modification(s) to the terms and conditions of the Buyback as it may deem necessary, subject to and in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all lawful acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

**Dated :** July 6, 2018
**Place :** Pune

Ravi Nigam
**Managing Director**
DIN: 00024577

# NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (meeting) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting duly stamped and signed. Members are requested to note that a person can act as proxy for not more than 50 members and not exceeding 10% of total share capital

2. Members / Proxies should bring duly-filled Attendance Slips/ Proxy Forms sent herewith to attend the meeting. Members who hold shares in dematerialized form are requested to mention their Client ID and DP ID and those who hold shares in physical form are requested to mention their Folio Number in the attendance slip for attending the meeting.

3. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf, at the meeting.

4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-voting facility by first holder.

5. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, July 21, 2018 to Thursday, August 9, 2018 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.

6. The dividend, upon declaration by the members at the AGM shall be credited / dispatched before September 8, 2018, 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 (RTA) on or before Friday, July 20, 2018. In respect of shares held in dematerialized 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, July 20, 2018. After dispatch of dividend instruments, any request for change in the Bank Account will not be entertained by the Company or its RTA. The Company has as per SEBI Guidelines, issued letters to physical shareholders for updation of PAN and Bank details.

7. Members desirous of obtaining any detailed information concerning the accounts and operations of the Company are requested to address their queries to the Company Secretary so as to reach the Company at least seven days before the date of the meeting so that the required information may be made available at the meeting. The Auditors have issued audit report with unmodified opinion (without any qualification).

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. All the documents referred to in the Notice, if any, and 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 meeting. Notice calling meeting and Annual Report are available on Company's website www.tastybite.co.in.

10. Shareholders/investors may contact the Company on designated e-mail id: secretarial@tastybite.com for speedy action from Company's end.

11. The Company has paid the annual listing fee to BSE Ltd, National Stock Exchange of India Limited, National Securities Depositories Ltd (NSDL) and Central Depositories Securities Ltd (CDSL) for financial year 2018-19.

12. 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 (RTA) – M/s. Karvy Computershare Pvt. Ltd. at Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. (Unit- TastyBite)

13. Members who have neither received nor encashed their dividend warrant(s) for the financial years 2010-11 onwards, are requested to write to the Company or its RTA, mentioning the relevant folio number(s)/ DP ID and Client ID, for issuance of demand draft.

14. The amount of the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (the "Fund") set up by the Government of India.

It may be noted that the dividend for the financial year ended March 31, 2010 (declared on September 16, 2010) which remained unpaid or unclaimed over a period of seven years, was transferred to the Investor Education and Protection Fund as required under Section 124(5) of the Companies Act, 2013.

Any person/ Member who has not claimed the dividend in respect of the financial year ended March 31, 2011 or any year thereafter, is requested to approach the Company/ Registrar and Transfer Agent of the Company for claiming the same.

Members are requested to note that no claim shall lie against the Company in respect of any amount of dividend remaining unclaimed / unpaid for a period of seven years from the dates they became first due for payment.

In order to help Members to ascertain the status of Unclaimed Dividends, the Company has uploaded the information in respect of Unclaimed Dividends for the financial year ended March 31, 2018 on the website of the Company: www.tastybite.co.in.

15. Securities and Exchange Board of India ("SEBI") 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 RTA, whilst lodgment of such shares.

16. In support of the "Green Initiative" announced by the Government of India, electronic copies of the Annual Report and this Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by e-mail to those members whose e-mail addresses have been made available to the Depository Participants/ Company, unless the member has specifically requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of this Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form, will be sent to them in the permitted mode.

    Members holding shares in physical form are requested to submit their e-mail address to the RTA, 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.

17. **Voting through electronic means:**

    i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and any other rule as may be applicable including amendments thereof, a member may exercise right to vote by electronic means (remote e-voting) in respect of the Resolutions contained in this notice.

    ii. The Company is providing the e-voting facility to its members to enable them to cast their votes electronically. The Company has engaged the services of M/s. Karvy Computershare Private Limited ('Karvy') as the authorised agency to provide e-voting facility which is approved by Ministry of Corporate Affairs and has also obtained a Certificate from the Standardisation Testing and Quality Certification Directorate, Department of Information Technology, Ministry of Communications and Information Technology, Government of India, as prescribed under the Companies (Management and Administration) Amendments Rules, 2015.

    iii. The notice calling meeting is placed on the website of the Company (www.tastybite.co.in) and on the website of the 'Karvy' (https://evoting.karvy.com) agency appointed for conducting the voting by electronic means.

    iv. The members who opt to cast their votes by remote e-voting prior to the meeting, may attend the meeting however, shall not be entitled to cast their vote again.

    v. The Board of Directors has appointed Mr. Abhishek Jagdale, Practicing Company Secretary, Pune as the Scrutinizer for conducting e-voting process in fair and transparent manner.

    vi. Members are requested to carefully read the instructions for e-voting before casting their vote.

    vii. The e-voting module shall be disabled for voting on Wednesday, August 08, 2018 at 5.00 pm. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently. **The voting right of the shareholders shall be in proportion to their share in the paid up capital of the Company as on the cut-off date i.e. August 2, 2018 (end of day).**

viii. The remote e-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for e-voting:

| | |
|---|---|
| **Commencement of e-voting** | **August 4, 2018- from 9.00 am (IST)** |
| **End of e-voting** | **August 8, 2018 - upto 5.00 pm (IST)** |

ix. **Contact details for issues relating to e-voting:** M/s. Karvy Computershare Services Pvt Ltd at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032; Toll free no. 1800-345-4001; E-mail- evoting@karvy.com/ ramesh.desai@karvy.com. Or visit FAQ's section available at Karvy's website https://evoting.karvy.com.

x. **Details of Scrutinizer:** Mr. Abhishek Jagdale, Practicing Company Secretary has been appointed as Scrutinizer to scrutinize the e-voting process in fair and transparent manner. The Scrutinizer shall within a period of not exceeding three working days from conclusion of e-voting period unblock the votes in presence of at least two witnesses not in employment of the Company and present his report of votes cast in favour and against the resolutions to Chairman of the Company or any other person as authorized by him.

xi. The procedure and instructions for remote e-voting are as under:

A. In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com.

ii. Enter the login credentials (i.e. User ID and password as mentioned in email). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on “LOGIN”.

iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmostcare to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the “EVENT” i.e., Tasty Bite Eatables Limited ‘

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on “Submit”.

xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at abhishek@csjagdale.com email with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_Event No.”

B. In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

i. E-Voting Event Number – XXXX (EVEN), User ID and Password as provided on the cover page of notice.

ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

C. Voting at AGM : The members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The company will make necessary arrangements in this regard at the AGM venue. The facility for voting shall be made available at the meeting. Members who have already cast their votes by Remote e-voting are eligable to attend the meeting, however those members are not entitled to cast their vote again in the meeting.

A member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM. If a member casts votes by both modes then voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

## Other Instructions

I. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr. G Ramesh Desai, (Unit: Tasty Bite ) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

II. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

III. In case any person becomes member of the Company after dispatch of Notice of AGM and Annual Report i.e. June 22, 2018 and holds shares as on the cut-off date for e-voting i.e., August 2, 2018, he/she may obtain the User ID and Password in the manner as mentioned below :

i. If the mobile number of the member is registered against shares held in demat form, the member may send SMS: MYEPWD<space> DP ID Client ID to 9212993399

Example for NSDL:
MYEPWD <SPACE> IN12345612345678

Example for CDSL:
MYEPWD <SPACE> 1402345612345678

Example for Physical:
MYEPWD <SPACE> XXXX1234567890

iii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iv. Member may call Karvy's toll free number 1800-3454-001.

v. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavor to send User ID and Password to those new Members whose mail ids are available.

h) Once the vote on a resolution is cast by a Member, the Member shall not be allowed to modify it subsequently. The Company shall also provide facility for voting through polling at the Meeting and members attending the meeting who have not already casted their vote by remote e-voting shall be able to exercise their right to vote at the AGM.A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

i) The Members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

j) The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date (i.e. the record date), being August 2, 2018. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

k) The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company. (www.tastybite.co.in)

xii. Any person, who acquires the shares of the Company and becomes a members after dispatch of Notice of AGM (cut-off date for dispatch of Annual Report & Notice is June 22, 2018 end of business hours) and is holding shares as on the cut-off date i.e. August 2, 2018, may obtain the user id and password by sending a request at Karvy's e-mail id evoting@karvy.com/ ramesh.desai@karvy.com or at Company's e-mail id secretarial@tastybite.com or by writing to the Company or Karvy.

xiii. The Srutinizer shall after the conclusion of the voting at the meeting first count the voting at the meeting and then unblock the votes cast through e-voting in the presence of atleast two (2) witnesses not in the employment of the Company and he shall forthwith make a Consolidated Scrutinizers Report of the total votes cast in favour or against, if any, to the Chairman of the Company or person authorised by Chairman who shall countersign the same.

xiv. The Scrutinizers decision on the validity of the vote shall be final and binding.

xv. The Chairman or person authorised by Chairman shall immediately/forthwith declare the result of the voting.

xvi. The result on the Resolutions shall be declared on or after the meeting of the Company and the Resolutions shall be deemed to be passed on the meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.

xvii. The results declared alongwith the Scrutinizer's Report shall be placed on the website of the Company (www.tastybite.co.in) and on website of the Karvy (https://evoting.karvy.com) immediately after result is declared by the Chairman and forwarded to Stock Exchanges where the shares of the Company are listed.

18. **Brief resume of the director, proposed to be re-appointed vide item No 4 as mentioned in the Notice calling AGM, pursuant to the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Mr. Ashok Vasudeven:

Mr. Ashok Vasudeven, Chairman of the company, has been a non- executive director since March 31, 1999. He is proposed to be re-appointed as a Director. A brief profile of Mr. Ashok Vasudeven is as follows:

| | |
|---|---|
| Date of Birth & Age | March 9, 1955- 63 years |
| Date of Appointment | March 31, 1999 |
| Qualifications | Mr. Vasudeven holds a Bachelor of Science (Agriculture) degree from Bangalore and a Management degree from Jamnalal Bajaj Institute of Management Studies, Bombay. He also holds Owner President Management (OPM) from the Harward Business School. |
| (Expertise in specific functional areas | Mr. Vasudeven has wide experince of 35 plus years as an enterpreneur and a corporate executive for large multinationals. He headed the India desk of Pepsi World Trade from New York. He received Pepsi's MVP award in 1991 for his contributions. Before joining Pepsi he spent 10 years with the Unilever group in India in various functions that included Management Developement, Sale & Marketing and International Business. He is cofounder of Preferred Brands International Inc. USA. |
| Directorship in other Companies as on March 31, 2018 (including Private limited companies and excluding foreign companies) | Preferred Brands Foods (India) Pvt Ltd- Director |
| Chairmanship/ Membership of Committees of above mentioned Companies | NIL |
| Shareholding in the Company | NIL |

Apart from himself, no other Director or Key Managerial Personnel or their relatives are interested in the Resolution. Mr. Vasudeven is not related to any other Director and/ or Key Managerial Personnel of the Company.

19. Route map for reaching the venue of AGM is giving at end of the annual report.

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

**Dated :** July 6, 2018
**Place :** Pune

Ravi Nigam
**Managing Director**
DIN: 00024577

## ANNEXURE TO NOTICE

**STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS**

### Item No. 5:

Ms. Dawn Allen:

Ms. Dawn Allen, Director in the Company, has been a non-executive director since November 14, 2017. She is proposed to be re-appointed as a Director. A brief profile of Ms. Dawn Allen (DIN: 07983206) is as follows:

| | |
|---|---|
| Date of Birth & Age | September 16, 1968- 49 years |
| Date of Appointment | November 14, 2017 |
| Qualifications | Ms. Dawn Allen holds BSc in Chemistry degree from Bath University and also received an ACA qualification from the Institute of Chartered Accountants of England and Wales. |
| Expertise in specific functional areas | Ms. Allen has worked at the Mars, Incorporated group of companies for 20 years and during this time she has held a number of finance positions. She is currently CFO of Global Food, Drinks and Multisales at Mars, Incorporated. |
| Directorship in other Companies as on March 31, 2018 (including Private limited companies and excluding foreign companies) | Preferred Brands Foods (India) Pvt Ltd- Director |
| Chairmanship/ Membership of Committees of above mentioned Companies | NIL |
| Shareholding in the Company | NIL |

Apart from herself, no other Director or Key Managerial Personnel or their relatives are interested in the Resolution. Ms. Allen is not related to any other Director and/ or Key Managerial Personnel of the Company.

### Item No. 6 & 7:

Ms. Rama Kannan:

Ms. Rama Kannan, Director in the Company, has been a non-executive and independent director since December 22, 2017. She is proposed to be re-appointed as a Director.

A brief profile of Ms. Rama Kannan is as follows:

| | |
|---|---|
| Date of Birth & Age | April 27, 1965- 53 years |
| Date of Appointment | December 22, 2017 |
| Qualifications | Ms. Rama Kannan is a Commerce and a Law (LLB) graduate from Delhi University. She has a Coaching certification from Neuro leadership group, Australia. She also holds a Master in Business Administration degree from National University of Singapore |
| Expertise in specific functional areas | Ms. Kannan works as a coach / mentor / advisor for various senior executives in corporate and social enterprises in India and abroad. She also has a wide experience in field of marketing and strategic roles with various companies such as British Petroleum, PepsiCo, etc. |
| Directorship in other Companies as on March 31, 2018 (including Private limited companies and excluding foreign companies) | Nil |
| Chairmanship/ Membership of Committees of above mentioned Companies | Nil |
| Shareholding in the Company | Nil |

Apart from herself, no other Director or Key Managerial Personnel or their relatives are interested in the Resolution. Ms. Rama is not related to any other Director and/ or Key Managerial Personnel of the Company.

## Item No. 8 & 9 :

Dr. Chengappa Ganapati:

Dr. Chengappa Ganapati, Director in the Company, has been a non-executive and independent director since January 17, 2018. He is proposed to be re-appointed as a Director

A brief profile of Dr. Chengappa Ganapati, (DIN: 06771287) is as follows

| | |
|---|---|
| Date of Birth & Age | February 11, 1952- 66 years |
| Date of Appointment | January 17, 2018 |
| Qualifications | M.Sc in Agriculture Economics from University of Agriculture Sciences- Bangalore and PHD in Indian Agricultural Research Institute, New Delhi |
| Expertise in specific functional areas | Dr. Chengappa is one of the leading Agricultural Economist of India. He has over three decades of experience in teaching, research, extension and academic administration. He served as the Vice Chancellor of University of Agricultural Sciences, Ban galore. He was the National Professor of the Indian Council of Agricultural Research at the Institute for Social and Economic Change, Bangalore. He is basically a Policy Economist specialised in the area of agri-business and trade. He was the member of the working group on Agricultural Marketing of Planning Commission of India for preparing the 12th Five Year Plan document. His international experience includes working as a consultant in International Food Policy Research Institute, Washington, International Plant Genetics Resource Institute, Rome, International Rice Research Institute, Manila, DSE Germany and visiting Professor, Universities of Reading and Wales. He was president (Elect), Indian Society of Agricultural Economics 2012 and President, Agricultural Economics Review Association, New Delhi 2013-16. |
| Directorship in other Companies as on March 31, 2018 (including Private limited companies and excluding foreign companies) | 1. Tata Coffee Ltd- Director<br>2. SAM Agri Tech Ltd- Director<br>3. SAM Agri Ventures Ltd- Director |
| Chairmanship/ Membership of Committees of above mentioned Companies | 1. Tata Coffee Ltd-Member of CSR Committee |
| Shareholding in the Company | Nil |

Apart from himself, no other Director or Key Managerial Personnel or their relatives are interested in the Resolution. Mr. Chengappa Ganapati is not related to any other Director and/ or Key Managerial Personnel of the Company.

## Item No. 10:

Mr. Ravi Nigam was re-appointed as Executive Director, re-designated as Managing Director of the Company w.e.f. July 20, 2016 for a period of 5 years. Proposed remuneration is payable to Mr. Ravi Nigam w.e.f. July 20, 2018 till the expiry of his term i.e. July 19, 2021. The agreement with Mr. Ravi Nigam in capacity of Managing Director will expire on July 19, 2021 at the end of his tenure.

The Remuneration & Nominations Committee at their meeting held on May 16, 2018 recommended payment of remuneration for a period of 3 years w.e.f. July 20, 2018. The recommendation was approved by the Board of Directors at their meeting held on May 16, 2018. The increase in the remuneration is subject to the approval of members by way of special resolution at the General Meeting.

In consideration of the duties and obligations undertaken by him as Managing Director, the Company shall pay him the remuneration as per the terms and conditions detailed herein below. Remuneration is proposed to be fixed for 3 (three) years w.e.f. July 20, 2018 till July 19, 2021, subject to the approval of shareholders at the General Meeting. The proposed remuneration is as follows:

| No | Remuneration | Slab (amount in Rs) per annum |
|---|---|---|
| 1. | Basic salary | Upto Rs. 2 crore |
| 2. | Perquisites | • Medical reimbursement upto Rs. 20,400 per annum |
| | | • Leave Travel allowance for self, spouse and children for travel to any place in India upto Rs. 1,15,000 per annum |
| | | • Books & periodicals upto Rs. 50,000 per annum |
| | | • Vehicle maintenance reimbursement upto Rs.4,00,200 per annum |
| | | • Leave encashment as per Company Policy |
| 3. Other Benefits | | • Contribution to Provident Fund as per applicable rules & Company Policy |
| | | • Gratuity as per Company Policy |
| | | • Provision of re-imbursement of telephone bills for use of Company's business shall not be considered as perquisite. |
| | | • Medical insurance & Group Accident as per Company policy shall not be considered as perquisite. |

No other Director or Key Managerial Personnel is interested in the Resolution. He is not related to any other director or key managerial personnel in the Company.

The Managing Director shall not be paid any sitting fee for attending the Board any other Committee meetings.

** Basic salary may include city allowance and any other head as considered appropriate by Board.*

## Item No. 11:

19,04,510 (Nineteen Lakh Four Thousand Five Hundred and Ten) equity shares of the Company (representing 74.22% (seventy four point twenty two percent of its total equity share capital), and 59,530 (Fifty Nine Thousand Five Hundred and Thirty) preference shares of the Company (representing 100% (one hundred percent) of its total preference share capital) is held by Preferred Brands Foods (India) Private Limited ("PBFIPL"), a company incorporated under the Companies Act, 1956, having corporate identification number U15400MH1998PTC113768, with its registered office at 48 Ali Chambers, Tamarind Street, Mumbai 400023. PBFIPL is a wholly-owned subsidiary of Preferred Brands International, Inc. ("PBI Inc"), a Delaware corporation, having its principal place of business at 3 Landmark Square, Stamford, CT, 06901-2515.

Kagome Co Ltd ("Kagome") formerly held: (i) 70% (seventy percent) of the common stock of PBI Inc., and

(ii) 300 (Three Hundred) equity shares of the Company (representing 0.01% (zero point zero one percent) of the total equity share capital). Accordingly, Kagome was classified as a part of the ‘promoter/ promoter group’ of the Company.

Kagome entered into a stock purchase agreement on August 14, 2017 with (inter-alia) Effem Holdings Limited (“EHL”), a limited liability company organized under English law (with registration number 03689160) having its registered office at 3D Dundee Road, Clough, SL1 4LG, United Kingdom for (inter-alia) selling its: (a) entire holding in PBI Inc., and (b) 300 (Three Hundred) equity shares directly held in the Company, to EHL (“Underlying Transaction”). The Underlying Transaction was completed on November 2, 2017.

Consequent to the completion of the Underlying Transaction, Kagome ceased to hold any shares in the Company. Accordingly, Kagome filed an application dated January 17, 2018 with the Company under Regulation 31A of LODR for its de-classification as a part of the ‘promoter/ promoter group’ of the Company (“Kagome De-classification”). Thereafter, the Company filed necessary applications with BSE and NSE under Regulation 31A of LODR in relation to the Kagome De-classification (“De-classification Application”).

In accordance with Regulation 31A of LODR, Kagome De-classification requires the approval of the stock exchanges, where the shares of the Company are listed (i.e. BSE and NSE). In terms of the procedure adopted by BSE and NSE for granting such approval, inter-alia, the approval of the shareholders of the Company is required.

The Board has approved the Kagome De-classification and De-classification Application at its meeting held on February 6, 2018 and recommends the passing of the resolutions as set out under item no. 11 as Special resolution.

None of the directors, key managerial personnel, or their relatives are concerned or interested in this resolution.

## Item No. 12:

Pursuant to the Section 180(1) (c) of Companies Act, 2013, the Board of Directors of a Company could, with the consent of shareholders by way of special resolution, borrow moneys, apart from temporary loans obtained from Company’s Bankers in ordinary course of business, in excess of aggregate paid up capital and free reserves. The consent of shareholders was obtained on September 10, 2014 w.r.t. section 180(1) (c) for borrowing upto Rs. 75 Crore. It is necessary to obtain fresh approval of shareholders by way of Special Resolution, to enable the Board to borrow moneys (apart from temporary loans) in excess of aggregate paid up capital and free reserves. The borrowing limit is proposed to be increased from Rs. 75 Crore to Rs. 200 crore. Accordingly, consent of Members is sought for Resolution in item no 12 to be passed as Special Resolution.

None of the Directors, Key Managerial Personnel or their Relatives are interested in the Resolution.

## Item No. 13:

Pursuant to Section 180 (1)(a) of Companies Act, 2013, the Board of Directors of a Company could with the consent of shareholders obtained by way of Special Resolution, create charge, mortgage, hypothecate on company’s assets, both present and future, in favour of lenders to secure the repayment of moneys borrowed by the Company. The consent of shareholder w.r.t. section 180 (1)(a) of the Act was obtained on September 10, 2014. Since, the borrowing limit is proposed to be increased from Rs. 75 Crore to Rs. 200 crore, it is necessary to obtain fresh approval of shareholders by way of Special Resolution, to enable the Board to create charges, mortgages, hypothecation on Company’s assets, both present and future, in favour of lenders (as mentioned in Resolution) to secure repayment of monies borrowed by the Company (termed as Loans in Resolution). Accordingly, consent of Members is sought for Resolution in item no 13 to be passed as Special Resolution.

None of the Directors, Key Managerial Personnel or their Relatives are interested in the Resolution.

## Item No. 14:

As per Regulation 23 of the LODR, a transaction with a related party shall be considered as material, if the transaction/transactions to be entered into individually or taken together with previous transactions during any financial year exceed 10% of the annual consolidated turnover of the company as per the last audited financial statements **("Prescribed Limit").**

The Company was indirectly acquired by Effem Holdings Limited (a Mars Group Company) on November 2, 2017. Thus, any transaction with Mars Incorporated or any of its subsidiaries shall be treated as Related Party Transaction. This arrangement is approved by Audit Committee and the Board of Directors as required under the Companies Act, 2013 in their respective meetings held on May 16, 2018.

Management seeks approval of shareholders for Material Related Party Transaction to be entered in financial years from 2018-19 till 2020-21.

Accordingly, consent of the members is being sought for item no. 14 to be passed as a Ordinary Resolution. Ms. Dawn Allen is an employee of Mars Group Company and hence treated as interested in the Resolution. None of the other directors, Key Managerial Personnel and their relatives is interested in this Resolution.

The above transactions are at arm's length and also in the ordinary course of business and hence exempt from provisions of Section 188 (1) of the Companies Act, 2013.

The Members may please note that in terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the related parties as defined thereunder shall abstain from voting on this agenda item.

## Item No. 15:

The Company proposes to buy back 1% 59,530 Non-cumulative, Non-convertible redeemable preference shares on below terms and conditions:

| Sr. No. | Particulars | Details |
|---|---|---|
| 1 | The date of the board meeting at which the proposal for Buyback was approved | The Board of Directors approved the Buyback proposal in their meeting held on 06 July 2018 |
| 2 | Reason and Objective of the Buyback | The reason of the buyback to provide exit opportunity to the preference shareholder |
| 3 | Material facts related to the Buyback | The Preference Shares were issued on September 1, 1998 to be redeemed within ten years. In the year 2002 the Preference Shares were transferred to Preferred Brands Foods (India) Private Limited. However, in the year 2008, the redemption period was further extended for ten years i.e. till 31st August 2018. Hence, this Buyback has been proposed by the Board of Directors. |
| 4 | Class of shares intended to be purchased under the Buy-Back | Preference Shares |
| 5 | The number of securities that the Company proposes to Buyback | 59,530 Preference Shares of Rs. 100/- each |
| 6 | The method to be adopted for the Buyback | From existing shareholder |
| 7* | Amount to be invested under the Buyback | INR 12,20,36,500/- (Rupees Twelve Crore Twenty Lakhs Thirty Six Thousand Five Hundred Only) |
| 8 | The Price at which the Buyback of Preference Shares shall be made | INR 2,050 per Preference Share<br>(Rs. 100/- is face value of the preference share and Rs. 1,950/- is premium per preference share) |
| 9 | The basis of arriving at the Buyback price | The price is arrived and fixed at the time of issue of Preference Shares as a part of terms and conditions of the issue. |
| 10 | The maximum amount to be paid for the Buyback and the sources of funds from which the Buyback would be financed; | The maximum amount to be paid for the Buyback is INR 12,20,36,500/- (Rupees Twelve Crore Twenty Lakhs Thirty-Six Thousand and Five Hundred Only)<br>The sources of funds for Buyback are Securities Premium account and / or Reserves and/or Surplus account. |

<table>
<tr><td rowspan="7">11</td><td rowspan="7">Aggregate Shareholding of promoter and directors of promoter and Key Managerial Personnel as on the date of the notice convening Annual General Meeting;</td><th>Name</th><th>No. of Equity Shares Held</th><th>Equity Shareholding %</th><th>No. of Preference Shares Held</th><th>Preference Shareholding %</th></tr>
<tr><td>Preferred Brands Food (India) Private Limited</td><td>1,904,510</td><td>74.22%</td><td>59,530</td><td>100.00%</td></tr>
<tr><td>Ashok Vaudevan</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
<tr><td>Sohel Shikari</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
<tr><td>Dawn Allen</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
<tr><td>Khaled Rabbani</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
<tr><td>Fiona Dawson</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
<tr><td>12</td><td>Time-limit for completion of Buyback.</td><td colspan="5">The Buyback is proposed to be completed within twelve (12) months from the date of special resolution approving the proposed Buyback.</td></tr>
<tr><td>13</td><td>The aggregate number of equity shares purchased or sold by promoters and Directors of Promoters and Key Managerial Personnel during a period of twelve months preceding the date of the Board Meeting at which the Buy-Back was approved and from that date till the date of notice convening the general meeting;</td><td colspan="5">The promoter and Directors of Promoter and Key Managerial Personnel did not purchase or sell any share during a period of twelve months preceding the date of the Board Meeting at which the Buyback was approved and from that date till the date of notice convening the Annual General Meeting.</td></tr>
<tr><td>14</td><td>The maximum and minimum price at which purchases and sales referred to in Sr. no. 13 above were made along with the relevant date</td><td colspan="5">No comments are applicable under this paragraph, since there was no sale during the period of twelve months preceding the date of the Board Meeting at which the Buyback was approved and from that date till the date of notice convening the Annual General Meeting</td></tr>
<tr><td>15</td><td>The quantum of shares proposed to be tendered by the promoters and directors or Key Managerial Personnel of promoter for the Buyback</td><td colspan="5">All of the Preference Shares proposed to be bought back under the proposed Buyback are held by the promoter Company i.e. Preferred Brands Foods (India) Private Limited as disclosed in the para 11. The directors or Key Managerial Personnel of the promoter do not hold any shares in the Company.</td></tr>
<tr><td>16</td><td>The details of transactions and holdings of the promoter and directors or Key Managerial Personnel of promoter for the last twelve months prior to the date of the board meeting at which the Buyback was approved including information of number of shares acquired, the price and the date of acquisition;</td><td colspan="5">There were no transactions by the promoter and directors or Key Managerial Personnel of the promoter for the last twelve months prior to the date of the board meeting at which the Buyback was approved.<br>Further, the holding of promoter and directors or Key Managerial Personnel of promoter are same as mentioned in para 11.</td></tr>
<tr><td>17</td><td>Report of the Statutory Auditors of the Company on the affairs of the company.</td><td colspan="5">As per Annexure to this notice</td></tr>
</table>

- The directors confirm that there is no default in payment of dividend due to any shareholder or repayment of any term loans or interest payable thereon to any financial institution or banking Company or redemption of preference shares. Further, the Company has neither accepted deposits from the public nor issued any debentures.

- The directors confirm that the Board of directors have made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion –

  1. that immediately following the date on which the Annual General Meeting is convened i.e. 9th August 2018, there shall be no grounds on which the Company could be found unable to pay its debts;

  2. the Company shall be able to meet its liabilities as and when they fall due and shall not be rendered insolvent within a period of one year from the date of Annual General Meeting; and

3. that the directors have taken into account the liabilities (including prospective and contingent liabilities), as if the Company were being wound up under the provisions of the Companies Act, 2013

None among the Directors except, Mr. Sohel Shikari, Mr. Ashok Vasudevan and Ms Dawn Allen, being directors of the promoter company, are interested in the resolution.

The resolution is recommended for approval of Shareholders as Special Resolution.

**Independent Auditor's Certificate in respect of proposed buyback of 1% 59,530 Non-Cumulative, Non- Convertible, Redeemable Preference Shares**

To,

The Board of Directors,

Tasty Bite Eatables Limited,

201-202, Mayfair Towers, Wakdewadi,

Shivajinagar, Pune – 411005.

06 July 2018

**Independent Auditor's Certificate in respect of proposed buyback of Non-Cumulative, Non- Convertible, Redeemable Preference Shares under provisions of Sections 68 of the Companies Act, 2013 (the "Act") read with the Companies (Share Capital and Debentures) Rules, 2014 (" the Rules") and as amended from time to time**

This certificate is issued in accordance with the terms of our engagement letter dated 02 July 2018 with Tasty Bite Eatables Limited ("Company").

The accompanying Annexure-1 contains computation of the amount of permissible capital payment in connection with the proposed buy back by the Company of its 1% Non-Cumulative, Non-Convertible, Redeemable Preference Shares in accordance with section 68 of the Act. We have initialed the Annexure-1 for identification purpose only.

**Management's Responsibility**

The preparation of accompanying Annexure-1 is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Annexure-1 and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Management is also responsible, inter alia, for ensuring that:

(i) the amount of permissible capital payment for securities in question, is in their view, properly determined; and

(ii) it has, on reasonable grounds, formed the opinion that the Company will not be rendered insolvent within the period of one year from the date of the Board meeting approving the proposed buy- back i.e. 6 July 2018 (hereinafter referred to as "the date of Board meeting").

**Auditor's Responsibility**

Pursuant to the requirements of Rule 17(1)(n) of the aforesaid Rules, it is our responsibility, as statutory auditors of the Company, to inquire into the state of affairs of the Company in relation to its audited financial statements as at and for the year ended 31 March 2018 and to provide a reasonable assurance on the following matters:

(i) whether the amount of permissible capital payment for the proposed buyback is within the permissible limit and com puted in accordance with relevant provisions of the Act and Rules therein;

(ii) whether the Board of Directors of the Company has formed the opinion, as specified in the Rules, on a reasonable ground that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of Board meeting.

A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence to form an opinion on the same. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with it. We have examined the following records, documents and books of account on a test check basis:

(i) We have inquired into the state of affairs of the Company with reference to the latest audited financial statements of the Company for the year ended March 31, 2018 (the "Audited Financial Statements");

(ii) Computation of the amount of permissible capital payment in connection with Proposed buy back of the Preference Shares (Annexure 1) in accordance with the section 68 of the Act and relevant Rules therein;

(iii) Confirmation from Board of directors regarding their enquiry into the affairs and prospects of the Company and that they have formed the opinion that-

- there are no grounds on which the Company could be found unable to pay its debts;

- the Company shall be able to meet its liabilities as and when they fall due and shall not be rendered insolvent within a period of one year from that date; and

- the directors have taken into account the liabilities (including prospective and contingent liabilities), as if the Company were being wound up under the provisions of the Companies Act, 2013.

We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

We have also obtained appropriate representations from the Company's management.

**Opinion**

On the basis of the examination carried out by us and on the basis of the information and explanations and management representation given to us, we state that we have inquired in to the state of affairs of the Company in relation to the audited financial statements as at and for the year ended 31 March 2018 and report that:

- The permissible capital payment stated in accompanying Annexure-1 has been properly determined in accordance with the Act and Rules therein; and

- The Board of Directors, in their meeting held on 6 July 2018, have formed the opinion, as specified in Rules, on reasonable grounds, that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

**Restriction on Use**

This certificate has been issued at the request of the management of the Company pursuant to the requirements of aforesaid Rules and should not be used by any other person or for any other purpose.

Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm Registration No.: 116231W /W-100024

**Raajnish Desai**
Partner
Membership Number: 101190

Date: 6 July 2018
Place: Pune

**ANNEXURE-1:** Computation of the amount of permissible capital payment in connection with the buy back by the Company of its 1% Non-Cumulative, Non-Convertible, Redeemable Preference Shares in accordance with section 68 of the Act

| Particular | Reference | Amount in Rupees lakhs |
|---|---|---|
| Paid-up Equity Share Capital (2,566,000 Equity shares of Rs. 10 each fully paid-up) | Note | 1 256.60 |
| Free reserves | Note 1 and 2 | 9,511.77 |
| **Total** | | **9,768.37** |
| Maximum amount permitted in accordance with proviso to section 68(2)(c) of the Companies Act, 2013 (i.e. 25% of the total paid-up equity capital and free reserves) | | 2 ,442.09 |

Note 1: Paid-up Equity Share Capital and Free Reserves as at 31 March 2018 as appearing in the above table are as per the audited financial statements of the Company for the year ended 31 March 2018.

Note 2: Free reserves for the purpose of calculation is as defined in Section 2(43) of the Companies Act, 2013 read along with explanation II provided in Section 68 of the Act. The free reserves of the Company as at 31 March 2018 include Securities Premium of Rs. 94.75 lakh and Retained Earnings Rs. 9,417.02 lakh.

Note 3: The Board of Directors have proposed a buy-back of 59,530 Preference shares of the Company based upon the redemption value approved by the Board of Directors in the meeting held on 1 September 1998 i.e. Rs. 2,050 per share including premium of Rs. 1,950 per share. Accordingly the total redemption value of 59,530 Preference share is determined as Rs. 1,220.37 lakh.

**For and on behalf of Tasty Bite Eatables Limited**

**Ravi Nigam**
Managing Director

Place: Pune
Date: 6 July 2018

# DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the thirty-fourth Annual Report together with Audited Statement of Accounts for the year ended 31st March 2018.

## 1. KEY FINANCIAL HIGHTLIGHTS (as per IND AS)

**(Rs. in Lakh)**

| Highlights | FY 2017-18 | FY 2016-17 |
|---|---|---|
| Revenue from operations | **30,310.98** | 25,683.97 |
| Profit before Depreciation, Interest and Tax | **5,435.61** | 4,580.05 |
| Profit after tax | **2,645.65** | 2,199.38 |
| Earnings per share (Rs./share - Basic and diluted) | **103.10** | 85.71 |
| Net Fixed Assets | **7,853.92** | 7,395.71 |
| Long term borrowings (excluding current portion) | **3,057.04** | 3,603.70 |
| Profit/ (Loss) transferred to Balance Sheet | **2,645.65** | 2,199.38 |

## 2. FINANCIAL PERFORMANCE & OPERATIONS :

Your Company grew at a healthy Y-O-Y rate of 18% to achieve revenues of Rs. 303.10 crores during the year against Rs. 256.84 crores in the previous financial year. The exports led Consumer Business with sales of Rs. 189.3 crores grew 18% from Rs. 160.1 crores in the previous year while the Tasty Bite Food Service (TFS) business registered a growth of 16% with sales of Rs. 89.3 crores against Rs. 76.8 crores in the previous year.

Tasty Bite continues to retain in position of market leadership in its key markets including the United States, Canada, Australia and New Zealand.

Profit after Tax for the year ended FY 2018 at Rs. 26.4 crores against Rs. 21.9 crores in previous financial year 2017, a growth of 20%.

## 3. DIVIDEND:

The Board of Directors at their meeting held on May 16, 2018 recommended a final dividend of Rs.2 per equity share (20% on the face value of Rs. 10 each), subject to the approval of shareholders at the ensuing Annual General Meeting.

In addition to the above, the Company has provided for a preferential dividend of Rs. 59,530/- on its 59,530 1% non-cumulative, non-convertible Redeemable Preference Shares of Rs. 100/- each for the financial year 2017-18.

The total dividend payout on equity shares would involve a cash outgo of Rs. 51.32 lakhs and dividend tax of Rs. 10.45 lakhs. Dividend payout on preference shares is of Rs. 0.60 lakhs and dividend tax of Rs. 0.12 lakhs.

Upon declaration by the members at the ensuing Annual General Meeting, dividend shall be paid to those members, whose names appear on the Register of Members of the Company after effecting all valid share transfers in physical form lodged with the Company or its Registrar & Transfer Agents on or before Friday, July 20, 2018. In respect of shares held in dematerialized form, dividend will be paid on the basis of particulars of beneficial ownership furnished by Depositories as on the closing hours of business on Friday, July 20, 2018.

## 4. OPEN OFFER BY EFFEM HOLDINGS LTD:

Pursuant to the acquisition of Preferred Brands International Inc., by Effem Holdings Ltd. ("EHL"), the ownership structure of the Company was modified. EHL qualified as an "Acquirer" under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and on August 14, 2017 made an open offer to acquire shares of the Company. The open offer was closed on November 30, 2017. EHL acquired 300 shares from Kagome Co. Ltd on November 2, 2017 for a consideration of INR 11,33,595 amounting to 0.01 % of the Company's total share capital. Accordingly, Kagome filed an application dated January 17, 2018 with the Company under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 for its de-classification as a part of the 'promoter/ promoter group' of the Company. Thereafter, the Company filed necessary applications with BSE and NSE under Regulation 31A of LODR in relation to the Kagome De-classification ("De-classification Application") on March 3, 2018.

Declassification of Kagome requires shareholder approval and hence the same is proposed in notice of the Annual General Meeting.

## 5. RESEARCH AND DEVELOPMENT:

Tasty Bite Research Centre (TBRC), located within the factory campus continued to build on its mission to be a centre of excellence in product, process and ingredient innovation. During the course of the year, several new innovative products were developed by TBRC keeping in mind the evolving needs of our consumers.

The Department of Science & Industrial Research (DSIR) of the Union Ministry of Science & Technology renewed its accredition to TBRC during the year till March 2019. New products developed at TBRC in the last 2 years contributed 21% of the company's revenues.

## 6. FIXED DEPOSITS:

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

## 7. DIRECTORS:

Ms. Dawn Allen, Ms. Rama Kannan and Dr. Chengappa Ganapati were appointed as additional directors on November 14, 2017, December 22, 2017 and January 17, 2018 respectively.

Mrs. Sucharita Hegde, Mr. Masahiro Sumitomo and Dr. V S Arunachalam resigned from the directorship of the Company on October 9, 2017, November 2, 2017 and March 9, 2018 respectively. The Board has placed its gratitude towards services rendered by all the directors during their tenure.

All independent directors have provided declaration stating their independence under the provisions of section 149 of Companies Act, 2013 ("Act") and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("LODR").

In accordance with the provisions of the Companies Act, 2013 and Memorandum and Articles of Association of the Company, Mr. Ashok Vasudevan, retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. Sohel Shikari was appointed as an Alternate Director to Mr. Ashok Vasudevan during the year due to absence of Mr. Ashok Vasudevan from India.

- **Board evaluation:**

  Pursuant to provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Board carried out evaluation of its own performance, individual performance of the directors as well as the respective Committees. Evaluation of Chairman was also carried out. The manner of evaluation is mentioned in Corporate Governance Report.

- **Remuneration & Evaluation Policy:**

  The Board on recommendation of Nomination & Remuneration Committee adopted 'Remuneration and Evaluation Policy' for selection, appointment and remuneration of Directors and Senior Management Personnel. Necessary diversity in the board was ensured. Detailed policy has been stated in Corporate Governance Report.

- **Meetings:**

  There were five(5) Board meetings held during the financial year ended March 31, 2018. These were held on May 16, 2017, August 10, 2017, November 13, 2017, December 28, 2017 and February 6, 2018. The maximum interval between any two meetings was not more than 120 days. Details of these meetings are stated in Corporate Governance Report.

## 8. EXTRACT OF ANNUAL RETURN:

The extract of Annual Return as provided under Section 92(3) in Form MGT - 9 is annexed herewith as “Annexure A”.

## 9. DIRECTORS’ RESPONSIBILITY STATEMENT:

Directors confirm that:

(a). in the preparation of the annual accounts for the year ended March 31, 2018, applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

(b). they have selected and consistently applied such accounting policies, judgments and estimates that are reasonable and prudent to ensure 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 that period;

(c). they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d). they have prepared the financial statements/ annual accounts on a going concern basis;

(e). they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(f). they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 10. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12):

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board of Directors under section 143(12) of Companies Act, 2013.

## 11. CORPORATE GOVERNANCE:

Your Company places great significance to good Corporate Governance as an important step towards building investors’ confidence, improve investors’ protection and maximize long-term shareholders’ value. Accordingly, it has taken adequate steps to ensure that the provisions of Corporate Governance as prescribed under the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

A certificate from statutory auditor of the Company regarding compliance of conditions of Corporate Governance is in “Annexure B” to this Report. A detailed report on Corporate Governance forms a part of this Annual Report.

## 12. AUDITORS:

- **Statutory Auditors:**

  M/s BSR & Associates LLP, existing statutory auditors were appointed by the shareholders in previous year for a period of 5 years. As per recent amendments in the Companies Act, 2013, ratification of statutory auditor is not required.

- **Internal Auditors:**

  Pursuant to section 138 of Companies Act, 2013, the Company appointed M/s Suresh Surana & Associates LLP, Chartered Accountants as internal auditor for financial year 2018-19. The scope and fee of internal audit is fixed by the Board on recommendation of Audit Committee.

- **Secretarial Auditor:**

  Pursuant to section 204 of the Companies Act, 2013, the Company appointed Mr. Abhishek Jagdale, Company Secretary in Practice, Pune as Secretarial Auditor. Based on the Audit Committee recommendations, Board has approved the appointment of Secretarial Auditor for financial year 2018-19. The Secretarial Audit Report is in "Annexure C" of this report.

## 13. WHISTLE BLOWER & VIGIL MECHANISM POLICY:

In compliance with the provisions of Section 177(9) of the Companies Act 2013, the Company has established Whistle Blower and Vigil Mechanism Policy for its directors and employees to report their genuine concerns and also to deal with the instances of fraud and mismanagements, if any. The details of the Policy are explained in the Corporate Governance Report and the policy is available on the website of the Company www.tastybite.co.in

## 14. AUDIT COMMITTEE:

In compliance with the provisions of Section 177 of the Companies Act, 2013 and Listing Obligation Regulations, the Company has a duly constituted Audit Committee. The composition and other relevant details of the Audit Committee are given in the Corporate Governance Report annexed herewith. All suggestions of Audit Committee during the year were accepted by the Board.

## 15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

During the year under review, there is nothing to be reported under the heads loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013.

## 16. SHARE CAPITAL:

During the year under review, the Company has neither issued any shares with differential voting rights nor issued sweat equity shares. Further, the Company did not grant any stock options during the year under review. As on March 31, 2018, details of the shares held by Directors in the Company are as under.

| Name of Director | No. of Equity Shares held | No. of Covertibles held |
|---|---|---|
| Mr. Ashok Vasudevan | ----- NIL ----- | ----- NIL ----- |
| Ms. Dawn Allen | ----- NIL ----- | ----- NIL ----- |
| Mr. Ravi Nigam | 200* | ----- NIL ----- |
| Mr. Kavas Patel | ----- NIL ----- | ----- NIL ----- |
| Mrs. Rama Kannan | ----- NIL ----- | ----- NIL ----- |
| Dr. Chengappa Ganapati | ----- NIL ----- | ----- NIL ----- |
| Mr. Sohel Shikari | ----- NIL ----- | ----- NIL ----- |

**out of which 100 as joint holder*

*There are no convertible instruments issued by the Company.*

## A. SEGMENT WISE OR PRODUCT WISE PERFORMANCE/ NATURE OF BUSINESS

The Company operates in one segment: Prepared food consisting ready to serve products and intermediate food products such as prepared meals, frozen formed foods and sauces. There is no change in nature of business of the Company.

## 17. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has been making significant efforts to ensure conservation of energy. The details of energy conservation, technology absorption, research and development and foreign exchange earnings and outgo are as per "Annexure D".

## 18. RISK MANAGEMENT POLICY:

In compliance with the provisions of Section 134 of the Companies Act, 2013, the Company has identified the elements of the risks, industry specific and in general as well, which in the opinion of the Board may threaten the existence of the Company. The Company has developed and implemented a 'Business Contingency Plan for Risk Mitigation' for the Company.

The details of the Business Contingency Plan for Risk Mitigation of the Company are given in the Management Discussion and Analysis.

## 19. CORPORATE SOCIAL RESPONSIBILITY:

The Company has a Policy and a Committee for Corporate Social Responsibility in compliance with the provisions of Companies Act, 2013. The details about the Policy and the Committee are given in Corporate Governance Report annexed to this report. Annual Report on CSR activities is annexed as "Annexure E"

As per the provisions of Section 135 of the Companies Act, 2013, every Company falling under the applicability of Corporate Social Responsibility is required to spend 2% of its net profits on the activities given under Schedule VII of the Companies Act, 2013 and CSR policy adopted by the Board of Directors. The Company has spent required amount of Rs. 48.93 Lakh during the financial year 2017-18 on construction of school building in Bhandgaon area. *'Education'* forms a part of CSR Policy of the Company. Company was required to spend Rs. 50.98 Lakh during the year.

## 20. STANDALONE FINANCIAL STATEMENTS AND POSITION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

During the year under review, the Company neither had a subsidiary company, associate company nor a joint venture company. Hence, comments and details on preparation of financials on standalone basis or report on the performance of subsidiary company or associate company nor a joint venture company are not required to be offered.

## 21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of contracts or arrangements with related parties in Form AOC - 2 are annexed herewith as "Annexure F". The Board hereby informs that all the related party transactions are carried out in the ordinary course of business and on arm's length basis. Further, the Company has duly complied with Indian Accounting Standard 24 related to transactions with related parties of the Company. The Company has adopted policy on Related Party Transactions and same is posted on website of the Company (www.tastybite.co.in)

## 22. SIGNIFICANT/ MATERIAL ORDERS PASSED BY COURTS/ REGULATORS IMPACTING GOING CONCERN STATUS OF THE COMPANY:

There are no significant or material orders or awards passed by the Courts or any other Regulators or Tribunals relating to Companies Act, 2013 or Listing Agreement, which would affect the going concern status and Company's future operations.

## 23. Buyback of 59,530 1% Non-cumulative, Non-convertible Redeemable Preference shares:

The Board of Directors of the Company, at its meeting held on July 6, 2018 approved proposal for buyback of 59,530 1% Non-cumulative, Non-convertible Redeemable Preference shares of Rs. 100/- each, at a price of Rs. 2,050 per preference share. The offer size is 12.49% of total paid up capital and free reserves of the Company as per latest audited balance sheet as at March 31, 2018. Buyback shall be sourced from Securities Premium account / free reserves / surplus available with the Company. The aggreate offer size exceeds 10% of total paid up capital and free reserves and thus as per section 68 of the Companies Act, 2013 requires shareholders approval by way of Special Resolution. The Board seeks approval of shareholders on the proposal.

As per provision of section 102 of the Act, detailed explanatory note is attached to the notice calling the meeting.

## 24. APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017-18:

(Rs. in Lakhs)

| Name of Director | Remuneration of Director (1) | Median remuneration of employees (2) | Ratio (3) =1/2 |
|---|---|---|---|
| Mr. Ashok Vasudevan | ----- NIL ----- | ----- NIL ----- | ----- NIL ----- |
| Ms. Dawn Allen | ----- NIL ----- | ----- NIL ----- | ----- NIL ----- |
| Mr. Ravi Nigam | *148.65 | 4.58 | 32.45 |
| Mr. Kavas Patel | ----- NIL ----- | ----- NIL ----- | ----- NIL ----- |
| Ms. Rama Kannan | ----- NIL ----- | ----- NIL ----- | ----- NIL ----- |
| Dr. Chengappa Ganapati | ----- NIL ----- | ----- NIL ----- | ----- NIL ----- |
| Mr. Sohel Shikari** | ----- NIL ----- | ----- NIL ----- | ----- NIL ----- |

**remuneration including provident fund, gratuity, leave encashment, etc and all other statutory dues.*

***Mr. Sohel Shikari receives remuneration as Chief Financial Officer and not as an alternate director.*

2. The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;

(Rs. in Lakh)

| Name | Designation | Remuneration in FY 2016-17 | Remuneration in FY 2017-18 | Increase (in %) |
|---|---|---|---|---|
| Mr. Ravi Nigam | Managing Director | 114.04 | 148.65 | 30% |
| Mr. Sohel Shikari | Chief Financial Officer | 112.06 | 147.11 | 31% |
| Ms. Minal Talwar | Company Secretary | 8.41** | 10.24 | 20% |

Increase based on cost to company basis inclusive of perquisites, allowances and statutory dues such as provident fund, gratuity, leave encashment, etc.

**In addition to the above, the Company Secretary receives consideration w.r.t. Value Pool Agreement with the holding company.

3. Number of permanent employees are 225 on the roll of company as on March 31, 2018.
4. The remuneration paid to the employees is in affirmation with Remuneration & Evaluation Policy of the Company. Remuneration policy is available on website of the Company (www.tastybite.co.in). Salient features of the policy are mentioned in Corporate Governance Report attached.
5. During the year, increase in remuneration of Managing Director was approved by the Board on recommendation of Nomination & Remuneration Committee in February 6, 2018 meeting. The approved increase in salary is within the limit approved by the shareholders in General Meeting on September 19, 2016. Increase in salary is based on performance of the Company, general industry standard, contribution by MD in enhancement of performance of the Company and various other factors considered appropriate by the Board and Remuneration Committee.
6. During the year, increase in remuneration of Chief Financial Officer was also approved by the Board in its meeting held on February 6, 2018 on the recommendation of Nomination & Remuneration Committee and Audit Committee and as per the Remuneration policy. None among the employee received remuneration higher than that of Managing Director (Managerial Personnel).

7. During the year increment was also made in salary of Company Secretary and Senior Management on basis of annual appraisal by the management on proportionate basis and as per the remuneration policy recommended by the Nomination & Remuneration Committee.
8. Average percentile increase in salaries of employees other than the managerial personnel in the last financial year 2018 was 31.01%. Percentile increase in the managerial remuneration in FY 2018 was 30%. Increase in remuneration of MD and CFO was w.e.f. January 1, 2018. Increase in salary of employees is based on performance of the Company, general industry standard, contribution by employee in enhancement of performance of the Company and various other factors considered appropriate by the Management.
9. The Company does not have a variable pay compensation structure.
10. Statement of employees receiving remuneration under Section 197(12) of Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "Annexure G".
11. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over/decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies:

| Particulars | Issued capital | Closing Market price per share | Earnings per share | Price Earnings Ratio | Market capitalization (in Rs.) |
|---|---|---|---|---|---|
| As on 31.03.2017 | 25,66,000 | 4,658.50 | 88.68 | 52.53 | 119,53,711,000 |
| As on 31.03.2018 | 25,66,000 | 7,463.20 | 103.10 | 72.39 | 191,50,571,200 |
| Increase/ decrease | NIL | 2,804.70 | 17.39 | 18.04 | 71, 96,860,200 |
| % Increase/ Decrease | NIL | 160.21 | 120.29 | 133.18 | 160.21 |

The Company made Public Offering in February, 1987 of 7,50,000 equity shares at Rs. 10 each. The market quotation of the Equity shares of the Company as on March 31, 2018 was Rs. 7,463.20 for shares of face value of Rs. 10/- each, representing an increase of 74,632% over the period.

## 25. INVESTMENTS IN ITS OWN SHARES BY COMPANY, ITS SUBSIDIARIES, ASSOCIATES ETC:

The Company during the period under review has not made investments in its own shares. The Company neither has any subsidiary company nor associate company in terms of the provisions of Companies Act, 2013 hence the comments are not required to be offered.

## 26. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS:

During the period under review, there was no pecuniary relationship or pecuniary transactions between the Company and its Non-Executive Directors.

## 27. INTERNAL COMPLAINTS COMMITTEE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

Your Company is an equal opportunity employer and safety of all employees and all other persons while within the premises is of utmost importance to your Company. The Company has been practicing safety of women at workplace as part of its formally adopted Code of Conduct. In order to strengthen it and also in compliance to newly enacted Act for protection of women, your Company has formed Internal Complaints Committee and adopted "Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace". The Committee's mandate is to bring awareness about ensuring safe workplace for women; receive and take appropriate decision on complaints, if any.

The Committee as appointed by the Management consists:

- Ms. Anila Thomas - Presiding Officer
- Ms. Minal Talwar- Member
- Mr. Rajendra Jadhav - Member
- Ms. Suman Bhagwat - Member
- Mr. Kuldeep Joshi - Independent Member

No complaints have been received during the year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

Tasty Bite is the leading brand of Indian and Asian prepared foods with a focus on key geographic markets such as the United States, Canada, Australia, New Zealand and the United Kingdom. It is also the partner of choice to leaders in the food service industry in India. The consumer business has a range of ready-to-eat and ready-to-cook Indian and Asian entrées, sauces and a range of ready-to-eat organic rice and grains; and the Tasty Bite Food Service business comprises a range of specialty formed frozen products, sauces and gravies. Our consumer products are marketed entirely outside of India through our parent company, Preferred Brands International Inc. while market for our food service products is primarily in India and marketed directly by the Company to major QSR (Quick Service Restaurants) and HORECA (Hotels, Restaurants and Caterers) players. The Company has also developed several regional markets in South East Asia and Middle East Africa for its food service products through the QSR channel.

The vision of the Company continues to remain consistent for over a decade which is to be a *socially responsible* company that will *delight consumers* by offering *great taste, good value* and *real convenience* achieved through manufacturing and marketing *natural, convenient* and *specialty foods* in a *knowledge-driven, energetic* and *fun work* environment. The business strategy, operating plans and key performance metrics are all driven from this strategy statement.

The tag line for our three-year strategic plan period (2019-2021) is ***"Wholesome Maaza for Everyone"*** and it forms the theme of this year's annual report. This is in sync with our mission statement and our aspiration to make Tasty Bite and our products widely available in all our markets and provide consumers real food that both pleasures and nourishes.

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments rules issued thereafter.

Effective, April 1, 2017, the Company has adopted all the Ind AS standards, and the adoption was carried out in accordance with Ind AS 10, First Time adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from the Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

## Industry Megatrends

The company's products have always kept in tune with global consumer megatrends in food. There is an increased awareness towards health and wellness and the contribution of food and diet in that. The role that nutrition and diet plays in long-term health and wellness is getting better understood. Consumers globally are therefore seeking out food that amongst other things are clean-label, contain no artificial additives, comes from ingredients that they can easily recognize, organic etc. Secondly, convenience continues to be an important megatrend driving growth. Stretched for time, consumers seek options that reduce the time spent to prepare meals at the same time being conscious of nutrition. We often say that consumers seek convenience without any compromise. Finally, consumers are getting more adventurous in their palate. Increasing globalization leading to exposure to international cuisines and flavor drive consumers to seek our new flavors and experiences in their meals. Specialty cuisines such as Indian, Thai, Mediterranean, pan-Asian have been seeing rising levels of interest from consumers.

We provide a perspective on megatrends that have been the inspiration behind the inception of the business and continue to be driving forces for our growth in the future.

Increasing focus of millennials consumers on health and wellness are leading them towards foods that are all natural and have organic ingredients, i.e. vegetables, lentils and other raw materials that are grown naturally without the use of chemical fertilizers and pesticides. The natural food industry is now a $120 billion opportunity in the United States, your Company's largest market, and has been growing at a rate of 10% per annum over the past 7 years. Today, over 17% of the US grocery industry comprises of natural/organic products. Consumers also spent more than $43 billion on purchasing organic products. The organic market has been growing even faster at 14% per annum. This growth outpace the overall grocery industry growth which is at 0.5% - 0.75% per annum with many of the traditional categories declining as consumers choose healthier natural options. Your Company's has products range which is all natural with a clean label, vegetarian and non-GMO.

The second megatrend that has been an engine of growth for our business is convenience. While consumers gravitate towards natural 'clean-label' foods, they also have less time to prepare their foods and meals from scratch. The average cooking time in the US is down to 30 minutes per day. Every sub-segment of convenience foods is on the rise such as, breakfast snacks, lunchables, frozen snacks, ready-to-eat foods and grab-n-go.

Finally, shifting US demographics, a well-traveled consumer who is willing to experiment with her palate is fueling demand for specialty foods. Indian and Asian cuisines with their robust flavors and spices are one of the fastest growing international foods in the United States. Nearly half of ethnic food consumers say that they are willing to spend more on authentic ethnic/international foods. The first exposure to new cuisines is restaurants and today there are over 10,000 Indian, Thai and Asian restaurants that operate in the US.

The food service industry in India has attractive dynamics and is poised for sustained long-term growth. Favorable Indian demographics coupled with increasing disposable incomes have contributed to the growth of the industry. Food constitutes the largest retail consumption category in India with a contribution share of 43% in FY-15. Growing at an average annual rate of 12-13%, the food consumption spend is expected to be more than twice its current value by 2025. Given the outlook, several international and domestic restaurant chains and food service operators have set up operations in the country over the last decade. Here too, we see consumer demand growing for healthier options and unique flavors and industry players are developing and offering products in tune with this.

The QSR industry that was adversely affected post demonetization and the introduction of the Goods and Services Tax (GST) has seen a healthy resurgence during the year. Same store sales growth (SSSG), which reflects the fundamental strength of the industry, has been seeing healthy growth for all major QSRs for the past 4-5 quarters. QSR brands too have focused on products that add more value to consumers and further are increasingly free from artificial additives preservatives. This is very much in tune with the TFS strategy and the Company's R&D strengths to develop all-natural products.

## Result of Operations

In terms of market share, Tasty Bite is a leading brand for shelf-stable Indian foods in North America. Its Asian Entrees and Organic ready to eat rice is one of the fastest growing business segments in the market.

### Business Segments

| Business segment | Revenue | Segment | Key market areas | Customers |
|---|---|---|---|---|
| Consumer business | Rs. 213.8* cr (71% of the total revenue) | Ready-to-eat food (natural, convenient, ethnic or specialty food segment) | USA, Australia, Canada, New Zealand and UK | Marketed through PBI who distributes the product in mainstream retail chains such as Costco, Kehe, Krogers, Woolworths and others |
| Food Service business | Rs. 89.3 cr (29% of the total revenue) | Formed frozen food and specialty sauces | QSR chains and HORECA (hotels, restaurants and caterers) in India | Dominos, Pizza Hut, Subway, Fasoos, McDonalds, KFC, Burger King, Hindustan Unilever |

**includes operational income that is linked to export-driven consumer business*

Your Company had a good year with revenues growing 18%. Our export business grew 18.2% on account of increasing demand by consumers for our products, growth in distribution as well as the success of our new categories such as ready-to-eat rices.

The Tasty Bite Food Service (TFS) business has grown 16% on the back of resurgence of same store sales growth and introduction of new customers and products during the course of the year. Your company continues to invest in R&D to develop new and unique products that help to grow the market for our customers.

RTS (Ready-to-Service) segment touched revenues of Rs. 189.3 crore. Formed frozen products (FFP) and Sauces are two profit centers that cater to products for the domestic TFS business touched revenue of Rs. 89.3 crore.

Material cost in the year decreased by 1.1% to 56.6% of revenues on account of relatively low inflation in key input raw materials and our strategic decisions to forward buy and enter into contracts for our key commodities such as urad lentils, onions, rice, tomato paste etc. Conversion costs were marginally higher at 14.1% of revenues on account of higher ocean freight rates and higher costs on power after we commissioned our new HVAC system in our production areas. Overall margin after directs (margins after all direct variable costs) increased to 29.4% vs 29.1% in the previous year. Manufacturing overhead costs increased to 5.8% of revenues vs 5.5% in the previous year on account of the Company taking the decision to store many of its strategic raw materials in third party warehouses instead of investing in own land and resources in warehousing facilities.

EBITDA grew in line with revenues by 19% and was at a stable 17.9% of revenues.

During FY'18 Profit before tax (PBT) increased to Rs. 41 crores from Rs. 34 crores in FY'17, an increase of 20%. Profit after tax increased to Rs. 26.5 crores from Rs. 22 crores in the FY'17.

Other comprehensive income records the re-measurement gains/losses on our defined benefit plan (gratuity) and the mark to market gain/loss on the effective portion of cash flow hedges taken by the Company to hedge its forex exposures, net of taxes. There was an actuarial loss, net of taxes of Rs. 30.27 lakhs as compared to an actuarial loss of Rs. 53.03 lakhs in FY'17.

## Sources & Uses of Funds

As at March 31, 2018 the Company had three long-term foreign currency loans from two Japanese banks, namely Mizuho Bank and the Bank of Tokyo-Mitsubishi with a total outstanding balance of $5.56 Million (Rs. 36.2 crores). These loans have maturities five to eight years with an interest cost of 3 Months Libor + 0.90% on two loans and 3 Months Libor+0.75% on the third loan. The Company has entered into an interest rate swap (IRS) agreement with the banks to convert the floating rate liability of these loans into a fixed rate liability. As at March 31, 2018, the IRS has a mark-to-market gain of Rs. 1.20 crores. The Company has taken no new long-term loans during the course of the year.

The Company also had a balance of short term working capital borrowing in the form of packing credit in foreign currency from Mizuho Bank with an outstanding balance of Rs. 6.51 crores.

There was no change to the issued and paid up share capital of the Company during these two years.

Total net property, plant & equipment (including capital work-in-progress) stood at Rs. 78.39 crores vs Rs. 73.78 crores in the previous year. Assets that were capitalized during the year (net of disposals) totaled Rs. 22 crores.

Net working capital in the business grew from Rs. 36.95 crores to Rs. 52.37 crores in FY'18, an increase of 42%. Current ratio increased from 1.71 to 1.98.

## Opportunities & Threats

The business is built on the foundation of strong values, a coherent and consistent strategy and competitive advantages built over several years of operation. This places it in a good position competitively and provides significant opportunities to grow.

## Strategy

Our strategy and mission statement stated earlier is to be a *socially responsible* company that will *delight consumers* by offering *great taste, good value* and *real convenience* achieved through manufacturing and marketing *natural*, *convenient* and *specialty foods* in a *knowledge-driven, energetic* and *fun work* environment.

We have adopted the following strategic goals to make Tasty Bite:

- A global household name in key global markets
- Synonymous with 'Wholesome Mazaa'
- Brand of choice for the Aspirationals
- The benchmark for sustainability in the food industry

## Strengths

- ***Brand name:*** Tasty Bite is one of the leading brands in the North American market amongst Indian and Asian prepared foods. In the Indian shelf stable prepared foods it commands a dominant market share and is one of the fastest growing brands in the Asian and rice category.
- ***Experience of management:*** Your Company's senior management has significant experience in the food industry.
- ***Product portfolio and diversity:*** Your Company has over 50 SKUs and continues to add new SKUs in existing and new product categories enabling it to cater to consumer requirements.
- ***Strong distribution and marketing of parent:*** Your Company undertakes marketing and distribution of products through its parent company, Preferred Brands International Inc., who has a well established marketing and distribution network in its markets.
- ***Strong supply chain:*** It undertakes significant planning and follows finely tuned purchase strategies for key ingredients to ensure efficient and economic supply.
- ***Product quality:*** Your Company manufactures high quality products packed in multi-layer retort pouch enabling food to remain intact in quality for 18 months. Moreover, the Company's products meet the stringent quality standards of national food agencies of countries like the US, UK, Australia, Japan, Canada and New Zealand.
- ***Research and development expertise:*** Your Company has a state-of-the-art research and development center backed by a highly skilled culinary professionals and food technologists who continuously work towards enhancing product quality and developing new products.
- ***Preferred QSR partner:*** Your Company is a preferred partner supplying frozen food products and specialty sauces to leading QSR chains and HORECA players in India.

## Competition

The food industry globally is a large and highly competitive industry that is subject to ever changing consumer trends and consumption habits.

In our consumer markets, our products compete not only with other Indian ready-to-eat offerings but all other specialty meal options including other cuisines that a consumer may consider as a lunch or dinner alternative.

Likewise, in our food service business, there are international and domestic players that have the technology and capability to manufacture similar products. Many of them have international food service relationships, well recognized consumer brands in India and extensive distribution networks that we may not have. This is also a highly price sensitive market and industry and the Company needs to continuously innovate, enhance its procurement strategies and make its manufacturing more efficient in order to remain ahead of its competition.

## Outlook, Risks and Concerns

The Company intends to continue to focus on both the consumer and food service business that are seeing similar growth rates of 18-20%.

The Company focuses on growth through both expanding its width of distribution and secondly increasing frequency of uses in existing markets and accounts. The Company's parent, PBI, which markets and distributes the products internationally continually adds new supermarket accounts as well as looks at geographical expansion in to new markets. The Company also adds new products in existing and new QSR accounts. To increase depth of distribution, the Company's parent targets to enhance its market share by launching new products, new categories and undertakes brand promotions. Promotional activities like use of digital media and live product demonstrations across large number of stores are undertaken to enrich customer connect and increase their frequency of using the Company's product.

In the Indian market, the Company focuses on improving product quality, timely delivery and providing value-added products to strengthen its relationship with existing customers and be the partner of choice to the leaders in the food service business in India. This strategy and approach enables the Company to target new B2B customers (QSR chains and HORECA) and enhance its market share.

The underlying risks and concerns that we see in the business:

- There is intense competition for shelf-space in supermarkets and there is always uncertainty whether the Company would be able to get its products listed in grocery stores. As new product reviews take place only once or twice a year any delay in getting listing could impact growth.
- The success of any product or category depends finally on consumer acceptance of the same and new launches may or may not be successful.
- In the food service business we need to continue to innovate and at the same time be highly competitive in terms of cost in order to retain and grow our business with our customers.
- We do not have any long-term contracts with our customers and they could stop purchasing from the Company with little or no notice period. This could negatively impact our revenues and profits.
- Cost increases of inputs and services in India are rising while retail prices of our products remain relatively stable and we may not be able to pass on cost increases to our customers.
- We are exposed to risk of fluctuations in foreign currency on our export sales. While we have a robust forex risk management policy in place, this allows us to hedge movements in foreign currency exchange rates for a period of twelve months. As we are a net exporter, any long-term strengthening of the Indian rupee would have an adverse impact on our profitability.
- All our raw materials are agricultural commodities that sometimes see significant price volatility depending on weather and market conditions. While we do strategic purchases to hedge risk of key commodities, it would not cover all the raw materials that we purchase.
- We have one manufacturing facility that manufactures all our products for our consumer and food service business. Any untoward incident beyond our control can impact our ability to fulfill customer orders and our reputation.
- Our products are shipped globally and ocean freight forms a material portion of our total costs. All our exports are shipped from Nhava Sheva port in Mumbai. Increase in oil prices, changes in supply-demand of vessels and port disruptions could increase this cost or cause delays in reaching our products to our markets.
- A few of our raw and packing materials are imported that have longer procurement lead times. Changes in exchange rates and any delays on import can impact production schedules and our ability to fulfill orders.
- Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject and this may have a material adverse effect on our business.
- We are eligible for various incentives from the Government on the export of value-added agricultural products. Any change on these policies that reduces these incentives could adversely impact our net income.
- Any shortcoming in the quality of our products could have a financial impact aside from impacting the reputation of the brand.
- We could be the subject of litigation, which if adversely determined, could harm our business and operating results.
- Any changes to import policies and taxes in the countries where we export our products could increase the cost of our products for our consumers which could impact demand.

- We need to invest in manufacturing facilities and physical infrastructure ahead of market demand given the long lead times in creating new capacity. Our profitability could be reduced if our business does not grow proportionately.

## Supply Chain

The focus of our supply chain department is to create a value-added and low cost supply chain that will provide assured availability, high quality and build sustainable business partnerships with our suppliers. We purchase a large number, over 400 different kinds of raw materials and a similar number of packing materials. Our strength comes from our ability to understand market dynamics of each of these inputs and make timely strategic decisions on buying them.

Our purchasing strategy ranges from spot purchases, forward contracts, seasonal buying and in the case of a few commodities, pre-processing these ingredients into intermediate forms that can be easily stored and utilized over the course of the year. This all creates ability to manufacture a better and consistent product leading to consumer delight.

The Company has embarked on a program to increase its sourcing of ingredients that are organic and to that extent needs to build a robust supply chain to ensure farm level traceability of these ingredients.

## Human Resources

During the year under review, the industrial relations of the Company continued to be cordial and peaceful. Your Company successfully negotiated a three year wage agreement with the Union that will be in effect up to March 31, 2020. Total personnel employed by the Company are 225 as on March 31, 2018.

Your Company continues to have very cordial and productive relations with its workforce. Several programs, including "Direct communication with MD" allow continuous communication with work force enabling a transparent and engaging work environment.

Each year your Company participates in the Great Place to Work survey – a survey jointly conducted by the Economic Times of India and Great Places to Work Institute, India. We are very pleased to report that once again your Company has made it in the Top 50 (ranked 25) list of India's Great Mid-Size Workplaces in 2017 and also being in the Top 25 Best Companies to work for in the Manufacturing Sector 2018.

The management records its sincere appreciation of the efforts of all its employees who have all worked towards building a unique culture within Tasty Bite and an environment that is knowledge-driven, energetic and fun.

## Finance, Accounts and Internal Financial Controls

Finance and accounting function works with the business team to continually increase the intrinsic value of the business and instituting strong and effective financial and management control systems in the day to day operations.

The Company has a comprehensive ERP system to manage its operations and record its financial transactions. It has implemented additional system tools to manage stores, spares and consumables procurement that also ties in with the ERP system. We have also done successful implementation of GST in ERP.

Your Company also adopted the new Indian Accounting Standards (IND-AS) from April 1, 2017 pursuant to the notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015.

Your Company attaches significant importance on having tested internal control systems, Risk assessment and management of operating risks. These risks are actively managed by the Management Committee and Executive Committee through various committees and strong internal processes. This internal control structure also has considerable oversight and is monitored by an external set of auditors, both statutory and internal. The Company's internal controls commensurate with the nature of the business and size and complexity of its operations.

Some significant aspects covered in the internal control framework include:

- Standard Operating Procedures and Risk Control Matrix for all business processes to ensure effective internal financial controls;
- Oversight by the Audit Committee that finalizes the scope of the internal audit which is carried out by an experienced and qualified firm of Chartered Accountants;

- End to end integration of ERP system across supply chain, manufacturing and sales processes;
- Review and approval of annual operative and capital expenditure budget and monthly monitoring of actual spends;
- Regular review of key business risks such as new product development, foreign exchange management, commodity risk management, financial reporting.
- Legal framework w.r.t. compliances applicable to the Company.
- For overall supervision of controls, your Company has a Management Committee (MCom) and Executive Committee (ECom) to take key business decisions.

The statutory auditors have also issued a clean report on internal controls of the Company. The Audit Committee and Independent directors have also provided satisfaction over internal controls of the Company.

## Quality

The Company's stated mission for quality is to *"rise beyond certifications"*. Consequently the company's own Quality Management system calls for higher standards than what is specified in various 3rd party certifications.

In keeping with Industry requirements, the Company continues to be certified for the following certifications:

- ISO-14001:2004 (Environmental Management Systems)
- OHSAS 18001:2007 (Occupational Health and Safety)
- ISO 22000 (Food Safety Management System)
- BRC v6 ( Global Standard for Food Safety)
- SQF code- 7.2 (Safe Quality Food)
- Organic
- Kosher
- Halal

The Company also adheres to the highest levels of compliance with CT-PAT (Customs Trade Partnership against Terrorism) standards, which gives the company an advantage for smooth exports to US, our most important market.

## Sustainability

The Company focuses on being a sustainable food manufacturer through conserving water (through installation of 'in-ground rain water harvesting' system) and reducing its carbon foot print (through use of renewable energy). All of its steam generation is done using compacted agricultural waste (briquettes) and the Company also purchases approximately 14% of its electricity from a wind generation company. Monitoring and conservation of power and water is inbuilt into company processes. It also uses simple techniques such as crop rotation, use of natural fertilizers and pest control methods and green composting in its organic farm. Moreover, several initiatives have been undertaken by the Company towards improvement of air, soil and water quality in its eco-system.

Last year the Company commissioned its bio-gas facility that now converts all its organic waste into electricity. This is used to power the effluent treatment plant and the water treatment plant. This investment further increases the percentage of energy that comes from renewable sources by supplementing the steam that is generated using sugarcane briquettes and some of the power that is sourced from a wind energy supplier. The Company intends to install rooftop solar panels with a total capacity of 640 KWp. This would provide 10% of the current power that the Company consumes, thus furthering the percentage of power that come from renewable sources. With wind and solar combined, the Company would have about 24% of its power coming from renewable sources. This solar panel installation is expected to be completed by the end of 2018.

Your Company continues to remain strongly committed towards building a sustainable supply and manufacturing chain. Several of the United Nations Sustainable Development Goals where the Company can directly contribute as part of its business model have been adopted. Some of these include Good Health, Quality Education, Gender Equality, Innovation & Infrastructure, Reduce Inequalities, Sustainable Cities and Communities, Clean Water and Sanitation, Renewable Energy, Economic Growth and Responsible Consumption.

## Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of the average profits for the immediately three preceding financial years on Corporate Social Responsibility (CSR) activities. For fiscal year FY'18, the Company was required to spend Rs. 50.98 lakhs on CSR.

The CSR committee has taken the following areas to focus on, namely, (1) farmer's welfare (2) public health, (3) water and soil conservation and (4) rural education.

The Company continued to focus its CSR activity towards improvement of the school infrastructure at the local Bhandgaon village school. It built six additional classrooms in a new building along with washroom facilities. In total over the past three years the Company has constructed a total of twelve classrooms that provides students with modern and comfortable classroom environment. The Company also contributed towards learning and teaching aid kits and computers for the students. The Company spent Rs. 48.93 lakhs on the above activities during the fiscal year.

## Promoter Change

During the course of the year, the shareholders of Preferred Brands International Inc. (PBI) sold their entire stake in the company to Effem Holdings Ltd, a subsidiary of Mars, Incorporated ("Mars"). Mars operates in several segments including petcare, confectionary and food. Mars Food, a segment of Mars, Incorporated has a broad portfolio of brands loved by consumers around the world, including ready-to-eat and dry rices and grains, sauces, meal kits, meal helpers, and spices under the brands UNCLE BEN'S®, MASTERFOODS®, DOLMIO®, SEEDS OF CHANGE®, and others.

Mars Food brings global scale & infrastructure along with purpose and values that resonate with our Company. We see interesting synergies & opportunities that can emerge on account of this acquisition.

## Cautionary Statement

Statements in Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities law and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to results include economic conditions affecting demand / supply, price conditions in 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.

## Appreciation

Your Directors acknowledge the efforts and contribution of its employees at all levels during the year and seek their continued commitment in the years to come.

Your Directors also would like to acknowledge the contribution of its parent, Preferred Brands International Inc. in the role of the marketing company in growing and developing the business in all international markets.

Finally, the Board places its appreciation for the confidence reposed on it by its customers, suppliers, investors, bankers and all other stakeholders that are its partners in growth.

**For and on behalf of the Board of Directors**

Ashok Vasudevan
**Chairman**

July 6, 2018
Pune

"ANNEXURE-A"

# FORM NO. MGT 9

**EXCTRACT OF ANNUAL RETURN**
**(As on financial year ended on 31.03.2018)**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Company (Management & Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| 1 | Corporate Identity Number | L15419PN1985PLC037347 |
| 2 | Registration Date | 02/09/1985 |
| 3 | Name of the Company | TASTY BITE EATABLES LIMITED |
| 4 | Category/Sub-category of the Company | Company Limited by Shares / Indian Non-Government Company |
| 5 | Address of the Registered office & contact details | 201-202, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411 005 / Tel. No. 020 3021 6000 |
| 6 | Whether listed company | Yes |
| 7 | Name, Address and contact details of Registrar & Transfer Agent, if any. | KARVY COMPUTERSHARE PRIVATE LIMITED<br>**Address:** Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032<br>**Phone No. :** +91 040-67162222; 1800-345-4001<br>**Email :** einward.ris@karvy.com |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

| Sr. No. | Name and description of main products / services | NIC Code of the Product/Service | % to total turnover of Company |
|---|---|---|---|
| 1 | Ready-to-eat food products | 2008 | 68% |
| 2 | Frozen food products and sauces | 2008 | 29% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

| Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/Associate | % of shares held | Applicable Section |
|---|---|---|---|---|
| Preferred Brands Foods (India) Private Limited<br>Regd. off.: 48, Ali Chambers, Tamarind Street, Mumbai - 400023 | U15400MH1998PTC113768 | Holding | 74.22 | 2 (46) |
| Kagome Co. Ltd.<br>Regd. Off.: 3-14-15, Nishiki, Naka-ku, Nagoya 460-0003, Japan (till November 1, 2017) | F04639 | Holding | 0.01 | 2 (46) |
| Effem Holdings Ltd, (from November 2, 2017)<br>Regd. Off.: 3D Dundee Road, Slough, SL1 4LG, United Kingdom | -- | Holding | 0.01 | 2 (46) |

# IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | - | - | - | - | - | - | - | - | - |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 1,904,510 | - | 1,904,510 | 74.22 | 1,904,510 | - | 1,904,510 | 74.22 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1):-** | **1,904,510** | **-** | **1,904,510** | **74.22** | **1,904,510** | **-** | **1,904,510** | **74.22** | **-** |
| **(2) Foreign** | | | | | | | | | - |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | 300 | - | 300 | 0.01 | 300 | - | 300 | 0.01 | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2):-** | **300** | **-** | **300** | **0.01** | **300** | **-** | **300** | **0.01** | **-** |
| **Total shareholding of Promoter (A) = (A) (1) + (A) (2)** | **1,904,810** | **-** | **1,904,810** | **74.23** | **1,904,810** | **-** | **1,904,810** | **74.23** | **-** |
| **B. Public Shareholding** | | | | | | | | | - |
| **1. Institutions** | | | | | | | | | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | 1,500 | 1,500 | 0.06 | - | 1,500 | 1,500 | 0.06 | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | 79 | - | 79 | - | 7,201 | - | 7,201 | 0.28 | 0.28 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (FPI) | - | - | - | - | 79 | - | 79 | - | - |
| **Sub-total (B)(1):-** | **79** | **1,500** | **1,579** | **0.06** | **8,122** | **1,500** | **9,622** | **0.37** | **0.31** |
| **2. Non-Institutions** | | | | | | | | | |
| **a) Bodies Corp.** | 46,308 | 301 | 46,609 | 1.82 | 60,826 | 300 | 61,126 | 2.38 | 0.57 |
| i) Indian | 37,169 | 301 | 37,470 | 1.46 | 46,308 | 301 | 46,609 | 1.82 | 0.41 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 316,552 | 120,451 | 437,003 | 17.03 | 296,262 | 69,524 | 365,786 | 14.26 | -2.78 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 160,173 | 0 | 160,173 | 6.24 | 168,126 | 0 | 168,126 | 6.55 | 0.31 |
| c) Others | - | - | - | - | - | - | - | - | - |
| Directors and relatives | - | 200 | 200 | 0.01 | - | 200 | 200 | 0.01 | - |
| Non Resident Indians | 9,763 | 0 | 9,763 | 0.38 | 9,377 | 0 | 9,377 | 0.37 | -0.02 |
| IEPF | 0 | 0 | 0 | 0.00 | 40,541 | 0 | 40,541 | 1.58 | 1.58 |
| Clearing members | 980 | 0 | 980 | 0.04 | 500 | 0 | 500 | 0.02 | -0.02 |
| Trust | 0 | 0 | 0 | 0.00 | 120 | 0 | 120 | 0.04 | 0.04 |
| NRI Non-Repatriation | 4,883 | 0 | 4,883 | 0.19 | 5,792 | 0 | 5,792 | 0.23 | 0.04 |
| Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Sub-total (B)(2):-** | **538,659** | **120,952** | **659,611** | **25.71** | **581,844** | **70,024** | **651,868** | **25.40** | **-0.30** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **538,738** | **122,452** | **661,190** | **25.77** | **589,966** | **71,524** | **661,490** | **25.78** | **0.01** |
| **C. Shares held by Custodian for GDRs & ADRs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Grand Total (A+B+C)** | **2,443,548** | **122,452** | **2,566,000** | **100** | **2,494,476** | **71,524** | **2,566,000** | **100** | **0.00** |

## ii) Shareholding of Promoter :

| Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during year |
|---|---|---|---|---|---|---|---|
| | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the company | % of Shares Pledged / encumbered to total shares | |
| Preferred Brands Foods (India) Private Limited | 1,904,510 | 74.22 | - | 1,904,510 | 74.22 | - | - |
| Effem Holdings Ltd (w.e.f. November 2, 2017) | - | - | - | 300 | 0.01 | - | 0.01 |
| Kagome Co. Ltd. (Till November 1, 2017) | 300 | 0.01 | - | - | - | - | (0.01) |
| **Total** | **1,904,810** | **74.23** | **-** | **1,904,810** | **74.23** | **-** | **0.00** |

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| **Preferred Brands Foods (India) Pvt Ltd:** | | | | |
| At the beginning of the year | 1,904,510 | 74.22 | – | – |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.) | No Change | | – | – |
| At the end of the year | – | – | 1,904,510 | 74.22 |
| **Kagome Co Ltd: (till Nov 1, 2017)** | | | | |
| At the beginning of the year | 300 | 0.01 | – | – |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.) | 300 shares sold by way of underlying transaction / off market to Effem Holdings Ltd. NIL shareholding at year end. | | – | – |
| At the end of the year | – | – | – | – |
| **Effem Holdings Ltd: (w.e.f. Nov 2, 2017)** | | | | |
| At the beginning of the year | - | - | – | – |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.) | 300 shares acquired from Kagome Co Ltd through Off Market transaction on Nov 2, 2017 | | | |
| At the end of the year | – | – | 300 | 0.01 |

**iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

| For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| **Preferred Brands Foods (India) Private Limited** | | | | |
| At the beginning of the year | 1,904,510 | 74.22 | | |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | -- | -- | -- | -- |
| At the end of the year | | | 1,904,510 | 74.22 |
| **K. Swapna** | | | | |
| At the beginning of the year | 48,839 | 1.90 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | (26,839) | (1.04) | -- | -- |
| At the end of the year | -- | -- | 22,000 | 0.86 |
| **Investor Education and Protection Fund Authority** | | | | |
| At the beginning of the year | 0 | 0 | | |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | | | 40,541 | 1.58 |
| At the end of the year | | | 40,541 | 1.58 |
| **Rahul Kayan** | | | | |
| At the beginning of the year | 33,918 | 1.32 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | 26,002 | 1.02 | -- | -- |
| At the end of the year | -- | -- | 59,920 | 2.34 |
| **Tanvi Jignesh Mehta** | | | | |
| At the beginning of the year | 32,850 | 1.28 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | (944) | (0.04) | -- | -- |
| At the end of the year | -- | -- | 31,906 | 1.24 |
| **C Mackertich Private Limited** | | | | |
| At the beginning of the year | 0 | 0.00 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | 29,975 | 1.17 | -- | -- |
| At the end of the year | -- | -- | 29,975 | 1.17 |
| **Ajay Kumar Kayan** | | | | |
| At the beginning of the year | 17,056 | 0.66 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | (14,956) | (0.58) | -- | -- |
| At the end of the year | -- | -- | 2,100 | 0.08 |
| **Anahita Kayan** | | | | |
| At the beginning of the year | 13,830 | 0.54 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | (13,830) | (0.54) | | |
| At the end of the year | -- | -- | 00 | 0.00 |

### iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): (Contd.)

| | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| **Aditi Prasoon Bhatt** | | | | |
| At the beginning of the year | 13,680 | 0.53 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | (12,600) | (0.49) | | |
| At the end of the year | -- | -- | 1,080 | 0.04 |
| **Prasoon Harshad Bhatt** | | | | |
| At the beginning of the year | 990 | 0.04 | | |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | 10,710 | 0.42 | | |
| At the end of the year | | | 11,700 | 0.46 |
| **Chetan Rasiklal Shah** | | | | |
| At the beginning of the year | 11,371 | 0.44 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | (8,617) | (0.33) | | |
| At the end of the year | | | 2,754 | 0.11 |
| **Mukul Agrawal** | | | | |
| At the beginning of the year | 10,000 | 0.39 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | 20,130 | 0.78 | | |
| At the end of the year | -- | -- | 30,130 | 1.17 |
| **Parul Prasoon Bhat** | | | | |
| At the beginning of the year | 7,119 | 0.28 | -- | -- |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | 12,681 | 0.49 | | |
| At the end of the year | -- | -- | 19,800 | 0.77 |
| **Devika Anand** | | | | |
| At the beginning of the year | 6,750 | 0.26 | | |
| Net Transactions (purchase / sale) | | | | |
| during the year (April 1, 2017 – March 31, 2018) | (750) | (0.03) | | |
| At the end of the year | | | 6,000 | 0.23 |

v) **Shareholding of Directors and Key Managerial Personnel :**

| Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| ***Mr. Ravi Nigam:** | | | | |
| At the beginning of the year | 200 | 0.01 | | |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | (no change) | -- | -- | |
| **At the end of the year** | **--** | **--** | **200** | **0.01** |

*100 shares held as joint / second owner with Mrs. Ruby Nigam

vi) **INDEBTEDNESS-Indebtedness of Company including interest outstanding/accrued but not due for payment**

**(Amount in Rs)**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 52,41,97,462 | - | 52,41,97,462 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 11,04,136 | - | 11,04,136 |
| **Total (i+ii+iii)** | **-** | **52,53,01,598** | **-** | **52,53,01,598** |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 12,39,17,350 | - | 12,39,17,350 |
| Reduction | - | 22,21,28,976 | - | 22,21,28,976 |
| Net Change | - | (9,82,11,626) | - | (9,82,11,626) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 42,70,89,972 | - | 42,70,89,972 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 11,57,893 | - | - |
| **Total (i+ii+iii)** | **-** | **42,82,47,865** | **-** | **42,70,89,972** |

Note- Statement includes reinstatement gain / loss also.

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

| Sr. No. | Particulars of Remuneration | Mr. Ravi Nigam (Maneging Director) |
|---|---|---|
| 1 | Gross salary | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,30,04,850 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 1,21,250 |
| | (c) Profits in lieu of salary under section 17(3) Income | – |
| | - tax Act, 1961 | |
| 2 | Stock Option | – |
| 3 | Sweat Equity | – |
| 4 | Commission | |
| | - as % of profit | |
| | - others, specify | – |
| 5 | Others, please specify – | |
| | Car Hire Charges | – |
| | Provident Fund | 9,57,600 |
| | Leave encashment | 5,56,438 |
| | Petrol reimbursement | 2,25,000 |
| | **Total (A)** | 1,48,65,138 |
| | Ceiling as per the Companies Act, 2013 | 2,18,19,952 |

### B. Remuneration to other directors:

| Sr. No | Particulars of Remuneration | Name of Directors | | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|
| | | Mr. Kavas Patel | Dr. V.S. Arunachalam | Mrs. Sucharita Hegde | Dr. Chengappa Ganapati | Mr. Masahiro Sumitomo | Mrs. Rama Kannan | Mr. Ashok Vasudevan | |
| 1 | Independent Directors | | | | | | | | |
| | Fee for attending board, committee meetings | 3,75,000 | 3,00,000 | 1,50,000 | 75,000 | -- | 1,50,000 | -- | 10,50,000 |
| | Commission | -- | -- | -- | -- | -- | -- | -- | -- |
| | Others, please specify | -- | -- | -- | -- | -- | -- | -- | -- |
| | **Total (1)** | **3,75,000** | **3,00,000** | **1,50,000** | **75,000** | **--** | **1,50,000** | **--** | **10,50,000** |
| 2 | Other Non-Executive Directors | | | | | | | | |
| | Fee for attending board, committee meetings | -- | -- | -- | -- | -- | -- | -- | -- |
| | Commission | -- | -- | -- | -- | -- | -- | -- | -- |
| | Others, please specify (remuneration) | -- | -- | -- | -- | -- | -- | -- | -- |
| | **Total (2)** | -- | -- | -- | -- | -- | -- | -- | -- |
| | **Total (B) = (1+2)** | **3,75,000** | **3,00,000** | **1,50,000** | **75,000** | **--** | **1,50,000** | **--** | **10,50,000** |
| | Total Managerial Remuneration-- | -- | -- | -- | -- | -- | -- | -- | |
| | Overall ceiling as per the Act | NA | NA | NA | NA | NA | NA | NA | NA |

C. **Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Ms. Minal Talwar Company Secretary | Mr. Sohel Shikari Chief Financial Officer | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 9,18,720 | 1,30,57,200 | 1,39,75,920 |
| | (b) Value of perquisites u/s 17 (2) Income-tax Act, 1961 | 20,000 | 1,21,250 | 1,41,250 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 (provident Fund, Leave encashment, drivers salary) | -- | -- | -- |
| 2 | Stock Option | -- | -- | -- |
| 3 | Sweat Equity | -- | -- | -- |
| 4 | Commission | -- | -- | -- |
| | - as % of profit | -- | -- | -- |
| | - others | -- | -- | -- |
| 5 | Others, please specify | | | |
| | - Car Hire Charges | -- | -- | -- |
| | - Provident Fund | 57,960 | 6,58,800 | 7,16,760 |
| | - Leave encashment | -- | 5,48,630 | 5,48,630 |
| | - Petrol reimbursement | 27,470 | 3,25,250 | 3,52,720 |
| | **Total** | **10,24,150** | **1,47,11,130** | **1,57,35,280** |

**VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** NIL under Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

For and on behalf of the Board of Directors

Ashok Vasudevan
**Chairman**
DIN : 00575574

July 6, 2018
Pune

## ANNEXURE - B

# CORPORATE GOVERNANCE CERTIFICATE

**Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

To

The Members
**Tasty Bite Eatables Limited**

**Independent Auditor's Certificate on Corporate Governance**

1. This certificate is issued in accordance with the terms of our engagement letter dated 6 October 2017.

2. This report contains details of compliance of conditions of Corporate Governance by Tasty Bite Eatables Limited ('the Company'), for the year ended 31 March 2018, as stipulated in regulations 17, 18, 19, 20, 22, 23, 25, 26, 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

**Management's responsibility**

3. The compliance with the terms and conditions contained in the Corporate Governance is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

**Auditor's responsibility**

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2018.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

**Opinion**

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

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

**Restrictions on Use**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W / W-100024

**Raajnish Desai**
Partner
Membership No. 101190

Place : Pune
Date : 16 May 2018

## ANNEXURE - C

# FORM NO. MR - 3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**Tasty Bite Eatables Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tasty Bite Eatables Limited** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing my opinion thereon.

Based on my verification of the **Tasty Bite Eatables Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) SEBI (Prohibition of Insider Trading) Regulations, 2015

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not Applicable**

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - **Not Applicable**

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not Applicable**

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not Applicable**

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;- **Not Applicable**

   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) Food Safety and Standards Act, 2006, rules and regulations made thereunder (law specifically applicable to Company)

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there was no instance of capturing and recording dissenting members' views as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Abhishek Jagdale**
FCS No.: 9073
C P No.: 8967

Place: Pune
Date : 16th May 2018

# ANNEXURE - D

## ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS & OUTGO :

### A. CONSERVATION OF ENERGY :

i) **Steps taken or impact on Energy Conservation**
- a) Company has installed VFD (Variable Frequency drive) to drive power savings in cold store.
- b) Company continues to use briquettes as a measure for energy conservation.
- c) Project has been implemented to improve steam condensate recovery.
- d) Biogas plant installed in factory to generate energy

ii) **Steps taken by the company for utilizing alternate sources of energy:** The Company is availing wind power energy and energy generated by biogas plant, a non-conventional source of energy for utilization in operations of the Company.

iii) **Capital investment on energy conservation equipment :** Nil.

### B. TECHNOLOGY ABSORPTION :

| | | |
|---|---|---|
| i | Efforts made towards technology absorption | Company has an accredited R&D center (TBRC) that is continuously engaged in research on new and innovative products, both for export and domestic market. TBRC's research and expertise ensures that Company is able to provide "Great taste, Good value and Real Convenience" to its customers worldwide. Innovation coupled with expertise, and quality enables to serve natural, convenient and specialty foods to its customers. |
| ii | Benefits derived like product improvement, cost reduction, product development or import substitution; | Successful development of innovative products in domestic and export market accomplished through expertise and research in specific areas. Technology adoption helped import substitution thereby reducing cost and also product development. |
| iii | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)<br>(a) the details of technology imported;<br>(b) the year of import;<br>(c) whether the technology been fully absorbed;<br>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | No imported technology |
| iv | Expenditure incurred on Research and Development:<br>Capital (in Rs. '000)<br>Recurring (in Rs. '000)<br>Total (in Rs. '000)<br>Total R & D expenditure as % of total turnover | <br>28<br>15,722<br>15,750<br>0.52% |

### C. FOREIGN EXCHANGE ACTUAL INFLOW AND OUTFLOW :

| Particulars | Current Year | Previous Year |
|---|---|---|
| Inflows | 18,033.65 | 15,147.42 |
| Outflows | 3,764.90 | 3,363.90 |

Date : July 6, 2018
Place : Pune

Ashok Vasudevan
**Chairman**
DIN : 00575574

## ANNEXURE - E

# ANNUAL REPORT ON CSR ACTIVITIES

*[Pursuant to section 135 of the Companies Act, 2013]*

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

   Company has duly adopted CSR Policy which is available on website of the Company at www.tastybite.co.in. CSR Policy concentrates on 4 major areas- sustainable agriculture, disaster relief, education and health. During the financial year 2017-18, the Company continued to work on project in the field of education i.e. construction of 6 more classrooms for school in Bhandgaon village. Company would focus on major areas highlighted in its policy or any other area as mentioned under the Companies Act, 2013.

2. The Composition of the CSR Committee:

   The composition of the Committee and the attendance by the Committee Members are as follows:

| Name of the Director | Position | Independent Executive | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Kavas Patel | Chairman | Independent | 3 | 3 |
| Mr. Ravi Nigam | Member | Executive | 3 | 3 |
| Mr. Ashok Vasudevan | Member | Non Executive | 3 | 3* |

*Mr. Sohel Shikari who acts as alternate director to Mr. Vasudevan attended 2 meetings.

3. Prescribed CSR expenditure (two per cent. of the amount as in item 3 above):

   Total amount to be spent was Rs. 50.98 lakhs.

4. Details of CSR spent during the financial year:

   (a) Total amount to be spent for the financial year: Rs. 50.98 lakhs

   (b) Amount unspent, if any: Rs. 2.05 Lakhs

   (c) Manner in which the amount spent during the financial year is detailed below:

**(Rs. In lakhs)**

| Sr. No | CSR Project or activity identified | Sector in which activity is covered | Projects or programs 1) Local area or 2) Specify the State and district where projects or programs was undertaken | Amount outlay program wise | Amount spent on the programs Sub-heads: (I) Direct on projects or programs (2) Overheads | Cumulative expenditure upto the reporting period | Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1. | School Building project | Education | Local area- Bhandgaon, Maharashtra | 48.93 | Direct | 48.93 | Direct |

5. In case the Company fails to spend the 2% of the average net profit (INR) of the last three financial years, the reasons for not spending the amount shall be stated in the Board Report: The Company spent Rs. 48.93 Lakhs. Rs. 2.05 lakhs remained unspent. The desired project of building 6 classrooms was completed by the Company and hence the amount remained unspent owing to completion of project.

6. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company, duly signed by Director and Chairperson of the CSR Committee: The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

## ANNEXURE - F

# FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2)
of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. **Details of contracts or arrangements or transactions not at arm's length basis- NA**

2. **Details of material contracts or arrangement or transactions at arm's length basis**

| No. | Particulars | |
|---|---|---|
| 1. | Name(s) of the related party and nature of relationship | Preferred Brands International Inc (Holding company) |
| 2 | Nature of contracts / arrangements / transactions | Export sales and related expenses |
| 3 | Duration of the contracts / arrangements / transactions | Purchase Order basis |
| 4 | Salient terms of the contracts or arrangements or transactions including the value, if any | Pricing of the products approved by the Board & Audit Committee w.r.t. export sales of Rs. 176.43 lakh. |
| 5 | Date(s) of approval by the Board, if any | March 24, 2017 and May 16, 2017 |
| 6 | Amount paid as advances, if any | Nil |

**Shareholders approval sought in annual general meeting on September 14, 2015.*

## ANNEXURE - G

**Statement under Section 197 (12) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018.**

| Name | Remuneration in lakhs | Nature of employment | Qualification | Experience | Date of commencement of employment | Age | Last employment | % of equity shares held | Whether relative of any director |
|---|---|---|---|---|---|---|---|---|---|
| Mr. Ravi Nigam | 148.65 | Permanent | BSC Chemistry, MBA from Institute of Rural Management, OPM from Harvard Business School | 35 | 1998 | 58 | Ballarpur Industries Ltd | 0.01 | No |
| Mr. Sohel Shikari | 147.11 | Permanent | BS in Civil Engineering and Masters in Civil & Environmental Engineering | 24 | 08/05/2014 (designated as KMP) | 48 | ASG Omni India Pvt Ltd | Nil | No |
| Mr. Vinay Hastak | 57.50 | Permanent | BSC Chemistry, BSC Tech- Food Technology & LLB | 29 | 27-11-2017 | 54 | Hard Café Restaurants Pvt Ltd | Nil | No |
| Mr. Rajendra A. Jadhav | 55.40 | Permanent | BSC Tech- Food Technology and Post graduation in Foods, Drugs and Cosmetics | 30 | 15-11-1991 | 54 | Kwality Candies and Sweets Limited | Nil | No |
| Mr. Gaurav Gupta | 53.90 | Permanent | Chartered Accountant, CPA, CFE, CISA, B. Com (hons) | 14 | 09-07-2015 | 36 | Kesoram Industries Ltd | Nil | No |
| Mr. Ankit Singhal | 35.00 | Permanent | B Tech, Post Graduate Diploma in Rural management from Institute of Rural Management | 14 | 31-08-2009 | 38 | Multi commodity Exchange of India Ltd | Nil | No |
| Mr. Ujjawal Jain | 34.60 | Permanent | B. Com (hons) and Post Graduate Programme in Management | 11 | 02-05-2011 | 33 | CITI Financial Consumer Finance India Ltd | Nil | No |
| Mr. Shashish Hodlur | 33.60 | Permanent | Bachelor in Hotel Management & Catering Technology | 21 | 16-07-2007 | 42 | Taj Sats India Catering ltd | Nil | No |
| Mr. Terence D`cruz | 32.65 | Permanent | BE from Bharathiar University, Coimbatore | 24 | 01-03-2012 | 49 | Innovative Foods Ltd | Nil | No |
| Mr. Ashutosh Parmar | 30.50 | Permanent | BSC Food Tech | 14 | 14-09-2010 | 35 | ITC Limited | Nil | No |

Date : July 6, 2018
Place : Pune

Ashok Vasudevan
**Chairman**
DIN : 00575574

# 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's governance structure comprises the Board of Directors and the Committees of the Board at the apex level and the management structure at the operational level. The Board sets down the overall objectives and provides freedom and guidance to the management to achieve these objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

## BOARD OF DIRECTORS

Company's Board plays a pivotal role in ensuring Company runs on sound and ethical business practices. The Board operates in such a manner which effectively enables them to discharge its fiduciary duties of safeguarding the interest of Company, ensuring fairness in decision making process, integrity and transparency while dealing with its members and all its stakeholders.

**a) Composition of Board :**

The Board has an optimum combination of executive and non-executive directors. The Company is managed by the Board of Directors with a non-executive, non–independent promoter Chairman, an executive director, a non-executive director, three eminently qualified Independent Directors and an Alternate Director to the non-executive promoter Chairman. There are 2 woman directors on Board of the Company.

1. Mr. Ashok Vasudevan- Chairman (Non executive)
2. Mr. Ravi Nigam- Managing Director (Executive)
3. Ms. Dawn Allen- Director (Non executive)
4. Mr. Kavas Patel- Independent Director (Non executive)
5. Ms. Rama Kannan- Independent Director (Non executive)
6. Dr. Chengappa Ganapati- Independent Director (Non executive)
7. Mr. Sohel Shikari- Alternate director to Mr. Vasudevan

None among the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all Companies in which he/she is a Director. Necessary disclosures regarding Committee positions and other directorships have been given by all the Directors.

During the year, Mrs. Sucharita Hegde, Mr. Masahiro Sumitomo and Dr. V S Arunachalam resigned from the Board and the Board of Directors appointed Mr. Chengappa Ganapati, Ms. Dawn Allen and Ms. Rama Kannan as Additional Dirtectors.

**b) Board Meetings and information placed before the Board:**

There were five (5) board meetings held during the financial year ended March 31, 2018. These were held on May 16, 2017, August 10, 2017, November 13, 2017, December 28, 2017, and February 6, 2018. The maximum interval between any two meetings was not more than 120 days.

All the Board meetings were scheduled well in advance and the notices of the Board Meetings were sent well in advance to all the Directors. The agenda was accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations were made. The agenda and the relevant notes were too sent in advance separately to each Director. The Board members are free to recommend inclusion of any important matter for discussion in consultation with the Chairman of the meeting.

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

The Board's role, functions, responsibility, accountability and its evaluation framework are clearly defined. In addition to the matters statutorily requiring Board's approval including provisions mentioned in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013, 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 Board also reviews periodically the risk and mitigation procedure to ensure that executive management controls risk through means of properly defined framework. The minutes of the Board meeting are circulated in advance to all Directors for their comments and confirmed at subsequent meeting.

Availability of information to the Board:

The Board has unrestricted access to the following information:

- Annual operating plans and budgets, including any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments
- Minutes of meetings of Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of Senior Officers just below board level including the appointment and removal of CFO and Company Secretary
- Show cause, demand, prosecution notices and penalty notices which are materially important
- Fatal or serious accidents, dangerous occurrences any material effluent or pollution problems
- Material default in financial obligations to and by the Company or substantial nonpayment for goods sold by the Company
- Any issue which involves public or product liability, claims of substantial nature or any judgment or adverse view regarding another enterprise that can have negative implications on the Company
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions
- Significant development in Human Resources / Industrial relations front like signing of wage agreement, implementation of VRS, etc
- Non-compliance of any regulatory, statutory nature of listing requirements and shareholders service such as nonpayment of dividend, delay in share transfer, etc
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business
- Material Financial / Commercial transactions, with Senior Management personnel, in which they are personally interested

and which potentially conflicts with the interest of the Company

- Details of foreign exchange exposures and the steps taken by the management to limit the risk of adverse exchange rate movement
- Quarterly compliance report and investor grievance reports
- Dividend data

At Board meetings, managers and representatives who can provide additional insight into the items/ agenda being discussed are invited.

**c) Code of Conduct for Directors and Senior Management:**

The Company has adopted "Code of Conduct for Board Members and Managerial Personnel" (Code). The Code of Conduct for Board Members as well as the Managerial Personnel is posted on website of the Company www.tastybite.co.in. All Board Members and Managerial Personnel have affirmed compliance with the Code of Conduct. The confirmation from the Managing Director regarding the compliance with the Code by all the Directors and Senior Management is annexed to the Report.

### d) Directors attendance record & directorships in other companies as on March 31, 2018:

| Sr. No. | Name of the Director | Category of Directorship | Attendance in Board Meetings during 2017-18 | Attendance at last AGM held on 20.09.2017 | No. of other Directorships# as on 31.03.18 | No. of other Committee$ position held as on 31.03.18 (Other Companies) | No. of Shares/ convertible instruments held |
|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | Mr. Ashok Vasudevan | N.E.D. | 2 | Yes | 1 | NIL | NIL |
| 2. | Mr. Ravi Nigam | E.D. | 5 | Yes | 2 | NIL | NIL |
| 3. | Dr. V. S. Arunachalam (Till March 9, 2018) | I.D. | 4 | No | 2 | NIL | NIL |
| 4. | Mr. Kavas Patel | I.D. | 5 | Yes | 6 | 3(Chairman of 3) | NIL |
| 5. | Mrs. Sucharita Hegde (Till October 9, 2017) | I.D. | 2 | Yes | 5 | 1 (Member) | NIL |
| 6. | Mr. Masahiro Sumitomo (Till November 2, 2017) | N.E.D. | 0 | No | 1 | NIL | NIL |
| 7. | Dr. Chengappa Padinjaranda Ganapati (w.e.f. January 17, 2018) | I.D. | 1 | N.A. | 3 | 4 (Member) | NIL |
| 8. | Ms. Dawn Amanda Allen (w.e.f. November 14, 2017) | I.D | 1 | N.A | 1 | NIL | NIL |
| 9. | Ms. Rama Kannan (w. e. f. December 22, 2017) | I.D | 2 | N.A | NIL | 3 (Member) | NIL |
| 10. | Mr. Sohel Shikari | A. D. | 4* | Yes | 2 | NIL | NIL |

N.E.D.- Non-Executive Director, E.D. - Executive Director, I.D. – Independent Director, A. D. - Alternate Director

# including Private limited companies and excluding foreign companies

* Attended as alternate director to Mr. Vasudevan

$ Audit, Stakeholders' Grievance, Remuneration & Nominations and CSR Committees of Public Limited Companies are considered

Details of the directors seeking reappointment in the annual general meeting have been given with the notice in Annual Report.

Attendance in board meetings during the year:

## e) Training of directors:

All Directors of the Company (Independent and Non-Independent) are provided opportunity to familiarize themselves with the Company, its Management and its operations. The Directors interact with Executive Directors, Senior Management Personnel/ Key Managerial Personnel, as and when required, and are provided all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry of which it is a part. The weblink with details of familiarization of independent directors is www.tastybite.co.in – investor – corporate governance section. Directors also visit the manufacturing plant of the Company for further understanding of the business and processes.

In addition to the above, the following measures have been undertaken in this behalf:

i. The duties and responsibilities of Independent Directors have been incorporated in the Code of Conduct as required by the Companies Act, 2013.

ii. The amendments / updates in statutory provisions are informed from time to time.

iii. The information w.r.t. the nature of industry in which the Company operates and business model of the Company, etc. is made known through various presentations on operational performance, strategy, budgets & business forecasts, etc. to the Board.

iv. Directors visit the manufacturing plant of the Company and directly deal with senior management personnel / key management personnel and auditors to resolve the queries.

# COMMITTEES OF THE BOARD

## a) AUDIT COMMITTEE:

The Audit Committee is duly constituted as per the provisions of Section 177 of the Companies Act, 2013. There were five Audit Committee meetings held during the financial year on May 16, 2017, August 10, 2017, November 13, 2017, December 28, 2017 and February 6, 2018 respectively. The Audit Committee consist four members, three being Independent Directors and one Managing Director of the Company. All the members of the Audit Committee have adequate accounting and financial knowledge to read, understand and analyse the financial statements. Mr. Kavas Patel, an Independent Director is Chairman of the Committee.

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

| Name of the Director | Position | Independent/ Executive | No. of Meetings during the financial year 2017-18 | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Kavas Patel | Chairman | Independent | 5 | 5 |
| Dr. V. S. Arunachalam (till March 9, 2018) | Member | Independent | 5 | 4 |
| Mrs. Sucharita Hegde (till October 9, 2017) | Member | Independent | 5 | 2 |
| Mr. Ravi Nigam | Member | Executive | 5 | 5 |
| Ms. Rama Kannan (w.e.f. December 22, 2017) | Member | Independent | 5 | 2 |
| Dr. Chengappa Ganapati (w.e.f. January 17, 2018) | Member | Independent | 5 | 1 |

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

All Members of the Committee have wide exposure and possess sound knowledge in the areas of accounts, finance, business and internal control. The Chairman of the Audit Committee remained present at the Annual General Meeting held on September 20, 2017. The composition of the Committee is in conformity with the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Terms of reference:

The powers, duties and terms of reference of the Committee are as mentioned in Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 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 appointment, remuneration and terms of appointment of Auditors of the Company and review and monitor Auditors independence and performance, and effectiveness of Audit Report.

(c) Approval or any subsequent modification of transactions of the Company related parties.

(d) Review the quarterly, half yearly and annual financial statements before submission to the Board or to the Members.

(e) Review the adequacy and quality of internal control systems and seek information from any employee.

(f) In addition to the above, all items listed in Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177(4) of the Companies Act, 2013.

The minutes of the Audit Committee Meeting(s), circulated in advance to the Committee members and approved at the subsequent committee meeting(s) are noted by the Board of Directors at subsequent Board Meeting(s).

### b) STAKEHOLDERS RELATIONSHIP COMMITTEE:

During the financial year under consideration, there were four meetings held on May 16, 2017, August 10, 2017, November 13, 2017 and February 6, 2018. The Stakeholders Relationship Committee looks into the redressal of grievances of security holders of the Company.

The composition of the Committee and the attendance by the Committee Members are as follows:

| Name of the Director | Position | Independent/ Executive | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Kavas Patel | Chairman | Independent | 4 | 4 |
| Dr. V.S. Arunachalam (till March 9, 2018) | Member | Independent | 4 | 4 |
| Mrs. Sucharita Hegde (till October 9, 2017) | Member | Independent | 4 | 2 |
| Ms. Rama Kannan (wef December 22, 2017) | Member | Independent | 4 | 1 |
| Dr. Chengappa Ganapati (wef January 17, 2018) | Member | Independent | 4 | 1 |

Ms. Minal Talwar – Company Secretary is the Compliance Officer of the Company. The Chairman of the Committee or in Chairman's absence, any member of the committee attends the General Meeting of the shareholders. The Chairman of the Stakeholders Relationship Committee remained present at the Annual General Meeting held on September 20, 2017.

To expedite the transfer, transmission, removal, deletion of name, issue of duplicate share certificate, etc a Committee of executives of Company have been formed. The Committee comprises the following executives:

- Mr. Ravi Nigam- Managing Director
- Mr. Sohel Shikari- Chief Financial Officer
- Ms. Minal Talwar- Company Secretary

The share transfers approved by the Committee are placed before the Board of Directors in their meetings from time to time.

At beginning of the year under review, there were no investor complaints that remained unresolved. During the year, the Company received 12 (twelve) complaints which were resolved and no complaint is pending as on March 31, 2018.

## c) NOMINATION AND REMUNERATION COMMITTEE:

**Terms of reference:**

The terms of reference of the Committee are as per the Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The Committee formulates criteria to determine qualification, positive attributes and independence of directors and recommend, from time to time to the Board, a policy relating to remuneration of Directors, Key Managerial Personnel and Employees and succession plan. The Committee also formulates the criteria for evaluation of individual directors and devising a Policy on diversity of the Board. The Chairman of the Committee remains present at the General Meeting to answer shareholders queries.

Two meetings of Remuneration & Nomination Committee were held during the year on December 28, 2017 and February 6, 2018.

The composition of the Committee and the attendance by the Committee Members are as follows:

| Name of the Director | Position | Independent/ Executive | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Kavas Patel | Chairman | Independent | 2 | 2 |
| Dr. V.S. Arunachalam (till March 9, 2018) | Member | Independent | 2 | 1 |
| Mrs. Sucharita Hegde (till October 9, 2017) | Member | Independent | 2 | 0 |
| Ms. Rama Kannan (wef December 22, 2017) | Member | Independent | 2 | 2 |
| Dr. Chengappa Ganapati (wef January 17, 2018) | Member | Independent | 2 | 1 |

## Details of remuneration of the Board of Directors

All decisions related to the remuneration of the Directors, both executive and non-executive, are decided by the Board of Directors of the Company in accordance with the shareholders' approval and/or Central Government, wherever necessary and in compliance with the provisions of applicable laws. Details of remuneration paid to the executive and non executive directors for the year 2017-18 are as follows:

**(Rs.)**

| Name of the Director | Basic Salary | Allowance & Perquisites* | Performance linked Incentive / Commission / Bonus | Company Contribution to Provident Fund & Pension | Sitting fees** | Total |
|---|---|---|---|---|---|---|
| Mr. Ashok Vasudevan | --- | --- | --- | --- | --- | --- |
| Mr. Masahiro Sumitomo | --- | --- | --- | --- | --- | --- |
| Dr. V.S. Arunachalam | --- | --- | --- | --- | 3,00,000 | 3,00,000 |
| Mr. Kavas Patel | --- | --- | --- | --- | 3,75,000 | 3,75,000 |
| Mrs. Sucharita Hegde | --- | --- | --- | --- | 1,50,000 | 1,50,000 |
| Mr. Ravi Nigam | 1,30,04,850 | 9,02,688 | -- | 9,57,600 | --- | 1,48,65,138 |
| Mr. Sohel Shikari | --- | --- | --- | --- | --- | --- |
| Dr. Chengappa Padinjaranda Ganapati | --- | --- | --- | --- | 75,000 | 75,000 |
| Ms. Dawn Amanda Allen | --- | --- | --- | --- | --- | --- |
| Ms. Rama Kannan | --- | --- | --- | --- | 1,50,000 | 1,50,000 |

* Perquisites include leave encashment

** excluding service tax

**Notes:**

1. Mr. Ravi Nigam was re-appointed as Managing Director of the Company w.e.f. July 20, 2016 for a period of 5 years. The agreement with Mr. Ravi Nigam, Managing Director is for a period of five years which will expire on July 19, 2021.
2. Remuneration of Mr. Nigam as Managing Director is fixed for a period of 3 years from July 20, 2016 till July 19, 2019 by the shareholders. Revised remuneration is approved by the Board and Nomination Committee in its meeting held on May 16, 2018. The same is proposed for shareholders approval.
3. Agreement with the Managing Director can be terminated by giving three months notice in writing by either party. He is not eligible for any commission or performance bonus as per the terms of appointment.
4. No stock option scheme has been framed by the Company for directors and other executives.
5. There is only fixed component criteria in the Company for directors and employees.
6. No other director including any non-executive director receives any remuneration, commission or any other incentive from the Company.
7. Mr. Sohel Shikari receives remuneration as Chief Financial Officer of the Company.

**Remuneration Policy**:

The Board adopted Remuneration & Evaluation Policy on recommendation of Remuneration and Nomination Committee covering Board diversity, evaluation criteria, qualifications, etc under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The following criteria shall be followed for selection, appointment, evaluation and remuneration of directors:

1. The directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.

2. The Board and Nomination & Remuneration Committee to satisfy themselves before recommending any person for directorship that he is not disqualified being appointed as director under Companies Act, 2013.

3. In case of appointment of independent director, the Committee to also satisfy itself that person satisfies all criteria of being appointed as Independent director.

4. The Committee shall evaluate the performance of Directors basis their engagement with the management, contribution and participation level. Also the Committee shall consider the time and energy devoted by individual director for performing the duties and responsibilities.

5. The remuneration of the Managing Director or any other director of the Company shall be reviewed and recommended by the Nomination and Remuneration Committee, based on criteria such as industry benchmarks, the Company's performance vis à- vis the industry, responsibilities shouldered, performance/track record, macro-economic review on remuneration packages of heads of other organizations and decided by the Board of Directors.

6. Sitting fee for independent directors was revised w.e.f. May 7, 2016 by Board of Directors in their meeting. Sitting fee is paid only to independent directors and was increased to Rs. 75,000/- per quarter for Board meetings only. Sitting fee paid is within statutory limits.

7. The remuneration of Key Managerial Personnel and Senior Managerial Personnel shall also be reviewed by the Committee. The remuneration of employees largely consist basic remuneration, perquisites and allowances. The components of the total remuneration may vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by them, individual performances, short and long term performance objectives appropriate to the working of the Company, etc.

The Board of Directors revised the remuneration of the Managing Director as recommended by the Remuneration & Nominations Committee in their meetings held on February 6, 2018. The revised remuneration is within the limit approved by shareholders in their meeting held on September 19, 2016. The revision is based on various factors such as qualification, experience, expertise and contribution of Managing Director, prevailing remuneration in the industry, financial position of the Company, etc.

The Board of Directors on recommendation of Remuneration & Nominations Committee/ Audit Committee also revised the remuneration of Mr. Sohel Shikari – Chief Financial Officer of the Company.

The Non-Executive Directors do not draw any remuneration from the Company, except sitting fees for each meeting of the Board and Committees thereof paid to the Independent Directors only.

**Performance evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Stakeholders Relationship, Nomination & Remuneration and Corporate Social Responsibility Committee. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture and performance of duties and governance.

Individual directors including the Chairman of the Board were also evaluated on parameters such as level of engagement and contribution, independence of judgement. The performance evaluation of the Independent Directors was carried out by the entire Board basis participation of Independent directors in the meeting, raising of concerns to the Board, safeguarding the confidential information, rendering of independent decisions, unbiased opinions and resolution of issues in the meetings, timely inputs on the minutes, initiatives in terms of planning and new ideas. The Directors expressed their satisfaction with the evaluation process.

**d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Board of Directors constituted the Corporate Social Responsibility Committee under the provisions of Section 135 of the Companies Act 2013, at its meeting dated May 8, 2014. The Committee is responsible for formulation and recommendation to the Board the CSR Policy and activities to be undertaken under such policy, the amount of expenditure to be incurred and monitoring of the Policy from time to time.

The Corporate Social Responsibility (CSR) Policy is in place and is available at Company's website www.tastybite.co.in. The Policy adopted is suited to Company's corporate philosophy.

Three meetings of CSR Committee were held during the year on May 16, 2017, November 13, 2017 and February 6, 2018.

The composition of the Committee and the attendance by the Committee Members are as follows:

| Name of the Director | Position | Independent/ Executive | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Kavas Patel | Chairman | Independent | 3 | 3 |
| Mr. Ravi Nigam | Member | Executive | 3 | 3 |
| Mr. Ashok Vasudevan* | Member | Non Executive | 3 | 3* |

*Mr. Sohel Shikari acted as an alternate to Mr. Ashok Vasudevan and attended two meetings dated May 16, 2017 and November 13, 2017 on his behalf.

**e) SEPARATE MEETING OF INDEPENDENT DIRECTORS**

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of independent directors was held on February 6, 2018 for evaluation of performance of entire Board and Chairman of the Company. All Independent Directors attended the meeting. They also assessed the quality, contents and timeline of flow of information between the management and the Board.

## GENERAL BODY MEETINGS

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

| Financial year ended | Date & Time | Venue | Special Resolution |
|---|---|---|---|
| 2016-17 | September 20, 2017 at 11.00 a.m. | Hotel Sheraton Grand, RBM Road, Pune – 411 001 | Approval for related party transactions |
| 2015-16 | September 19, 2016 at 11.00 a.m. | Hotel Le Meridien Pune, RBM Road, Pune- 411001 | 1. Re-appointment of Mr. Ravi Nigam as Managing Director for a period of 5 years.<br>2. Fixation of remuneration of Mr. Ravi Nigam as Managing Director for a period of 3 years.<br>3. Ratification of remuneration of Mr. Ravi Nigam as Managing Director for a period from April 1, 2016 till July 19, 2016. |
| 2014-15 | September 14, 2015 11.00 a.m. | Hotel Le Meridien Pune, RBM Road, Pune – 411001 | Approval for related party transactions |

- The Registered Office of the Company is situated at 201-202, Mayfair Towers, Wakdewadi, Shivajinagar, Pune – 411 005
- All resolutions moved in the last three Annual General Meetings were passed through e-voting facility and Poll by way of Ballot Papers at meeting made available to the shareholders.
- No special resolution through postal ballot was passed in previous financial year.

## 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 Indian Accounting Standards (Ind AS) issued by Institute of Chartered Accountants of India, forms part of Note no. 45 of the Accounts in the Annual Report.
2. The Company has complied with the formalities as laid down by National Stock Exchange of India Ltd, BSE Ltd, SEBI and other statutory authorities on matter related to capital market. There were no penalties, strictures laid down on the Company relating to capital market during last three years.
3. The Company is committed to high standard of Corporate Governance and stakeholder's responsibility. The Company has framed Whistle Blower and Vigilance Mechanism Policy to enable reporting unethical or improper activity to the Management/ Board. The Whistle Blower Policy and the Vigilance Mechanism are available at Company's website www.tastybite.co.in. Every employee/ whistle blower has access to the Chairman of the Audit Committee. Details of Chairman of Audit Committee are as under –

   Name- Mr. Kavas Patel

   Address- C-33, RIVERNEST, 311 NORTH MAIN ROAD, KOREGOAN PARK, PUNE 411011

   Phone: +91 020 26154921; E-mail: kavasp@hotmail.com

   During the year, no event or protected disclosure from any employee or person was received by the Chairman of the Committee or management.
4. The Company has formed a policy on Related Party Transaction. It is also available on website of the Company at www.tastybite.co.in. Company does not have any subsidiary and therefore policy with respect to material subsidiaries is not applicable to the Company.
5. The Company has laid down procedures to inform Board members about the risk assessment and mitigation process. The Company has identified major and minor risks like market risk, fluctuation in foreign exchange, interest rate, commodity (raw materials 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 Audit Committee and the Board.
6. There has been no public, rights or preferential issues of shares or debentures during the year.
7. As required by Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained a certificate from Statutory Auditor regarding compliance of conditions of Corporate Governance. The certificate is given as Annexure B to the Directors' Report.
8. The Company has also adopted Policy on material disclosures, Policy on preservation of documents and archival policy. The policies are available on website of the company (www.tastybite.co.in)

   The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The extent of adoption of non- mandatory requirements is given below:

**Non Mandatory Requirements:**

- 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.
- 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 formal system of evaluating them.

- In terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted following codes as prescribed therein.

  1. Code of Fair Disclosure of Unpublished Price Sensitive Information for employees and other connected persons.
  2. Code of Conduct to Regulate Monitor and Report Trading for its employees and Connected Persons to Directors.

The Code of Fair Disclosure is available on the Company's website www.tastybite.co.in. Ms. Minal Talwar, Company Secretary,is Compliance Officer under the Codes. The Promoters, Directors and Key Managerial Persons have provided initial disclosures of holding of securities by them. The Company may require any of its connected persons to make disclosure of holding and trading of securities to the Company.

## MEANS OF COMMUNICATION

- The annual, half-yearly and quarterly results of the Company are published in National newspapers viz. Asian Age and local newspaper viz. Punyanagari; or any other equivalent newspaper.
- 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 NSE and BSE Limited as per the requirement of the Listing Agreement.
- The Company promptly updates the quarterly results, shareholding pattern and other official news releases, if any, on its website www.tastybite.co.in which provides all information as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The website of the Company also contains presentations made to institutional investors and other official news releases, if any.
- Management Discussion and Analysis forms part of this Annual Report.

### GENERAL SHAREHOLDER INFORMATION

| | | | |
|---|---|---|---|
| a) | **Annual General Meeting**<br>- Date, Time and Venue | :<br>: | <br>August 9, 2018 at 11.00 a.m. at the<br>Hotel Sheraton Grand, RBM Road, Pune- 411001 |
| b) | **Financial Calendar**<br>Tentative Financial reporting for<br>- the quarter ending June 30, 2018<br>- the half year ending September 30, 2018<br>- the quarter ending December 31, 2018<br>- year ending March 31, 2019 | : | <br><br>Second week of August 2018<br>Second week of November 20178<br>Second week of February 2019<br>Second Week of May 2018 |
| | Annual General Meeting for the year ending March 31, 2019 | : | September 2019 |
| c) | **Financial Year** | : | April 1 to March 31 |
| d) | **Dates of Book Closure** | : | July 21, 2018 to August 9, 2018 (both days inclusive) |
| e) | **Dividend Payment** | : | Rs. 2 on each equity share of Rs. 10 & Re. 1 on 1% non-cumulative, non-convertible redeemable preference shares of Rs. 100 within 30 days from the date of declaration of dividend by the shareholders in the Annual General Meeting. |
| f) | **Listing on Stock Exchange, Address and Stock Code** | : | BSE Limited (BSE)<br>Code : 519091<br>Address: 1st Floor, New Trading Ring,<br>Rotunda Bldg., P.J. Towers,<br>Dalal Street, Mumbai 400 001 |
| | | | National Stock Exchange (NSE) of India Limited<br>Symbol: TASTYBITE<br>Address: Corporate Services,<br>Exchange Plaza, Bandra Kurla Complex,<br>Bandra (E), Mumbai - 400 051 |
| g) | **Demat ISIN Number for NSDL & CDSL** | : | INE 488B01017 |
| h) | **Registrar & Share Transfer Agent** | : | M/s Karvy Computershare Pvt. Ltd.<br>Karvy Selenium, Tower B, Plot 31-32,<br>Gachibowli, Financial District,<br>Nanakramguda, Hyderabad - 500 032<br>Ph: 040-67161528 Fax: 040-23001153<br>e-mail: ramesh.desai@karvy.com |
| i) | **Share Transfer System** | : | In respect of transfer of shares, shareholders are advised to contact M/s. Karvy Computershare Pvt. Ltd. directly.<br>All transfer request received are processed by the Registrar and Transfer Agent and are approved by the Committee of executives constituted by the Company. Share transfers are registered and returned within maximum of 15 days from date of lodgment, if complete in all aspects. |
| j) | **Plant location** | : | At Post 490, Village Bhandgaon, Taluka- Daund,<br>Dist- Pune - 412214, Maharashtra |
| k) | **Registered Office and Correspondence address** | : | 201-202, Mayfair Towers, Wakdewadi,<br>Shivajinagar, Pune- 411005 |

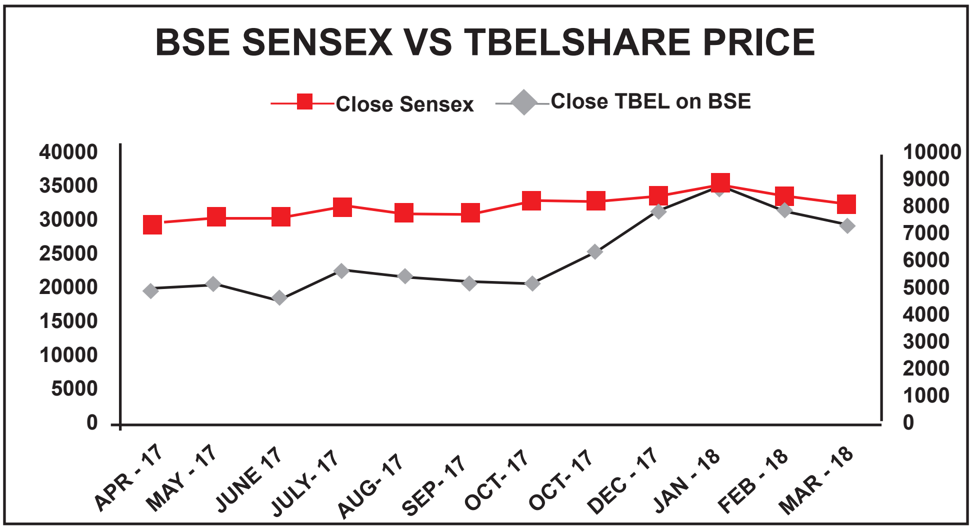
## I) Stock Market data

The market price and volume of the Company's Equity Shares traded on the BSE Limited; Mumbai during the year 2017-18 is as follows;

| Period | TBEL share prices on BSE | | BSE Sensex | |
|---|---|---|---|---|
| | High (Rupees) | Low (Rupees) | High | Low |
| April, 2017 | 5500.00 | 4500.00 | 30,184.22 | 29,241.48 |
| May, 2017 | 5800.00 | 4730.00 | 31,255.28 | 29,804.12 |
| June, 2017 | 5300.05 | 4652.00 | 31,522.87 | 30,680.66 |
| July, 2017 | 5,933.00 | 4,749.85 | 32,672.66 | 31,017.11 |
| August, 2017 | 6,137.00 | 4,800.00 | 32,686.48 | 31,128.02 |
| September, 2017 | 5,698.95 | 5,325.05 | 32,524.11 | 31,081.83 |
| October, 2017 | 5,498.00 | 5,250.00 | 33,340.17 | 31,440.48 |
| November, 2017 | 7,110.00 | 5,300.05 | 33,865.95 | 32,683.59 |
| December, 2017 | 8,200.00 | 6,101.00 | 34,137.97 | 32,565.16 |
| January, 2018 | 11,090.00 | 7,773.00 | 36,443.98 | 33,703.37 |
| February, 2018 | 9,268.45 | 7,714.40 | 36,256.83 | 33,482.81 |
| March, 2018 | 8,091.05 | 7,100.00 | 34,278.63 | 32,483.84 |

Note: The above data has been downloaded from the official website of the BSE Limited.

## Stock performance Vs BSE Sensex:




The market price volume of the Company's Equity Shares traded on the NSE year 2017-18 is follows;

The market price and volume of the Company's Equity Shares traded on the NSE; during the year 2017-18 is as follows;

| Period | TBEL share prices on NSE | | NSE Nifty | |
|---|---|---|---|---|
| | High (Rupees) | Low (Rupees) | High | Low |
| April, 2017 | 5,610.00 | 4,600.00 | 9367.15 | 9075.15 |
| May, 2017 | 5,812.75 | 4,755.00 | 9649.60 | 9269.90 |
| June, 2017 | 5,325.00 | 4,660.00 | 9709.30 | 9448.75 |
| July, 2017 | 5,974.00 | 4,756.15 | 10114.85 | 9543.55 |
| August, 2017 | 6,100.00 | 4,749.95 | 10137.85 | 9740.10 |
| September, 2017 | 5,700.00 | 5,325.00 | 10178.95 | 9714.40 |
| October, 2017 | 5,325.00 | 5,211.30 | 10384.50 | 9831.05 |
| November, 2017 | 7,150.00 | 5,324.95 | 10490.45 | 10094.00 |
| December, 2017 | 8,284.95 | 6,150.00 | 10552.40 | 10033.35 |
| January, 2018 | 11,100.00 | 7,805.00 | 11171.55 | 10404.65 |
| February, 2018 | 9,190.00 | 7,805.15 | 11117.35 | 10276.30 |
| March, 2018 | 8,147.50 | 7,036.00 | 10525.50 | 9951.90 |

## k) Reconciliation of Share Capital Audit Report

The Securities and Exchange Board of India (SEBI) has, vide its circular dated 31st December, 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.

## l) Distribution of Shareholding as on 31st March 2018

As of March 31, 2018, the distribution of the Company's shareholding was as follows:

| Category (Amount) | No. of Cases | % of Cases | Amount (Rs.) | % of Amount |
|---|---|---|---|---|
| 1-5000 | 5,084 | 97.15 | 2,199,210 | 8.57 |
| 5001- 10000 | 73 | 1.39 | 541,150 | 2.11 |
| 10001- 20000 | 42 | 0.80 | 623,080 | 2.43 |
| 20001- 30000 | 14 | 0.27 | 345,140 | 1.35 |
| 30001- 40000 | 4 | 0.08 | 136,570 | 0.53 |
| 40001- 50000 | 4 | 0.08 | 192,280 | 0.75 |
| 50001- 100000 | 3 | 0.06 | 191,050 | 0.74 |
| 100001& Above | 9 | 0.17 | 21,431,520 | 83.52 |
| **Total** | **5,233** | **100.00** | **25,660,000** | **100.00** |

## m) Shareholding Pattern as on March 31, 2018

| Category | No. of Holders | Total Shares | % To Equity |
|---|---|---|---|
| TRUSTS | 2 | 120 | 0.00 |
| RESIDENT INDIVIDUALS | 4684 | 521122 | 20.31 |
| NON RESIDENT INDIANS | 88 | 9377 | 0.37 |
| CLEARING MEMBERS | 23 | 500 | 0.02 |
| INDIAN FINANCIAL INSTITUTIONS | 1 | 456 | 0.02 |
| FOREIGN PORTFOLIO INVESTORS | 4 | 7201 | 0.28 |
| BANKS | 2 | 1965 | 0.08 |
| PROMOTER COMPANIES | 1 | 1904510 | 74.22 |
| NON RESIDENT INDIAN NON REPATRIABLE | 39 | 5792 | 0.23 |
| BODIES CORPORATES | 222 | 60277 | 2.35 |
| NBFC | 2 | 849 | 0.03 |
| DIRECTORS AND THEIR RELATIVES | 2 | 200 | 0.01 |
| I E P F | 1 | 40541 | 1.58 |
| H U F | 161 | 12790 | 0.50 |
| FOREIGN CORPORATE BODIES (foreign promoter) | 1 | 300 | 0.01 |
| Total | **5,233** | **25,66,000** | **100.00** |

## n) Dematerialization of shares and liquidity as on March 31, 2018

| Description | No. of cases | Total Shares | % to equity |
|---|---|---|---|
| Physical | 358 | 71,524 | 2.79 |
| NSDL | 2,956 | 22,53,617 | 87.83 |
| CDSL | 1,919 | 2,40,859 | 9.39 |
| **Total** | **5,233** | **25,66,000** | **100.00** |

## o) Outstanding GDR/ADR/Warrants or any : Not Applicable

No securities were suspended from trading during the year.

**p)** There are no shares in demat suspense account of the Company.

## q) Commodities price risk and commodity hedging activities:

Strategic buying, alternate vendor development, medium to long term rate contracts. Company does not undertake commodity hedging activities.

## r) Unclaimed dividend and transfer to Investor Education and Protection Fund (IEPF):

Section 124 of Companies Act, 2013 mandates the companies to transfer dividend which remains unclaimed for a period of 7 years, from unpaid dividend account to IEPF. In accordance with the provisions of the Act, the dividend for below mentioned years, if unclaimed for a period of 7 years, will be transferred to IEPF:

| Year | Dividend per share in Rs | Date of declaration* | Due date of transfer to IEPF** | Amount outstanding as on March 31, 2018 (Rs) |
|---|---|---|---|---|
| 2010-11 | 1.00 | 05-09-2011 | 11-10-2018 | 73,307 |
| 2011-12 | 1.00 | 06-09-2012 | 12-10-2019 | 81,323 |
| 2012-13 | 1.00 | 10-09-2013 | 16-10-2020 | 92,722 |
| 2013-14 | 1.00 | 10-09-2014 | 16-10-2021 | 96,176 |
| 2014-15 | 1.00 | 14-09-2015 | 20-10-2022 | 89,402 |
| 2015-16 | 2.00 | 19-09-2016 | 25-10-2023 | 1,69,026 |
| 2016-17 | 2.00 | 20-09-2017 | 27-09-2024 | 1,72,064 |

**Date of declaration is date of AGM*

***Due date is calculated 30 days from AGM plus 7 days and 7 years.*

The Company transferred 40,541 shares in December 2017 to Invetsor Education and Protection Fund account. Shareholders are requested to follow the prescribed procedure for claiming the shares from the government.

The Company will transfer amount for the year 2010-11 that remained unpaid at the end of 7 years from the date of declaration of dividend after October 11, 2018 to the Investor Education and Protection Fund (IEPF) account as required under Section 124 of the Companies Act, 2013.

## CEO/ CFO CERTIFICATION

A declaration by Mr. Ravi Nigam, CEO/Managing Director in terms of Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the Board at its meeting held on May 16, 2018.

## Declaration stating compliance with Code of Conduct

I, declare that all Directors and members of the Senior Management have affirmed compliance with the code of conduct for the year ended March 31, 2018.

Ravi Nigam

Date: May 16, 2018 **Managing Director**

Place: Pune DIN: 00024577

# INDEPENDENT AUDITOR'S REPORT

**TO**

**THE MEMBERS OF TASTY BITE EATABLES LIMITED**

## Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Tasty Bite Eatables Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Other Matters

1. The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the years ended 31 March 2017 and 31 March 2016 dated 16 May 2017 and 07 May 2016 respectively expressed unmodified opinions on those financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the Directors as on 31 March 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2018 from being appointed as a Director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; Refer Note 35 to the Ind AS financial statements.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

        iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed (refer note 39).

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W / W-100024

**Raajnish Desai**
*Partner*
Membership No. 101190

Place : Pune
Date : 16 May 2018

## Annexure A to the Independent Auditor's Report on Ind AS Financial Statements of Tasty Bite Eatables Limited

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the Members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified once a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification between the physical count and the book records were not material and have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company, except for the following:

| Sr.no | Type of Asset | Gross block as on 31 March 2018 | Net block as on 31 March 2018 | Remarks |
|---|---|---|---|---|
| 1 | Freehold land – Gut No. 503 | INR 0.28 lakh | INR 0.28 lakh | The Company has filed a legal suit alleging illegal occupation of the land of the Company. |
| 2 | Freehold land – Gut No. 505, 506 and 507 | INR 1.26 lakh | INR 1.26 lakh | Appeal for correction of land records has been rejected by the Additional Commissioner, Pune. Further appeal has been filed with Commissioner, Pune. |

(ii) The inventory, except goods in transit, has been physically verified by management during the year. The discrepancies noticed on such verification between the physical stock and the book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of stocks lying with third parties at the year end, written confirmations from major parties have been obtained.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) According to the information and explanations provided to us, the Company has neither granted any loan and nor made any investments, or guarantees or security during the year, to which section 185 or 186 of the Companies Act, 2013 is applicable. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits in accordance with section 73 to 76 of the Act and the rules made there under. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) In our opinion and according to the information and explanations given to us, maintenance of cost records under section 148 of the Act is not applicable to the Company under the Companies (Cost Record and Audit) Rules, 2014.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods and Services Tax, Duty of Customs, Duty of Excise, Value Added Tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there have been some delays in payment of Provident Fund, Income-tax and Value Added Tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods and Services Tax, Duty of Customs, Duty of Excise, Value Added Tax, cess and any other statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales-Tax, Service tax, Goods and Services Tax, Duty of Customs, Duty of Excise, and Value added tax which have not been deposited by the Company on account of disputes, except as disclosed in Enclosure 1 to this Annexure.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any dues to financial institutions or any outstanding debentures during the year.

(ix) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were taken. The Company has not raised money by way of further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, all the transactions with related parties are in compliance with sections 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the Ind AS financial statements.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be register under section 45-IA of the Reserve Bank of India Act, 1934.

**For B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W / W-100024

**Raajnish Desai**
Partner
Membership No. 101190

Place : Pune
Date : 16 May 2018

**Enclosure 1 to Annexure A**

**Details of statutory dues, which have not been deposited on account of dispute:**

| Name of the statute | Nature of the dues | Period to which the amount relates (Financial year) | Amount (Rs. In lakhs) | Amount paid under protest (Rs. In Lakhs) | Amount unpaid (Rs. In Lakhs) | Forum where dispute is pending |
|---|---|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 2007-2008 | 245.05 | 50.80 | 194.25 | The Income Tax Appellate Tribunal |
| The Income Tax Act, 1961 | Income Tax | 2008-2009 | 224.12 | 30.00 | 194.12 | The Income Tax Appellate Tribunal |
| The Income Tax Act, 1961 | Income Tax | 2010-2011 | 238.82 | - | 238.82 | The Income Tax Appellate Tribunal |
| Central Excise Act, 1944 | Duty, Interest and Penalty | September 2010- February 2011 | 98.83 | - | 98.83 | The Customs, Excise and Service Tax Appellate Tribunal. |
| The Central Sales Tax, 1956 | Sales Tax, Interest and Penalty | 1999-2000 | 7.88 | 4.50 | 3.38 | Maharashtra Sales Tax Tribunal |
| The Central Sales Tax, 1956 | Sales Tax, Interest and Penalty | 2003-2004 | 0.49 | - | 0.49 | Maharashtra Sales Tax Tribunal |
| Customs Act, 1962 | Duty and Interest | 2013 - 2014 and 2014 - 2015 | 264.09 | - | 264.09 | The Commissioner of Customs |

# Annexure B to the Independent Auditor's Report on the Ind AS Financial Statements of Tasty Bite Eatables Limited

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the Members of the Tasty Bite Eatables Limited on the Ind AS financial statements for the year ended 31 March 2018.

## Report on the Internal Financial Controls with Reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of Tasty Bite Eatables Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B S R & Associates LLP**
*Chartered Accountants*
Firm's Registration No: 116231W / W-100024

**Raajnish Desai**
Partner
Membership No. 101190

Place : Pune
Date : 16 May 2018

# BALANCE SHEET AS AT 31 MARCH, 2018

(Currency - INR in Lakhs, except per share data)

| | Notes | 31 March, 2018 | 31 March 2017 | 1 April, 2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 5 | 7,617.47 | 6,518.27 | 6,124.06 |
| Capital work-in-progress | 5 | 221.91 | 859.66 | 17.79 |
| Intangible assets | 6 | 14.54 | 17.78 | 3.42 |
| Financial assets | | | | |
| Other financial assets | 7 | 34.70 | 56.86 | 32.80 |
| Income tax assets (net) | | 172.52 | - | 39.42 |
| Other non current assets | 8 | 563.72 | 639.87 | 90.24 |
| **Total non-current assets (i)** | | **8,624.86** | **8,092.44** | **6,307.73** |
| **Current assets** | | | | |
| Inventories | 9 | 3,375.12 | 2,758.29 | 1,901.77 |
| Financial assets | | | | |
| Trade receivables | 10 | 3,689.21 | 3,299.04 | 2,332.18 |
| Cash and cash equivalents | 11 | 566.76 | 339.21 | 441.75 |
| Bank balances other than cash and cash equivalents | 12 | 11.60 | 287.31 | 287.70 |
| Derivative contract assets | 13 | 185.89 | 395.80 | 81.55 |
| Investments | 14 | - | - | 190.93 |
| Other financial assets | 15 | 349.31 | 35.56 | 16.94 |
| Other current assets | 16 | 2,384.61 | 1,764.98 | 1,532.19 |
| **Total current assets(ii)** | | **10,562.50** | **8,880.19** | **6,785.01** |
| **TOTAL ASSETS(i+ii)** | | **19,187.36** | **16,972.63** | **13,092.74** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 17 | 256.60 | 256.60 | 256.60 |
| Other equity | 18 | 9,671.14 | 7,187.37 | 4,886.82 |
| **Total equity (i)** | | **9,927.74** | **7,443.97** | 5,143.42 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 19A | 3,057.04 | 3,603.70 | 1,974.35 |
| Deferred tax liabilities (net) | 34 | 509.37 | 467.78 | 417.98 |
| Provisions | 20 | 367.30 | 272.47 | 231.60 |
| **Total non-current liabilities(ii)** | | **3,933.71** | **4,343.95** | **2,623.93** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 19B | 651.30 | 2,436.64 | 2,666.63 |
| Trade payables | 21 | 2,567.64 | 2,007.53 | 1,958.74 |
| Derivative contract liabilities | 22 | - | - | 21.61 |
| Other financial liabilities | 23 | 1,969.44 | 588.62 | 594.46 |
| Current tax liabilities (net) | | - | 35.24 | - |
| Other current liabilities | 24 | 41.58 | 31.74 | 32.09 |
| Provisions | 25 | 95.95 | 84.94 | 51.86 |
| **Total current liabilities(iii)** | | **5,325.91** | **5,184.71** | **5,325.39** |
| **TOTAL EQUITY AND LIABILITIES(i+ii+iii)** | | **19,187.36** | **16,972.63** | **13,092.74** |
| **Summary of significant accounting policies** | 1 - 4 | | | |
| **Notes to the financial statements** | 5 - 49 | | | |

The accompanying notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**FOR B S R & ASSOCIATES LLP**
*CHARTERED ACCOUNTANTS*
Firm Registration No: 116231W/ W - 100024

**Raajnish Desai**
*PARTNER*
Membership No: 101190

Date : May 16, 2018
Place : Pune

**For and on behalf of the Board of Directors of**
**TASTY BITE EATABLES LIMITED**
**CIN: L15419PN1985PLC037347**

| **Ravi Nigam** | **Ashok Vasudevan** | **Sohel Shikari** | **Minal Talwar** |
|---|---|---|---|
| *Managing Director* | *Chairman* | *CFO* | *Company Secretary* |
| DIN: 00024577 | DIN: 00575574 | DIN: 00024466 | |

Date : May 16, 2018
Place : Pune

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

(Currency - INR in Lakhs, except per share data)

| | Note | 31 March, 2018 | 31 March, 2017 |
|---|---|---|---|
| Revenue from operations | 26 | 29,632.30 | 25,377.45 |
| Other income | 27 | 678.68 | 306.52 |
| **Total income** | | 30,310.98 | 25,683.97 |
| **Expenses** | | | |
| Costs of materials consumed | 28 | 17,136.17 | 14,724.54 |
| Purchase of Stock-in-Trade | | 152.27 | - |
| Changes in inventories of finished goods, | | | |
| stock-in-trade and work in progress | 29 | (167.79) | (56.06) |
| Excise duty | | 24.99 | 150.41 |
| Employee benefits expense | 30 | 2,120.94 | 1,789.42 |
| Finance costs | 31 | 233.99 | 252.34 |
| Depreciation and amortisation expense | 32 | 1,097.62 | 907.87 |
| Other expenses | 33 | 5,608.79 | 4,495.61 |
| **Total expenses** | | 26,206.98 | 22,264.13 |
| **Profit before income tax** | | 4,104.00 | 3,419.84 |
| **Income tax expense** | | | |
| - Current tax | 34 | 1,348.65 | 1,238.28 |
| - Deferred tax charge / (credit) | 34 | 109.70 | (17.82) |
| | | 1,458.35 | 1,220.46 |
| **Profit for the year** | | 2,645.65 | 2,199.38 |
| **Other comprehensive income / (loss)** | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| - Remeasurement of defined benefit liability (asset) | | (46.29) | (81.10) |
| - Income tax related to items that will not be reclassified to profit or loss | | 16.02 | 28.07 |
| Items that will be reclassified subsequently to profit or loss: | | | |
| - Deferred gain/(losses) on cash flow hedges | | (150.51) | 276.46 |
| - Income tax related to items that will be reclassified to profit or loss | | 52.09 | (95.68) |
| **Other comprehensive income / (loss) for the year, net of tax** | | (128.69) | 127.75 |
| **Total comprehensive income for the year** | | 2,516.96 | 2,327.13 |
| **Earnings per equity share (nominal value of share INR 10)** | 37 | | |
| (1) Basic | | 103.10 | 85.71 |
| (2) Diluted | | 103.10 | 85.71 |
| **Summary of significant accounting policies** | 1 - 4 | | |
| **Notes to the financial statements** | 5 - 49 | | |

The accompanying notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**FOR B S R & ASSOCIATES LLP**
*CHARTERED ACCOUNTANTS*
Firm Registration No: 116231W/ W - 100024

**For and on behalf of the Board of Directors of**
**TASTY BITE EATABLES LIMITED**
**CIN: L15419PN1985PLC037347**

**Raajnish Desai**
*PARTNER*
Membership No: 101190

**Ravi Nigam**
*Managing Director*
DIN: 00024577

**Ashok Vasudevan**
*Chairman*
DIN: 00575574

**Sohel Shikari**
*CFO*
DIN: 00024466

**Minal Talwar**
*Company Secretary*

Date : May 16, 2018
Place : Pune

Date : May 16, 2018
Place : Pune

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

(Currency - INR in Lakhs, except per share data)

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **A. Cash flow from operating activities :** | | |
| Profit before tax | 4,104.00 | 3,419.84 |
| Adjustments for | | |
| Depreciation and amortisation | 1,097.62 | 907.87 |
| Loss/(profit) on sale of fixed assets | 6.84 | 27.68 |
| Profit on sale of Investments | (6.80) | (8.89) |
| Bad debts written off | 3.77 | 5.22 |
| Allowance of bad debt | 4.46 | 8.90 |
| Unrealised foreign exchange loss | 67.71 | (131.26) |
| Employee stock option plan | 28.57 | 35.19 |
| Interest expense | 233.99 | 252.34 |
| Interest income | (31.93) | (55.62) |
| **Operating profit before working capital changes** | **5,508.23** | **4,461.27** |
| **Working capital adjustments:** | | |
| Increase in trade payables | 553.27 | 55.93 |
| (Decrease) / increase in other financial liabilities (current) | (64.58) | 27.83 |
| Increase / (decrease) in provisions | 59.55 | (7.15) |
| Increase / (decrease) in other current liabilities | 9.84 | (0.35) |
| Increase in trade receivables | (384.32) | (1,039.43) |
| Increase in inventories | (616.83) | (856.52) |
| Increase in other financial assets (non - current) | (0.91) | (0.99) |
| Increase in other financial assets (current) | (322.45) | (19.24) |
| (Increase) / decrease in other non current assets | (448.61) | 4.62 |
| Increase in other current assets | (619.63) | (232.79) |
| **Cash generated from operating activities** | **3,673.56** | **2,393.18** |
| Direct taxes paid (net of refunds, if any) | (1,556.41) | (1,163.62) |
| **Net cash from operating activities (A)** | **2,117.15** | **1,229.56** |
| **B. Cash flow from investing activities :** | | |
| Purchase of fixed assets, including intangible assets, | | |
| capital work in progress and capital advances | (1,055.87) | (2,708.13) |
| Proceeds from sale of fixed assets | 0.02 | 29.08 |
| Proceeds from sale of Investment (net) | 6.80 | 199.82 |
| Proceeds from / (investment in) maturity of deposits | | |
| (net of placed during the period, including margin money) | 299.67 | (21.02) |
| Interest received | 40.63 | 56.24 |
| **Net cash used in investing activities (B)** | **(708.75)** | **(2,444.01)** |

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

(Currency - INR in Lakhs, except per share data)

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **C. Cash flow from financing activities :** | | |
| Repayments of short-term borrowings (net) | **(709.65)** | (275.63) |
| (Repayment of) / proceeds from long term borrowings | **(276.96)** | 1,601.09 |
| Payment of dividend (including dividend distribution tax) | **(61.77)** | (61.77) |
| Interest paid | **(132.47)** | (151.78) |
| **Net cash (used in) / from financing activities (C)** | **(1,180.85)** | **1,111.91** |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | **227.54** | (102.54) |
| Cash and cash equivalents at the beginning of the year | **339.21** | 441.75 |
| **Cash and cash equivalents at the end of the year** | **566.75** | **339.21** |

**Components of cash and cash equivalents :**

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| Cash on hand | **2.43** | 2.89 | 1.80 |
| Balances with banks | | | |
| In current accounts | **564.33** | 336.32 | 439.95 |
| | **566.76** | **339.21** | **441.75** |
| **Summary of significant accounting policies** | 1 - 4 | | |
| **Notes to the financial statements** | 5 - 49 | | |

The accompanying notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**FOR B S R & ASSOCIATES LLP**
*CHARTERED ACCOUNTANTS*
Firm Registration No: 116231W/ W - 100024

**Raajnish Desai**
*PARTNER*
Membership No: 101190

Date : May 16, 2018
Place : Pune

**For and on behalf of the Board of Directors of**
**TASTY BITE EATABLES LIMITED**
**CIN: L15419PN1985PLC037347**

| **Ravi Nigam** | **Ashok Vasudevan** | **Sohel Shikari** | **Minal Talwar** |
|---|---|---|---|
| *Managing Director* | *Chairman* | *CFO* | *Company Secretary* |
| DIN: 00024577 | DIN: 00575574 | DIN: 00024466 | |

Date : May 16, 2018
Place : Pune

# STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

(Currency - INR in Lakhs, except per share data)

| Statement of Changes in Equity | Equity | Reserves and surplus | | | | Items of OCI | | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | | Securities Premium | Share based payments | Capital Reserve | Retained Earnings | Remeasurements of defined benefit liability / asset | Change in fair value of hedge instruments | |
| **Balance as at 1 April 2016** | **256.60** | **94.75** | **-** | **57.34** | **4,695.53** | **-** | **39.20** | **5,143.42** |
| Add : Arising on employee share based payment (refer note 46) | - | - | 35.19 | - | - | | - | **35.19** |
| Add: Profit for the year | - | - | - | - | 2,199.38 | | | **2,199.38** |
| Add: Other comprehensive income (net of tax) | - | - | - | - | - | (53.03) | 180.78 | **127.75** |
| Less: Payment of dividend (including dividend distribution tax) | - | - | - | - | (61.77) | - | - | **(61.77)** |
| **Balance as at 31 March 2017** | **256.60** | **94.75** | **35.19** | **57.34** | **6,833.14** | **(53.03)** | **219.98** | **7,443.97** |
| | | | | | | | | |
| **Balance as at 1 April 2017** | **256.60** | **94.75** | **35.19** | **57.34** | **6,833.14** | **(53.03)** | **219.98** | **7,443.97** |
| Add : Arising on employee share based payment (refer note 46) | - | - | 28.58 | - | - | - | - | **28.58** |
| Add: Profit for the year | - | - | - | - | 2,645.65 | - | - | **2,645.65** |
| Add: Other comprehensive income (net of tax) | - | - | - | - | | (30.27) | (98.42) | **(128.69)** |
| Less: Payment of dividend (including dividend distribution tax) | - | - | - | - | (61.77) | - | - | **(61.77)** |
| **Balance as at 31 March 2018** | **256.60** | **94.75** | **63.77** | **57.34** | **9,417.02** | **(83.30)** | **121.56** | **9,927.74** |

**Summary of significant accounting policies** 1 - 4
**Notes to the financial statements** 5 - 49
The accompanying notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**FOR B S R & ASSOCIATES LLP**
*CHARTERED ACCOUNTANTS*
Firm Registration No: 116231W/ W - 100024

**Raajnish Desai**
*PARTNER*
Membership No: 101190

Date : May 16, 2018
Place : Pune

**For and on behalf of the Board of Directors of**
**TASTY BITE EATABLES LIMITED**
**CIN: L15419PN1985PLC037347**

**Ravi Nigam**
*Managing Director*
DIN: 00024577

**Ashok Vasudevan**
*Chairman*
DIN: 00575574

**Sohel Shikari**
*CFO*
DIN: 00024466

**Minal Talwar**
*Company Secretary*

Date : May 16, 2018
Place : Pune

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

(Currency - INR in Lakhs, except per share data)

## 1. Background

Tasty Bite Eatables Limited ('the Company') is a company domiciled in India with its registered office situated at Shivajinagar, Pune and its manufacturing facility near Pune. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange Limited. The Company is in the business of manufacturing and selling 'Prepared Foods'. It includes a range of Ready-to-Serve ('RTS') ethnic food products under the brand name 'Tasty Bite' and Frozen Formed Products ('FFP').

## 2. Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements as at and for the year ended 31 March 2017 were prepared in accordance with the Company's (Accounting standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 48.

Details of the Company's accounting policies are included in Note 3.

The financial statements were authorised for issue by the Company's Board of Directors on 16th May 2018.

### 2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakh (except per share data) to two decimal points, unless otherwise indicated.

### 2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities (including derivative instruments) | Fair value |
| Liabilities for cash-settled share-based payment arrangements | Refer Note 46. |
| Net defined benefit (asset)/ liability | Fair Value of plan assets less present value of defined benefit obligations |

### 2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

(Currency - INR in Lakhs, except per share data)

**Judgements, Assumptions and estimation uncertainties**

Information about judgements made in applying accounting policies, assumptions and estimation uncertainties that have the most significant effects on the amounts recognized/significant risk resulting in a material adjustment in the financial statements is included in the following notes:

Note 3.4 – Estimation of useful life used by the management for property, plant and equipment and intangible asset

Note 44 - Measurement of defined benefit obligations: key actuarial assumptions

Note 35 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Note 38 - Lease classification

Note 34 – Estimation of current tax expense and tax payable

Note 34 – Recognition of deferred tax asset

Note 10 – Impairment of Trade Receivables

### 2.5 Measurement of fair values

A number of accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to measurement of fair values. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The established framework is reviewed and monitored by the Controller – Finance, which includes the responsibility for reviewing and monitoring all significant fair value measurements, including level 3 fair values. The Controller – Finance regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Company's Board of Directors.

Fair values are categorized into different levels in a Fair value hierarchy based on inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure fair value of asset or liability fall into different levels of fair value hierarchy, then the fair value measurement is categorized in its entiretly in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in following notes:

Note 47 - Financial instruments.

Note 46 – Employee Shared based payment.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### 2.6 Current-non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

***Assets***

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets. All other assets are classified as non-current.

***Liabilities***

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be settled within 12 months after the reporting date; or

d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

***Operating cycle***

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle of the Company is less than 12 months.

## 3. Significant accounting policies

### 3.1 Foreign Currency transaction

Transaction in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

Exchange difference are recognised in profit and loss, except exchanges differences arising from the translation of the qualifying cash flow hedges to the extent the hedges are effective, which are recognized in OCI.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

**3.2 Financial Instrument**

**i. *Recognition and initial measurement***

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii. *Classification and subsequent measurement***

*Financial assets*

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets (except for derivative contract assets) not measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

***Financial assets: Business model assessment***

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policy and objectives for the portfolio and the operation of those policies in practice.

  These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;
- how the performance of portfolio is evaluated and reported to the Company's management;
- the risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets, if any, to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

***Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purpose of this assessment, 'principal' is defines as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company's claim to cash flows for specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

*Financial assets: Subsequent measurement gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However refer note 47 for derivatives designated as hedging instruments. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |

***Financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Refer note 47 for financial liabilities designated as hedging instrument.

**iii.** ***Derecognition***

***Financial assets***

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

***Financial liabilities***

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

***iv. Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

***v. Derivative financial instrument and hedge accounting.***

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedge relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument are expected to offset each other.

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in other equity under ‘effective portion of cash flow hedges’. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedge item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecasted transaction, the amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or is exercised, then hedge accounting is discounted prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedge expected future cash flow affect profit or loss.

If the hedge future cash flow are not expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

### 3.3 Property, plant and equipment

i. ***Recognition and measurement***

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. ***Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and used that carrying value as the deemed cost of such property, plant and equipment (see note 48).

iii. ***Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. ***Depreciation***

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

The estimated useful lives of item of property, plant and equipment for the current and comparative periods are as follows:

| Category of asset | Useful life followed (in years) | Useful life as per Schedule II (in years) |
|---|---|---|
| Factory Building | 30 | 30 |
| Electrical installations | 10 | 10 |
| Plant and equipment | 15 | 15 |
| -Form Plate | 2 | 15 |
| Office equipment | 5 | 5 |
| Furniture & Fixtures | 10 | 10 |
| Vehicle | 10 | 10 |
| Computers | 3 | 3 |
| -Server | 6 | 6 |
| -Printer | 5 | 3 |
| Lab Equipment | 10 | 10 |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represents the period over which the management expects to use these assets.

Assets installed on leasehold premises are depreciated over the period of lease. Freehold land is not depreciated.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

### 3.5 Intangible assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated internal losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and used that carrying value as the deemed cost of such intangible assets (see note 48).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using straight line method, as is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

| Asset | Estimated useful life |
|---|---|
| Computer Software | 5 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### 3.6 Inventories

The cost of inventory is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense. The net realisable value of work-in- progress is determined with reference to the selling price of related finished products. The comparison of cost and net realizable value is made on an item-by-item basis.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

### 3.7 Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Measurement of expected credit loss***

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward – looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### 3.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life and not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash inflows for which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 3.9 Employee benefits

i. ***Short-term employee benefits***

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. ***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. ***Defined benefit plans***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset),

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. ***Other long-term employee benfits***

The Company's net obligation in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

v. ***Employee Shared based payment (see note 46)***

Specified employees of the Company were eligible for equity settled stock options under Preferred Brand Inc.'s ('PBI Inc.' or the Holding Company's) 2009 Non-Qualified Stock Option and Equity Plan ('the Equity Plan'). However, during the year 2015 a value pool agreement was entered into, by and between PBI Inc., the Company and the holders of outstanding options ('Holders'), wherein PBI Inc. and the Holders agreed to cancel the Options and terminate the Grant Agreements in exchange for a consideration payable by PBI Inc. in lieu of such cancellation of unvested options to the employees of the Company.

In accordance with Ind-AS 102, the classification of the share-based payment transaction depends on the nature of the award granted and whether the entity has an obligation to settle the transaction and if the entity has either an obligation to settle in its own equity instruments or no obligation to settle at all, then the transaction is accounted as Equity Settled. Since, the Company does not have any obligation to reimburse corresponding cost of share based payment transaction to PBI Inc., it has classified the settlement as Equity Settled.

Since the amount of cash payment is pre-determined by the Holding Company based on the Value Pool agreement and the Employee covered were specifically mentioned in the said agreement, the Company is of the view that the share based payment shall be measured at such amount agreed since the Company does not have any separate obligation towards the settlement.

On the date of transition to Ind-AS, the Company has recognized the consideration of INR 35.19 lakhs payable in respect of unvested portion of options to Retained Earnings and created corresponding credit to Employee Share Base Payment Reserve.

### 3.10 Revenue

i. ***Sale of goods***

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal Credit terms. Revenue is recognised when the significant risk and rewards of ownership of goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

ii. ***Export incentive***

Export incentives are recognised when the right to receive credit as per the terms of incentives is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**3.11 Recognition of interest income or expense:**

Interest income is recognised using effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the assets (when asset is not credit – impaired) or to the amortised cost of the liability. However, for financial asset that have become credit – impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

**3.12 Leases**

i. ***Determining whether an arrangement contains a lease***

At inception of an arrangement it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other considerations required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for the finance lease that it is impracticable to separate the payment reliably, then an asset and a liability are recognised at an amount equal to fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. ***Assets held under leases***

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and present value of minimum lease payment. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the similar owned asset.

Asset held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating lease) are not recognised in the Company's balance sheet.

iii. ***Lease payments***

Payments made under operating leases are generally recognised in profit and loss on straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on remaining balance of the liability.

**3.13 Income tax**

Income tax comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is also recognised in respect of carried forward tax losses and tax credits only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

### 3.14 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

*Contingencies*

Provision in respect of loss contingencies relating to claims, litigations assessment, fines, penalties etc are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably. 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.

### 3.15 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

### 3.16 Research and development expenditure

Revenue expenditure on research and development are recognised as an expense in the period in which they are incurred.

### 3.17 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

The diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity and equivalent potential dilutive equity shares outstanding during the year, except where the result would be anti-dilutive.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

**3.18 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

**3.19 Cash flow statement**

Cash flows are reported using the indirect matter, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future opertating receipts or payments and items of incomes or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**4. Standard issued but not effective**

The Company is not yet required to adopt the following standards which are issued but not yet effective.

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018

**Ind AS 115 Revenue from contracts with customers:**

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

This amendment will come into force from April 1, 2018

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a five step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. The standard is effective from 01 April 2018.

The Company has preliminary assessed that the profit impact of IND AS 115 will be immaterial to the financial statements. The Company is still in the process of assessing the full impact of the application of IND AS 115 on its financial statements, including any additional disclosures required.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

## 5 Property, plant and equipment

(Currency - INR in Lakhs, except per share data)

| Reconciliation of carrying amount | Freehold land | Leasehold improve-ments | Building | Plant and equipments | Lab Equip-ments | Electrical installation | Comput-ers | Office equipments | Furni-ture and fixtures | Ve-hicles | Total | Capital work-in-prog-ress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or Deemed Cost (Gross Carry-ing Amount)** | | | | | | | | | | | | |
| Balance as at 1 April 2016 | **13.64** | **38.59** | **1,319.04** | **4,354.16** | **31.00** | **196.95** | **14.84** | **41.03** | **114.73** | **0.08** | **6,124.06** | **17.79** |
| Additions | - | - | 186.28 | 1,019.97 | 0.29 | 114.40 | 6.54 | 19.54 | 74.41 | - | 1,421.43 | 2,263.30 |
| Exchange differences (refer note a and b below) | - | - | (9.17) | (51.10) | - | (2.72) | - | (0.23) | (1.33) | - | (64.55) | - |
| Disposals during the year | - | - | 5.14 | 51.47 | 0.14 | - | - | - | - | - | 56.75 | 1,421.43 |
| **Balance as at 31 March 2017** | **13.64** | **38.59** | **1,491.01** | **5,271.56** | **31.15** | **308.64** | **21.38** | **60.34** | **187.81** | **0.08** | **7,424.19** | **859.66** |
| **Balance as at 1 April 2017** | **13.64** | **38.59** | **1,491.01** | **5,271.56** | **31.15** | **308.64** | **21.38** | **60.34** | **187.81** | **0.08** | **7,424.19** | **859.66** |
| Additions | - | - | 357.37 | 1,713.86 | 10.95 | 48.14 | 8.60 | 9.04 | 51.58 | - | 2,199.54 | 1,561.79 |
| Disposals during the year | - | - | - | 6.63 | 0.22 | - | 0.01 | - | - | - | 6.86 | 2,199.54 |
| **Balance as at 31 March 2018** | **13.64** | **38.59** | **1,848.38** | **6,978.79** | **41.88** | **356.77** | **29.97** | **69.38** | **239.39** | **0.08** | **9,616.87** | **221.91** |
| **Accumulated Depreciation** | | | | | | | | | | | | |
| Depreciation for the year | - | 7.98 | 99.88 | 698.10 | 4.63 | 51.22 | 7.34 | 14.39 | 22.33 | 0.05 | 905.92 | - |
| **Balance as at 31 March 2017** | **-** | **7.98** | **99.88** | **698.10** | **4.63** | **51.22** | **7.34** | **14.39** | **22.33** | **0.05** | **905.92** | **-** |
| **Accumulated depreciation as at 1 April 2017** | **-** | **7.98** | **99.88** | **698.10** | **4.63** | **51.22** | **7.34** | **14.39** | **22.33** | **0.05** | **905.92** | **-** |
| Depreciation for the year | - | 7.98 | 139.45 | 833.21 | 5.30 | 50.29 | 6.99 | 16.42 | 33.82 | 0.02 | 1,093.48 | - |
| **Balance as at 31 March 2018** | **-** | **15.96** | **239.33** | **1,531.30** | **9.93** | **101.52** | **14.33** | **30.81** | **56.15** | **0.07** | **1,999.41** | **-** |
| **Carrying amount (net)** | | | | | | | | | | | | |
| **At 1 April 2016** | **13.64** | **38.59** | **1,319.04** | **4,354.16** | **31.00** | **196.95** | **14.84** | **41.03** | **114.73** | **0.08** | **6,124.06** | **17.79** |
| **At 31 March 2017** | **13.64** | **30.61** | **1,391.13** | **4,573.46** | **26.52** | **257.41** | **14.04** | **45.95** | **165.48** | **0.03** | **6,518.27** | **859.66** |
| **At 31 March 2018** | **13.64** | **22.63** | **1,609.05** | **5,447.49** | **31.95** | **255.26** | **15.64** | **38.57** | **183.24** | **0.01** | **7,617.47** | **221.91** |

a) Depreciation charged to the statement of profit and loss for the year on exchange differences capitalised is INR 71.89 lakhs (2017: INR 87.75 lakhs).

b) Amount of foreign exchange included in Property, plant and equipment and remaining to be depreciated as at March 31, 2018 is INR 394.45 lakhs (March 31, 2017: INR 480.67 lakhs).

c) Deductions include decapitalisation of duties of excise and customs amounting to INR Nil (2017 : INR 29.07 lakhs). Corresponding depreciation thereon is INR Nil (2017: INR 4.32 lakhs).

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | | Software | Total |
|---|---|---|---|
| **6** | **Intangible assets (other than internally generated)** | | |
| **A** | **Reconciliation of carrying amount** | | |
| | **Cost or deemed cost** | | |
| | Balance as at 1 April 2016 | 3.42 | 3.42 |
| | Additions | 16.31 | 16.31 |
| | **Balance as at 31 March 2017** | **19.73** | **19.73** |
| | **Balance as at 1 April 2017** | **19.73** | **19.73** |
| | Additions | 0.89 | 0.89 |
| | **Balance as at 31 March 2018** | **20.62** | **20.62** |
| | **Accumulated amortisation** | | |
| | Amortisation for the year | 1.95 | 1.95 |
| | **Balance as at 31 March 2017** | **1.95** | **1.95** |
| | **Balance as at 1 April 2017** | **1.95** | **1.95** |
| | Amortisation for the year | 4.13 | 4.13 |
| | **Balance as at 31 March 2018** | **6.08** | **6.08** |
| | **Carrying amount (net)** | | |
| | At 1 April 2016 | 3.42 | 3.42 |
| | At 31 March 2017 | 17.78 | 17.78 |
| | **At 31 March 2018** | **14.54** | **14.54** |

| | | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|---|
| **7** | **Other non-current financial assets** | | | |
| | (Unsecured considered good, unless otherwise stated) | | | |
| | Security deposits | | | |
| | Considered good | 34.70 | 33.79 | 32.80 |
| | Considered doubtful | - | 23.57 | 23.57 |
| | Allowance for expected credited losses | - | (23.57) | (23.57) |
| | Deposits with banks having remaining maturity | | | |
| | of more than 12 months* | - | 23.07 | - |
| | | **34.70** | **56.86** | **32.80** |

* Includes deposits with bank held as lien of INR Nil (31 March 2017: INR 3.45 lakhs, 1 April 2016: INR Nil)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **8 Other non-current assets** | | | |
| (Unsecured considered good, unless otherwise stated) | | | |
| Capital Advances | 103.95 | 628.71 | 74.46 |
| Advances other than capital advances | | | |
| Prepayments | 2.66 | 11.16 | 15.78 |
| Advance to suppliers | | | |
| Considered doubtful | 16.99 | 12.52 | 9.30 |
| Provision for doubtful advances | (16.99) | (12.52) | (9.30) |
| Receivable from government authorities | 457.11 | - | - |
| | **563.72** | **639.87** | **90.24** |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **9 Inventories** | | | |
| Raw materials | 1,806.19 | 1,401.77 | 924.61 |
| Work-in-progress | 321.37 | 218.84 | 275.39 |
| Finished goods* | 507.71 | 442.45 | 329.84 |
| Stores, spares & consumables | 173.23 | 55.34 | 51.71 |
| Packing materials | 566.62 | 639.89 | 320.22 |
| | **3,375.12** | **2,758.29** | **1,901.77** |

*includes goods in transit INR 146.47 lakhs (2017: INR 123.68 lakhs, 2016: INR 128.93 lakhs)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **10 Trade receivables** | | | |
| Unsecured, considered good* | 3,689.21 | 3,299.04 | 2,332.18 |
| Considered doubtful | 0.73 | 12.14 | 6.46 |
| | **3,689.94** | **3,311.18** | **2,338.64** |
| Unsecured, considered good | - | - | - |
| Considered doubtful | (0.73) | (12.14) | (6.46) |
| | **3,689.21** | **3,299.04** | **2,332.18** |

* Refer below (receivables by type of counterparty) for breakup of outstanding receivables from related parties. All of these receivables are unsecured and considered good

There are no receivables secured against borrowings.

For terms and conditions of trade receivables owing from related parties, see note 45.

| | | | |
|---|---|---|---|
| **Current portion** | 3,689.21 | 3,299.04 | 2,332.18 |
| **Non-current portion** | - | - | - |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **Exposure to the credit risk for trade receivables by geographic region:** | | | |
| India | 1,090.53 | 835.34 | 944.22 |
| Rest of the world | 2,598.68 | 2,463.70 | 1,387.96 |
| | 3,689.21 | 3,299.04 | 2,332.18 |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **Exposure to the credit risk for trade receivables by type of counterparty:** | | | |
| Related parties (also refer note 45 for receivables outstanding from related party) | 1,951.38 | 2,548.18 | 1,401.80 |
| Other than related parties | 1,737.83 | 750.86 | 930.38 |
| | 3,689.21 | 3,299.04 | 2,332.18 |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **Movement in the allowance for expected credit losses:** | | | |
| Balance as at the beginning of the year | 12.14 | 6.46 | |
| Allowance for loss (net of reversals) | (7.64) | 10.90 | |
| Amounts written off | (3.77) | (5.22) | |
| Balance as at the end of the year | 0.73 | 12.14 | |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **Trade receivables** | | | |
| 0-90 days past due | 3,665.36 | 3,302.80 | 2,329.72 |
| 91-180 days past due | 16.82 | 6.41 | 0.41 |
| More than 180 days past due | 7.76 | 1.97 | 8.51 |
| **Gross carrying amount of trade receivables** | 3,689.94 | 3,311.18 | 2,338.64 |
| Allowance for loss | (0.73) | (12.14) | (6.46) |
| **Carrying amount of trade receivables (net of impairment)** | 3,689.21 | 3,299.04 | 2,332.18 |

Refer Note 47 for Company's exposure to credit and currency risk.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **11 Cash and cash equivalents** | | | |
| Cash on hand | 2.43 | 2.89 | 1.80 |
| Bank balances | 564.33 | 336.32 | 439.95 |
| | 566.76 | 339.21 | 441.75 |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **12 Bank balances other than cash and cash equivalents** | | | |
| Unpaid dividend accounts | 7.74 | 6.85 | 5.19 |
| Deposits (initial maturity of more than three months and remaining maturity of less than twelve months) | - | 279.92 | 282.51 |
| Other deposits with banks* | 3.86 | 0.54 | - |
| | 11.60 | 287.31 | 287.70 |

* Represents deposits held with bank as lien

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **13 Derivative contract - assets** | | | |
| Foreign exchange forward contract | 66.21 | 329.55 | 81.55 |
| Interest rate swap | 119.68 | 66.25 | - |
| | 185.89 | 395.80 | 81.55 |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **14 Current Investment** | | | |
| Investment in Mutual Fund (unqouted) | | | |
| Nil (2017: Nil, 2016: 78,470.542) units of Birla Sun Life | | | |
| Cash Plus - Growth - Direct Plan | - | - | 190.93 |
| | - | - | 190.93 |
| Aggregate amount of unqouted investments | - | - | 190.93 |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **15 Other current financial assets** | | | |
| Interest accrued but not due on deposits | - | 8.70 | 9.32 |
| Other receivables (including contractually reimbursable costs and interest) | 349.31 | 26.86 | 7.62 |
| | 349.31 | 35.56 | 16.94 |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **16 Other current assets** | | | |
| Advance for supply of goods | 141.36 | 70.06 | 42.48 |
| Advances to employees | 1.27 | 1.60 | 2.55 |
| Prepayments | 47.55 | 37.53 | 33.85 |
| Export incentives receivable | 1,277.72 | 1,028.43 | 1,018.57 |
| Receivable from government authorities | 916.71 | 627.36 | 434.74 |
| | 2,384.61 | 1,764.98 | 1,532.19 |

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **17 Share capital** | | | |
| **Authorised** | | | |
| 4,400,000 (2017: 4,400,000; 2016: 4,400,000) | | | |
| equity shares of INR 10/- each | 440.00 | 440.00 | 440.00 |
| 60,000 (2017: 60,000, 2016: 60,000) 1% Non-Cumulative, | | | |
| Non-Convertible, Redeemable Preference | | | |
| Shares of INR 100/- each. | 60.00 | 60.00 | 60.00 |
| **Issued, subscribed and paid up shares** | | | |
| 2,566,000 (2017: 2,566,000; 2016: 2,566,000) | | | |
| equity shares of INR 10/- each fully paid up | 256.60 | 256.60 | 256.60 |
| | 256.60 | 256.60 | 256.60 |

59,530 (31 March 2017 and 1 April 2016: 59,530) 1% Non-Cumulative, Non-Convertible, Redeemable Preference Shares of INR 100/- each are held by Preferred Brands Foods (India) Private Limited and are classified as financial liability as per the requirements of Ind AS.

**A) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:**

| Equity shares | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| At the commencement and at the end of the year | 2,566,000 | 256.60 | 2,566,000 | 256.60 | 2,566,000 | 256.60 |

**B) Reconciliation of the number of preference shares outstanding at the beginning and at the end of the year:**

| Preference shares | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| At the commencement and at the end of the year | 59,530 | 59.53 | 59,530 | 59.53 | 59,530 | 59.53 |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

**C) Rights, preferences and restrictions attached to equity shares:**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of equity shareholders are in proportion to their share of paid up equity capital of the Company.

**D) Rights, preferences and restrictions attached to preference shares:**

1% Non-Cumulative, Non-Convertible, Redeemable Preference Shares are redeemable on or before August 31, 2018 at a premium of INR 1,950 per share. The preference shareholder reserves the right to demand for redemption of preference shares during the period upto 31st August, 2018. These preference shares are classified as financial liability as per the requirements of Ind AS.

**E) Particulars of shareholders holding more than 5% of a class of shares:**

| Name of the shareholder | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | %Holding | No. of shares | % Holding | No. of shares | %Holding |
| **Equity shares of INR 10/- each fully paid up held by** | | | | | | |
| Preferred Brands Foods (India) Private Limited, 'Holding company' | 1,904,510 | 74.22% | 1,904,510 | 74.22% | 1,904,510 | 74.22% |
| K. Swapna | - * | - * | - * | - * | 147,972 | 5.77% |

* Since the shareholder does not holds shares more than 5% at the end of such period

**F) Shares held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:**

| Name of the shareholder | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| **Equity shares of INR 10/- each fully paid up held by** | | | | | | |
| Effem Holdings Limited | 300 | 0.01 | - | - | - | - |
| Kagome Co. Limited, 'Ultimate Holding company | - | - | 300 | 0.01 | 300 | 0.01 |
| Preferred Brands Foods (India) Private Limited, 'Holding company' | 1,904,510 | 190.45 | 1,904,510 | 190.45 | 1,904,510 | 190.45 |
| | 1,904,810 | 190.46 | 1,904,810 | 190.46 | 1,904,810 | 190.46 |

The Company has received an application dated 17 January 2018 from Kagome Co. Ltd. for change in promoter and promoter group consequent to stock purchase agreement dated 14 August 2017 between Kagome Co. Ltd. and Effem Holdings Limited for acquisition of common stock in Preferred Brands International Inc., intermediate holding Company of the Company. The Company has made an application to the BSE Limited and National Stock Exchange of India Limited for intimation of the change in ultimate parent from Kagome Co. Ltd. to Effem Holdings Limited and is in the process of obtaining requisite approvals from the members.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **18 Other equity** | | | |
| **Reserves and Surplus** | | | |
| Securities premium reserve | 94.75 | 94.75 | 94.75 |
| Capital reserve | 57.34 | 57.34 | 57.34 |
| Employee share based payment reserve | 63.77 | 35.19 | - |
| Retained earnings | 9,417.02 | 6,833.14 | 4,695.53 |
| Other comprehensive income | 38.26 | 166.95 | 39.20 |
| | 9,671.14 | 7,187.37 | 4,886.82 |
| **Securities premium reserve** | | | |
| At the commencement and at the end of the year | 94.75 | 94.75 | 94.75 |
| **Capital reserve** | | | |
| At the commencement and at the end of the year | 57.34 | 57.34 | 57.34 |
| **Employee share based payment reserve** | | | |
| At the commencement | 35.19 | - | - |
| Add : Employee share based payment cost (refer note 46) | 28.58 | 35.19 | - |
| **At the end of the year** | 63.77 | 35.19 | - |
| **Retained earnings** | | | |
| Opening balance (also refer note 48 for change in retained earning on account of transition to Ind AS) | 6,833.14 | 4,695.53 | |
| Net profit for the period | 2,645.65 | 2,199.38 | |
| Dividends (including dividend distribution tax) | (61.77) | (61.77) | |
| **Closing balance** | 9,417.02 | 6,833.14 | |
| **Components of other comprehensive income** | | | |
| **Remeasurement of defined benefit liability (asset), net of tax** | | | |
| Opening balance | (53.03) | - | |
| Addition during the year | (30.27) | (53.03) | |
| Closing balance - (deficit) | (83.30) | (53.03) | |
| **Changes in fair value of hedge instruments, net of tax** | | | |
| Opening balance | 219.98 | 39.20 | |
| Addition during the year | (98.42) | 180.78 | |
| Closing balance - (gain) | 121.56 | 219.98 | |
| **Total other comprehensive income** | 38.26 | 166.95 | |
| **Dividends** | | | |
| The following dividends were declared and paid by the Company during the financial year: | | | |
| Rs 2 (2017: INR Nil) per equity share | 51.32 | 51.32 | |
| Dividend distribution tax (DDT) on dividend to equity shareholders | 10.45 | 10.45 | |
| | 61.77 | 61.77 | |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018* | 31 March 2017** |
|---|---|---|
| Re 1 (2017: INR Nil) per redeemable preference shares | 0.60 | 0.60 |
| Dividend distribution tax (DDT) on dividend to redeemable | | |
| preference shares | 0.12 | 0.12 |
| | 62.49 | 62.49 |

*Dividend paid during the year ended 31st March 2018 is related to dividend proposed during the year ended 31st March 2017

**Dividend paid during the year ended 31st March 2017 is related to dividend proposed during the year ended 31st March 2016

After the reporting dates the following dividends (excluding DDT) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract DDT when declared or paid.

A 'dividend' of INR 1 per redeemable non-cumulative preference share (excluding DDT) has been proposed by the directors subject to the approval at the annual general meeting. Since the aforesaid preference share have been classified as 'financial liability', the aforesaid amount has been shown as part of finance cost.

| | 31 March 2018 | 31 March 2017 |
|---|---|---|
| **Proposed Dividend** | | |
| On equity shares of INR 10 each amount of | | |
| proposed dividend | 51.32 | 51.32 |
| Dividend per equity share | 2.00 | 2.00 |
| On preference shares of INR 100 each amount of | | |
| proposed dividend | 0.60 | 0.60 |
| Dividend per equity share | 1.00 | 1.00 |

**Nature and purpose of reserve and surplus and items of other comprehensive income**

**Securities premium reserve**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**Capital reserve**

Capital reserve is created for government subsidies and other liabilities.

**Employee share based payment reserve**

Employee share based payment reserve is created in accordance with Ind AS 102 consequent to the value pool agreement between PBI Inc., the Company and the holders of the outstanding options. Refer Note 46 - Employee shared based payment.

**Changes in fair value of hedge instruments, net of tax**

Change in fair value of hedge instruments are hedging instruments used by Company as a part of its management of foreign risk associated with its highly probable forecast sale. For hedging foreign currency risk and interest rate risk the Company uses foreign currency forward contract and interest rate swaps respectively, both of which are designated as cash flow hedge.

**Remeasurement of defined benefit liability (asset), net of tax**

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **19 Borrowings** | | | |
| **A. Non-current borrowings** | | | |
| Term loans (unsecured) | | | |
| From bank | | | |
| - Buyers Credit | - | 161.79 | - |
| From others | | | |
| - External Commercial Borrowings ('ECB') | 3,057.04 | 3,441.91 | 1,974.35 |
| | **3,057.04** | **3,603.70** | **1,974.35** |
| **B. Current borrowings** | | | |
| **Unsecured** | | | |
| Working Capital Loans from banks | | | |
| - Packing Credit Foreign Currency | 651.30 | 1,361.85 | 132.34 |
| Non-Cumulative, Non-Convertible, Redeemable Preference shares | - | 1,074.79 | 982.61 |
| **Secured#** | | | |
| Working Capital Loans from banks | | | |
| - Packing Credit Foreign Currency (PCFC)# | - | - | 1551.68 |
| | **651.30** | **2,436.64** | **2,666.63** |

# The PCFC was secured by first paripassu charge on current assets, first and second pari passu charge on moveable fixed assets and negative lien over immovable properties of factory land and building located at Bhandgaon, Pune.

Information about the Company's exposure to interest risk, foreign currency risk and liquidity risks is included in note 47.

Refer note 23 for current maturities of long term debt.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

Terms and conditions of outstanding borrowings are as follows:

| In Lakhs of INR | Currency | Nominal interet rate | Maturity (year) | Terms | Carrying amounts 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|---|---|---|---|
| ECB - Mizuho | USD | 3m LIBOR + 0.90% | 2018 - 2024 | Repayable in 8 years by way of 32 quarterly equal instalments commencing from June, 2016. | **1,665.70** | 1,934.96 | 2,256.40 |
| ECB - BTMU - I | USD | 3m LIBOR + 0.90% | 2018 - 2024 | Moratorium period is 2 years and the loan is repayable in 6 years by way of 24 quarterly equal installments commencing from July, 2018. | **1,628.25** | 1,621.25 | - |
| ECB - BTMU - II | USD | 3m LIBOR + 0.75% | 2018 - 2022 | Moratorium period is for 1 year and the loan is repayable in 4 years by way of 16 quarterly equal installments commencing from June 10, 2018. | **325.65** | 162.13 | - |
| ECB - PBI | USD | 6m LIBOR + 2% | 2016 | Moratorium period is 3 years and the loan is repayable in 5 years by way of 20 quarterly equal instalments commencing from March, 2012. | - | - | 99.26 |
| Buyers credit | USD | 3m LIBOR + 0.75% | 2020 | Repayable after 3 years from the date of drawdown. | - | 161.79 | - |
| Preference shares | INR | 1% | 2018 | Refer Note 17. | **1,175.61** | 1,074.79 | 982.61 |
| PCFC - Mizuho | USD | LIBOR + 0.40% | 2018 | Short term pre - shipment credit facility with a maturity period of 180 days from the date of ship-ment. | **651.30** | 518.80 | - |
| PCFC - Kotak | USD | LIBOR + 1.90% | 2017 | Short term pre - shipment credit facility with a maturity period of 150 days from the date of ship-ment. | - | - | 578.98 |
| PCFC - RBL | USD | 12% | 2017 | Short term pre - shipment credit facility with a maturity period of 6 months from the date of draw-down. | - | - | 972.70 |
| PCFC - BTMU | USD | LIBOR + 0.40% | 2017 | Short term pre - shipment credit facility with a maturity period of 1 year from the date of draw-down. | - | 843.05 | 132.33 |
| **Total borrowings** | | | | | **5,446.51** | **6,316.76** | **5,022.28** |
| Classified as: | | | | | | | |
| - Non current borrowings | | | | | **3,057.04** | 3,603.70 | 1,974.35 |
| - Current borrowings | | | | | **651.30** | 2,436.64 | 2,666.63 |
| - Current maturities | | | | | **1,738.17** | 276.42 | 381.30 |
| **Total borrowings** | | | | | **5,446.51** | **6,316.76** | **5,022.28** |

There is no default as on 31 March 2018, 31 March 2017 and as on 31 March, 2016 in repayment of principal and interest.

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **20 Non-current provision** | | | |
| Employee benefits obligations (also refer note 44) | | | |
| Gratuity | **207.26** | 160.16 | 137.85 |
| Compensated absences | **160.04** | 112.31 | 93.75 |
| | **367.30** | **272.47** | **231.60** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **21 Trade payables** | | | |
| Trade payables other than related parties | | | |
| - outstanding dues of micro enterprises and small | | | |
| enterprises (also refer note 36) | - | - | - |
| - outstanding dues of creditors other than micro | | | |
| enterprises and small enterprises | 2,567.64 | 2,007.53 | 1,958.74 |
| | **2,567.64** | **2,007.53** | **1,958.74** |
| Refer Note 47 for the Company's exposure to currency and liquidity risks | | | |
| **22 Derivative contract - liability** | | | |
| Interest rate swap | - | - | 21.61 |
| | **-** | **-** | **21.61** |
| **23 Other current financial liabilities** | | | |
| Current maturities of unsecured bank loans | 562.56 | 276.42 | 381.30 |
| 1% Non-Cumulative, Non-Convertible, Redeemable | | | |
| Preference Shares | 1,175.61 | - | - |
| Dividend on 1% Non-Cumulative, Non-Convertible, | | | |
| Redeemable Preference Shares | - | - | 0.60 |
| Interest accrued but not due on borrowings | 11.74 | 11.04 | 2.06 |
| Deposits received from dealers | 3.00 | 4.76 | 1.00 |
| Payable for capital goods | 118.12 | 136.06 | 74.89 |
| Employee dues | 79.52 | 78.40 | 57.37 |
| Unclaimed dividend* | 7.74 | 6.85 | 5.19 |
| Other payables (also refer note 45 for payables to related parties) | 11.15 | 75.09 | 72.05 |
| | **1,969.44** | **588.62** | **594.46** |

*There are no amounts required to be transferred to Investor's Education and Protection Fund

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| **24 Other current liabilities** | | | |
| Advance from customers | 6.47 | - | - |
| Statutory dues payable | 35.11 | 31.74 | 32.09 |
| | **41.58** | **31.74** | **32.09** |
| **25 Current Provisions** | | | |
| Employee benefits obligations (also refer Note 44) | | | |
| Gratuity | 65.13 | 61.53 | 30.36 |
| Compensated absences | 30.82 | 23.41 | 21.50 |
| | **95.95** | **84.94** | **51.86** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **26 Revenue from operations** | | |
| **Sale of products (including excise duty)** | | |
| Finished Goods | 27,558.99 | 23,849.83 |
| Traded Goods | 296.32 | 21.20 |
| | **27,855.31** | **23,871.03** |
| **Other operating revenues** | | |
| Export benefits / sale of duty scrips | 1,702.77 | 1,450.16 |
| Sale of scrap | 74.22 | 56.26 |
| | **1,776.99** | **1,506.42** |
| | **29,632.30** | **25,377.45** |
| **27 Other income** | | |
| Interest income under the effective interest method on | | |
| cash and cash equivalent | 5.37 | 44.13 |
| Interest income from others | 26.56 | 11.49 |
| Insurance claim received | 2.46 | - |
| Gain on sale of Investments | 6.80 | 8.89 |
| Liabilities written back to the extent no longer required | 1.50 | 16.15 |
| Net gain on account of foreign currency transactions | 501.01 | 223.66 |
| Contractually reimbursable costs and interest | 100.00 | - |
| Miscellaneous income | 34.98 | 2.20 |
| | **678.68** | **306.52** |
| **28 Costs of materials consumed** | | |
| Inventory of materials at the beginning of the year | 2,041.66 | 1,244.83 |
| Add: Purchases | 17,467.32 | 15,521.37 |
| Less: Inventory of materials at the end of the year | 2,372.81 | 2,041.66 |
| | **17,136.17** | **14,724.54** |
| **29 Changes in inventories of finished goods, work in progress and stock in trade** | | |
| **Inventory at the beginning of the year** | | |
| - Finished goods | 442.45 | 329.84 |
| - Work in progress | 218.84 | 275.39 |
| - Traded goods | - | - |
| **(A)** | **661.29** | **605.23** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | | 31 March, 2018 | 31 March, 2017 |
|---|---|---|---|
| **Inventory at the end of the year** | | | |
| - Finished goods | | 507.71 | 442.45 |
| - Work in progress | | 321.37 | 218.84 |
| - Traded goods | | - | - |
| | **(B)** | **829.08** | **661.29** |
| **Change in Inventories** | | | |
| - Finished goods | | (65.26) | (112.61) |
| - Work in progress | | (102.53) | 56.55 |
| - Traded goods | | - | - |
| **Increase in Inventory** | **(A-B)** | **(167.79)** | **(56.06)** |

## 30 Employee benefits expense

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| Salaries, wages and bonus | 1,868.96 | 1,569.80 |
| Contribution to provident fund and other funds (refer Note 44) | 109.85 | 93.04 |
| Gratuity | 54.81 | 43.72 |
| Employee share based expense (refer Note 46) | 28.57 | 35.19 |
| Staff welfare expenses | 58.75 | 47.67 |
| | **2,120.94** | **1,789.42** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **31 Finance Costs** | | |
| Interest expense on financial liabilities measured at amortised cost | 133.17 | 160.16 |
| Dividend on redeemable preference shares (including related dividend distribution tax) | 100.82 | 92.18 |
| | **233.99** | **252.34** |
| **32 Depreciation and amortisation expense** | | |
| Depreciation of Property, plant and equipment (Refer note 5) | 1,093.49 | 905.92 |
| Amortisation of Intangible assets (Refer note 6) | 4.13 | 1.95 |
| | **1,097.62** | **907.87** |
| **33 Other expenses** | | |
| Consumption of Stores and spares | 441.52 | 468.45 |
| Security and contract labour charges | 1,213.15 | 1,047.70 |
| Power and fuel | 1,020.42 | 737.45 |
| Freight and forwarding charges | 1,392.51 | 1,026.54 |
| Rent (also refer note 38) | 313.67 | 208.39 |
| Rates and taxes | 14.93 | 8.44 |
| Insurance | 58.19 | 41.70 |
| Repairs and maintenance | 221.66 | 146.31 |
| Advertisement and business promotion expenses | 7.82 | 27.36 |
| Travelling and conveyance expenses | 180.07 | 136.51 |
| Communication costs | 46.22 | 47.88 |
| Legal and professional fees | 227.18 | 231.64 |
| Auditor's remuneration (refer note (i) below) | 26.55 | 21.48 |
| Loss on fixed assets sold / discarded (net) | 6.84 | 27.68 |
| Receivable/deposits written off | 23.57 | - |
| Bad debt/deposits written off | 3.77 | 5.22 |
| Allowance for doubtful advances/receivables | 4.46 | 8.90 |
| Corporate social responsibilities expenditure (refer note (ii) below) | 48.93 | 25.52 |
| Miscellaneous expenses | 357.33 | 278.44 |
| | **5,608.79** | **4,495.61** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **i) Payments to auditors (includes Service Tax and cess)** | | |
| As auditor | | |
| Statutory audit | 14.20 | 9.00 |
| Limited reviews | 5.50 | 4.50 |
| Tax audit | 2.00 | 2.15 |
| Certifications | 3.17 | 3.02 |
| Reimbursement of expenses | 1.68 | 2.81 |
| **Total** | **26.55** | **21.48** |
| Includes INR 4.10 lakhs (2017: INR 21.48 lakhs) related to remuneration paid to erstwhile auditors. | | |
| **ii) Details of corporate social responsibility expenditure** | | |
| a) Gross amount required to be spent by the Company during the year | 50.98 | 30.37 |
| b) Amount spent during the year: | | |
| (i) Construction / acquisition of any asset | - | - |
| (ii) Promotion of education (Construction of School) | 48.93 | 19.18 |
| (iii) Others | - | 11.50 |
| **Total** | **48.93** | **30.68** |
| c) Unspent amount | 2.05 | - |

## 34. Income tax expense

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **A. Amounts recognised in profit or loss** | | |
| Current period | 1,440.30 | 1,273.28 |
| Changes in estimate related to prior years | (91.65) | (35.00) |
| **Current tax (a)** | **1,348.65** | **1,238.28** |
| Attributable to - | | |
| Origination and reversal of temporary differences | 109.70 | (17.82) |
| **Deferred tax (b)** | **109.70** | **(17.82)** |
| **Tax expense (a) + (b)** | **1,458.35** | **1,220.46** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March 2018 | | | 31 March 2017 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| **B. Income tax recognised in other comprehensive income** | | | | | | |
| Remeasurements of employee benefit obligations | (46.29) | 16.02 | (30.27) | (81.10) | 28.07 | (53.03) |
| Deferred gain/(losses) on cash flow hedges | (150.51) | 52.09 | (98.42) | 276.46 | (95.68) | 180.78 |
| | (196.80) | 68.11 | (128.69) | **195.36** | **(67.61)** | **127.75** |

| | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | % | Amount | % | Amount |
| **C. Reconciliation of effective tax rate** | | | | |
| **Profit before tax** | | 4,104.00 | | 3,419.84 |
| **Tax using the Company's domestic tax rate** | 34.61% | 1,420.39 | 34.61% | 1,183.61 |
| **Effect of:** | | | | |
| Non deductible expenses | 1.67% | 68.34 | 1.59% | 54.48 |
| Changes in estimates related to prior years | -0.20% | (8.15) | 1.02% | 35.00 |
| Enhanced deduction of research and development expense | -0.54% | (22.23) | -1.54% | (52.61) |
| **Effective tax rate / tax expense** | 35.53% | 1,458.35 | **35.69%** | **1,220.46** |

| | Deferred tax (assets) | | Deferred tax liabilities | | Net deferred tax (assets) liabilities | |
|---|---|---|---|---|---|---|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| **D. Recognised deferred tax assets and liabilities** | | | | | | |
| **Deferred tax assets and liabilities are attributable to the following:** | | | | | | |
| Property, plant and equipment and intangible assets | - | - | **637.49** | 514.61 | 637.49 | 514.61 |
| Inventories | **22.54** | - | - | - | (22.54) | - |
| Trade receivables | **0.25** | 4.20 | - | - | (0.25) | (4.20) |
| Other non-current assets | **5.68** | 12.49 | - | - | (5.68) | (12.49) |
| Provision - employee benefits | **160.33** | 123.70 | - | - | (160.33) | (123.70) |
| Provision - others | **2.08** | 15.64 | - | - | (2.08) | (15.64) |
| cash flow hedge reserve | - | - | **64.34** | 116.43 | 64.34 | 116.43 |
| Other items | **1.58** | 7.23 | - | - | (1.58) | (7.23) |
| | **192.46** | **163.26** | **701.83** | **631.04** | **509.37** | **467.78** |
| Offsetting of deferred tax assets and deferred tax liabilities | **701.83** | 631.04 | **(192.46)** | (163.26) | - | - |
| **Net deferred tax (assets) / liabilities** | **509.37** | **467.78** | **509.37** | **467.78** | **509.37** | **467.78** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| Movement in temporary differences: | Balance as at 1 April 2016 | Recognised in profit or loss during 2016-17 | Recog-nised in OCI during 2016-17 | Balance as at 31 March 2017 | Recognised in profit or loss during 2017-18 | Recognised in OCI during 2017-18 | Balance as at 31 March 2018 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment and intangible assets | 517.30 | (2.69) | - | 514.61 | 122.88 | - | **637.49** |
| Inventories | - | - | - | - | (22.54) | - | **(22.54)** |
| Trade receivables | (2.23) | (1.97) | - | (4.20) | 3.95 | - | **(0.25)** |
| Other non-current assets | (11.56) | (0.93) | - | (12.49) | 6.81 | - | **(5.68)** |
| Provision - employee benefits | (98.11) | 2.48 | (28.07) | (123.70) | (20.61) | (16.02) | **(160.33)** |
| Provision - others | (0.41) | (15.23) | - | (15.64) | 13.56 | - | **(2.08)** |
| Cash flow hedge reserve | 20.74 | - | 95.68 | 116.43 | - | (52.09) | **64.34** |
| Other items | (7.73) | 0.50 | - | (7.23) | 5.65 | - | **(1.58)** |
| | **418.00** | **(17.84)** | **67.61** | **467.78** | **109.70** | **(68.11)** | **509.37** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **35 Contingent liabilities and commitments (to the extent not provided for)** | | |
| **Contingent liabilities** | | |
| a. Claims against the Company not acknowledged as debts | | |
| Income tax matters* | 1,044.83 | 1,004.75 |
| Excise duty and Custom duty matters (see note below) | 362.93 | 96.50 |
| Sales Tax demands | 9.30 | 9.30 |
| Employees/labour claims | 3.49 | 2.24 |
| **Commitments** | | |
| a. Estimated amount of contracts remaining to be executed on | | |
| capital account and not provided for (net of advances) | 188.51 | 680.89 |
| **Total** | **1,609.05** | **1,793.68** |

**Sub-note:**

* During the year, a draft order dated 30 November 2017 was received relevant to the assessment year 2014-2015 from the Deputy Commissioner of Income Tax, Pune ('DCIT') proposing upward adjustment of income amounting to INR 991 lakhs under transfer pricing regulations, resulting in approximate tax impact of INR 336.84 lakhs (calculated at tax rate of 30.90%) excluding the amount of penalty and interest. The Company has filed an objection with Dispute Resolution Panel for the same and is awaiting the final order.

Income tax demand comprise demand from the Indian tax authorities, upon completion of their tax review for the assessment years 2008-09 to 2013-14. The tax demands are mainly on account of certain transfer pricing adjustments of expenses claimed by the Company under the Income Tax Act. The matters are pending before the Income Tax Appellate Tribunal and the Commissioner of Income tax (Appeals).

Excise duty demand comprise demand from the Central Excise authorities of INR 98.83 lakhs (31 March 2017: INR 96.50 lakhs). The tax demands are mainly related to Excise duty on clearance of goods under certain concessional rate of duty, which as per Department's contention, are not covered under such category. These litigation are pending before various authorities such as Commissioner of Central Excise (Appeals) and Central Excise and Service Tax Appellate Tribunal.

The Company is contesting the demands and the management believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceeding will not have a material adverse effect on the Company's financial position and results of operations.

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash flow, if any, in respect of the above as it is determinable only on receipt judgements / decision pending with various forums/authorities.

Custom duty demand comprise demand from the Office of the Commisioner of Custom of INR 264.09 lakhs (31 March 2017: INR Nil lakhs). The tax demands are mainly related to benefit received by the company under Vishesh Krishi and Gram Udyog Yojana (VKGUY), which as per Department's contention, have been availed under incorrect and inadmissible notification. This litigation is pending before Commissioner of Customs .

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where the provision is required and disclosed as contingent liabilities where applicable, in its financial statements.

## 36. Compliance with Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any intimation from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to amounts unpaid as at year end together with interest paid/payable as required under the said Act have not been given.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

## 37. Earnings per share

### A. Basic earnings per share

The calculation of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic earnings per share calculation are as follows:

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **i. Profit attributable to equity shareholders (basic)** | | |
| Profit for the year, attributable to the equity holders | **2,645.65** | 2,199.38 |

**ii. Weighted average number of equity shares (basic)**

| | Note | 31 March 2018 | 31 March 2017 |
|---|---|---|---|
| **In lakhs of shares** | | | |
| Opening balance | 17 | **25.66** | 25.66 |
| Effect of changes during the year | | - | - |
| **Weighted average number of equity shares for the year** | | **25.66** | **25.66** |

### B. Diluted earning per share

The calculation of diluted earning per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjusting for the effects of all dilutive potential equity shares as follows:

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **i. Profit attributable to equity shareholders (diluted)** | | |
| Profit for the year, attributable to the equity holders (diluted) | **2,645.65** | 2,199.38 |

**ii. Weighted average number of equity shares (diluted)**

| | Note | 31 March 2018 | 31 March 2017 |
|---|---|---|---|
| **In lakhs of shares** | | | |
| Opening balance | 17 | **25.66** | 25.66 |
| Effects of dilutive potential equity shares | | - | - |
| **Weighted average number of equity shares for the year** | | **25.66** | **25.66** |

## 38. Operating leases

### A. Leases as lessee

The Company has taken on lease a number of offices, warehouse and factory premises under operating leases, The leases typically runs for a period of 3 to 5 years, generally with an option to renew the lease after that period. Lease payments are negotiated after the end of every lease term to reflect market rentals.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

**i. Future minimum lease payments**

At 31 March, the future minimum lease payments to be made under non-cancellable operating lease are as follows:

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| Payable within one year | 32.25 | 62.25 | 60.00 |
| Payable between one and five years | - | 32.25 | 94.50 |
| Payable after five years | - | - | - |
| **Total** | **32.25** | **94.50** | **154.50** |

## 39. Details of Specified Bank Notes held

Details of Specified Bank Notes ('SBN') held and transacted during the period 08 November 2016 to 30 December 2016 (in accordance with the notification issued by Ministry of Corporate Affiars G.S.R. 308 (E) dated 30th March 2017):

| Particulars | Specified Bank Notes | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08 November 2016 | 0.45 | 0.32 | 0.77 |
| Add : Permitted receipts | - | 0.08 | 0.08 |
| Add: Not permitted receipts | 0.25 | - | 0.25 |
| Less : Permitted payments | - | 4.60 | 4.60 |
| Less: Not permitted Payments | 0.36 | - | 0.36 |
| Less : Amount deposited in Banks | 0.34 | - | 0.34 |
| Add : Withdrawal from Banks | - | 4.80 | 4.80 |
| **Closing cash in hand as on 30 December 2016** | **-** | **0.60** | **0.60** |

## 40. Capital management

A business objective of the Company is to sustain the strongest possible equity base in order to foster confidence in all key stakeholders and promote the Company's onward development. A sound equity base is also a key factor in ensuring a stable risk rating with lenders, which is important for obtaining acceptable borrowing terms for the Company. The Board of Directors and the shareholders of the Company ensure a responsible dividend policy and an appropriate return on invested capital to promote value growth and safeguard the Company's future.

The Board of Directors of the Company are kept informed about the equity position of the Company as part of quarterly reporting. Measures are implemented as necessary, taking the tax and legal frameworks into account, to sustain an appropriate capital base that enables to attain operating targets and to meet the strategic goals.

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| Total borrowings | 5,446.51 | 6,316.76 | 5,022.28 |
| Less: cash and cash equivalent | 566.76 | 339.21 | 441.75 |
| Adjusted net debt | 4,879.75 | 5,977.55 | 4,580.53 |
| Total equity | 9,927.74 | 7,443.97 | 5,143.42 |
| Less:effective portion of cash flow hedge | 185.89 | 336.40 | 59.94 |
| Adjusted equity | 9,741.85 | 7,107.57 | 5,083.48 |
| Adjusted net debt to adjusted equity ratio | 0.50 | **0.84** | **0.90** |

The Company is required to comply with certain covenants for the borrowing facilities availed by the Company. The Company has complied with these covenants throughout the reporting period.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### 41. Disclosure in respect of Research and Development activities as per the requirements of Guidelines issued by the Department of Scientific and Research ('DSIR'):

The Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India has recognized Tasty Bite Research Center ('TBRC') as an "In-house R&D facility" with effect from June 21, 2011.

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **Amount eligible for deduction under section 35(2AB) of the Income Tax Act, 1961:** | | |
| Amount debited to Statement of profit and loss, excluding depreciation | 157.22 | 162.15 |
| Amount not debited to Statement of profit and loss | 0.28 | 6.08 |
| **Total eligible expenditure** | **157.50** | **168.23** |

Revenue expenditure on Research and development activities charged to Statement of profit and loss:

Capital expenditure for Research and development included under fixed assets:

| Particulars | Plant and equipments | |
|---|---|---|
| | 31 March 2018 | 31 March 2017 |
| **Gross block** | | |
| As at the beginning of the year | 155.74 | 149.66 |
| Additions (represents capital expenditure during the year) | 0.28 | 6.08 |
| **As at the end of the year** | **156.02** | **155.74** |
| **Accumulated depreciation/amortisation** | | |
| As at the beginning of the year | 49.98 | 39.23 |
| Charge for the year | 11.20 | 10.75 |
| **As at the end of the year** | **61.18** | **49.98** |
| **Net block** | **94.84** | **105.76** |

### 42. Transfer pricing regulations

The Company has established a comprehensive system of maintenance of information and documentation as required by the transfer pricing legislation under section 92- 92F of the Income Tax Act, 1961. The Company is in process of preparing related documentation for the financial year 2017-2018.

The management is of the opinion that its international transactions are at arm's length such that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 43. Segment Information

**A. Business Segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

other components, and for which discrete financial information is available. The Company recognizes its sale of Prepared Foods activity as its only primary business segment since its operations predominantly consist of manufacture and sale of Prepared Foods to its customers. The 'Chief Operating Decision Maker' monitors the operating results of the Company's business as single segment. Accordingly in context of 'Ind AS 108 - Operating Segments' the principle business of the Company constitute a single reportable segment. Accordingly, income from sale of Prepared Foods comprises the primary basis of segmental information set out in these financial statements.

**B. Geographical Segments**

The geographical information analyses the Company's revenues by the Company's country of domicile (i.e. India) and other countries. The Company has identified India, United States of America and Rest of the World as geographical location for the presenting the geographical information. In presenting the geographical information, revenue is allocated based on the geographical location of the customers and non current assets (excluding financial instruments ) are allocated based on the location of the assets.

| | | 31 March, 2018 | 31 March, 2017 |
|---|---|---|---|
| **i.** | **Revenues by location of the customers** | | |
| | India | 8,810.94 | 7,880.91 |
| | United States of America | 17,643.22 | 15,529.24 |
| | Rest of the world | 3,178.14 | 1,967.30 |
| | **Total** | **29,632.30** | **25,377.45** |

| | | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|---|
| **ii.** | **Carrying amount of non current assets (excluding financial instruments) by the location of the assets** | | | |
| | India | 8,510.55 | 7,758.40 | 6,204.08 |
| | United States of America | 0.38 | - | - |
| | Rest of the world | 79.23 | 277.18 | 70.86 |
| | **Total** | **8,590.16** | **8,035.58** | **6,274.94** |

**C. Information about major customers**

Revenue from one of the customers of the Company's single segment i.e. Prepared Foods is INR 17,643.22 lakhs (2017 : INR 15,529.24 lakhs) which is more than 10 percent of the total revenue for the year ended 31 March 2018 and 31 March 2017.

## 44. Assets and liabilities relating to employee benefits

| | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| Net defined benefit liability - Gratuity plan | 272.39 | 221.69 | 168.21 |
| Liability for compensated absences | 190.86 | 135.72 | 115.26 |
| **Total employee benefit liabilities** | **463.25** | **357.41** | **283.47** |
| **Non-current** | **367.30** | **272.47** | **231.61** |
| **Current** | **95.95** | **84.94** | **51.86** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

For details about the related employees benefit expenses (including those of Defined Contribution Plan), see Note 30
The Company operates the following post employment benefit plans:

"The Company has a defined benefit plan, governed by the Payment of Gratuity Act, 1972. Benefit plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days for every completed year of service or part thereof in excess of six months., based on the rates of wages last drawn by the employee concerned. The defined benefit plan for gratuity is administered and funded through a Group Gratuity Scheme with HDFC Life. These defined benefit plans expose the Company to actuarial risk, such as longevity risk, interest rate risk and market (investment) risk."

**A. Funding**

Gratuity Plan is funded by the Company. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of Gratuity Plan is based on separate actuarial valuation for funding purposes for which assumption may differ from the assumptions set out in (E). Employees do not contribute to the plan.

The Company expects to pay INR 65 lakhs in contributions to its defined benefit plans in 2018-2019.

**B. Reconciliation of the net defined benefit liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **Reconciliation of present value of defined benefit obligation (A)** | | |
| Balance at the beginning of the year | 434.67 | 299.81 |
| Current service cost | 39.30 | 30.61 |
| Interest cost | 30.41 | 23.37 |
| Actuarial (gain)/ loss on obligations recognised in other comprehensive income in other comprehensive income | | |
| - changes in demographic assumptions | 1.21 | - |
| - changes in financial assumptions | (6.21) | 19.78 |
| - experience variance | 49.98 | 72.44 |
| Benefits paid | (15.15) | (11.34) |
| **Balance as the end of the year** | **534.21** | **434.67** |
| **Reconciliation of present value of plan assets (B)** | | |
| Balance at the beginning of the year | 212.98 | 131.60 |
| Investment Income | 14.90 | 10.26 |
| Employers contributions | 40.00 | 60.00 |
| Benefits paid | (4.75) | - |
| Return on plan assets | (1.31) | 11.12 |
| **Balance as the end of the year** | **261.82** | **212.98** |
| **Net defined benefit liability (A) - (B)** | **272.39** | **221.69** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### 44. Assets and liabilities relating to employee benefits (continued)

| | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **C. (i) Expense recognised in profit or loss** | | |
| Current service cost | 39.30 | 30.61 |
| Interest cost | 30.41 | 23.37 |
| Interest income | (14.90) | (10.26) |
| **Total** | 54.81 | 43.72 |
| **C. (ii) Remeasurements recognised in other comprehensive income** | | |
| Actuarial (gain) loss on defined benefit obligation | 178.74 | 92.22 |
| Return on plan assets excluding interest income | 1.31 | (11.13) |
| **Total** | 180.05 | 81.09 |
| **D. Plan assets** | | |
| Plan assets comprise of the following: | | |
| State Government securities | 27% | - |
| High quality corporate bonds | 41% | - |
| Equity shares of listed companies | 25% | - |
| Funds managed by Insurer | - | 100% |
| Other Investments | 7% | - |
| | 100% | 100% |
| **E. Defined benefit obligation** | | |
| **i. Actuarial assumptions** | | |
| **Principal actuarial assumptions at the reporting date:** | | |
| Discount rate | 7.70% | 7.00% |
| Future salary growth | 8.00% | 7.50% |
| Attrition rate | 9.00% | 10.50% |
| Mortality rate (% of IALM 06-08) | 100% | 100% |

Assumptions regarding future mortality are based on published statistics and mortality tables (i.e. India Assured Live Mortality (2006-08).

At 31 March 2018, the weighted average duration of the defined benefit obligation is 6 years

**ii. Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

| Effect in lakhs of INR | 31 March 2018 | | 31 March 2017 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (30.58) | 34.16 | (24.38) | 27.13 |
| Future salary growth (1% movement) | 33.73 | (30.77) | 26.73 | (24.49) |
| Attrition rate (50% movement) | (3.36) | 4.52 | (4.44) | 6.34 |
| Mortality rate (10% movement) | (0.02) | 0.02 | (0.03) | 0.03 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### 45. Related party disclosures.

**A. Parent , Ultimate controlling party and Fellow Subsidiary**

| Sr. No. | Name | Relationship |
|---|---|---|
| 1 | Effem Holdings Limited (With effect from 02 November 2017) | Ultimate Holding Company |
| 2 | Kagome Co Ltd (Till 01 November 2017) | Ultimate Holding Company |
| 3 | Preferred Brands Foods (India) Private Limited | Holding Company |
| 4 | Preferred Brands International, Inc. USA (PBI Inc. is Holding company of Preferred Brands Foods (India) Private Limited) | Holding Company |
| 5 | Preferred Brands Australia Pty. Ltd. | Fellow Subsidiary |
| 6 | Preferred Brands UK Ltd. | Fellow Subsidiary |
| 7 | Kagome Australia Pty. Ltd (Till 01 November 2017) | Fellow Subsidiary |
| 8 | Kagome Foods India Private Limited (Till 01 November 2017) | Fellow Subsidiary |
| 9 | United Gentics India Private Limited (Till 01 November 2017) | Fellow Subsidiary |

**B. Transactions with key management personnel**

| Sr. No. | Name | Relationship |
|---|---|---|
| 1 | Mr. Ravi Nigam | Managing Director |
| 2 | Mr. Sohel Shikari | Chief Financial Officer and Alternate Director |
| 3 | Ms. Minal Talwar | Company Secretary |

| Key management personnel compensations | Ravi Nigam | | Sohel Shikari | | Minal Talwar | |
|---|---|---|---|---|---|---|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| Short term employee benefits | 133.50 | 105.16 | 135.03 | 106.47 | 9.67 | 7.88 |
| Post-employment defined benefit plan | 87.99 | 63.64 | 59.24 | 35.74 | 1.19 | 0.80 |
| Post-employment defined contribution plan | 9.58 | 7.34 | 6.58 | 4.14 | 0.58 | 0.53 |
| Compensated absences | 27.55 | 20.81 | 29.79 | 21.05 | 0.77 | - |
| Share-based payments (paid by PBI Inc.) | - | - | - | - | 5.37 | 1.38 |
| Termination benefits | - | - | - | - | - | - |
| | 258.62 | 196.95 | 230.64 | 167.40 | 17.58 | 10.59 |

**C. Remuneration to non executive / independent directors**

| Name of the director | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| Rama Kannan | 1.50 | - |
| Chengappa Ganapati | 0.75 | - |
| Kavas Patel | 3.75 | 3.00 |
| Sucharita Hegde* | 1.50 | 3.00 |
| Vallampaduigai Arunachalam ** | 3.00 | 2.25 |
| Dawn Allen | - | - |
| Ashok Vasudevan | - | - |
| Masahiro Sumitomo | - | - |
| | 10.50 | 8.25 |

* Resigned as non executive independent director on 9 October 2017

** Resigned as non executive independent director on 9 March 2018

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### D. Related party transactions other than those with key management personnel

| Transaction / Balance | Enterprise | 31 March 2018 | 31 March 2017 |
|---|---|---|---|
| **Sales** | Preferred Brands International, Inc. USA | 17,643.22 | 15,529.24 |
| | Preferred Brands Australia Pty. Ltd. | 264.15 | 315.81 |
| | Preferred Brands United Kingdom Ltd. | 79.01 | 188.74 |
| **Purchases** | Kagome Foods India Private Limited | 22.55 | 23.98 |
| | Kagome Foods Australia Pty Ltd | 28.04 | 156.61 |
| | Kagome Inc. | 399.78 | - |
| **Dividend paid on equity shares** | Preferred Brands Foods (India) Private Limited | 38.09 | 38.09 |
| **Dividend paid on preference shares** | Preferred Brands Foods (India) Private Limited | 0.60 | 0.60 |
| **Interest on loan taken** | Preferred Brands International, Inc. USA | - | 1.50 |
| **Balance outstanding** | | | |
| **A. Trade receivables** | Preferred Brands International, Inc. USA | 1,893.19 | 2,445.88 |
| | Preferred Brands Australia Pty. Ltd. | 29.70 | 58.04 |
| | Preferred Brands UK Ltd. | 28.49 | 18.44 |
| | Kagome Company Limited | - | 25.83 |
| **B. Other payables** | Preferred Brands International, Inc. USA | 7.98 | 12.16 |
| | Preferred Brands Australia Pty. Ltd. | 3.17 | 0.58 |
| | Kagome Foods India Private Limited | - | 14.62 |
| **Expense charged to related parties in nature of:** | | | |
| **A. Courier and postage** | Preferred Brands International, Inc. USA | 9.74 | 13.89 |
| | Preferred Brands Australia Pty. Ltd. | 0.88 | 4.11 |
| **B. Travelling and conveyance** | Preferred Brands International, Inc. USA | 4.51 | - |
| **C. Reimbursements** | Effem Holdings Company | 0.98 | - |
| | Preferred Brands Foods (India) Private Limited | 0.55 | 0.93 |
| | Kagome Company Limited | 1.47 | 108.19 |
| | Kagome Foods India Private Limited | - | 1.16 |
| | United Gentics India Private Limited | - | 1.02 |
| **Expense charged by related parties in nature of:** | | | |
| **A. Travelling and conveyance** | Preferred Brands International, Inc. USA | 9.94 | 28.37 |
| | Kagome Inc. | 2.47 | - |
| **B. Reimbursements** | Preferred Brands Australia Pty. Ltd. | 3.47 | 0.13 |

### a) Background:

Specified employees of the Company were eligible for equity settled stock options under Preferred Brand Inc.'s ('PBI Inc.' or the Holding Company's) 2009 Non-Qualified Stock Option and Equity Plan ('the Equity Plan'). However, during the year 2015 a value pool agreement was entered into, by and between PBI Inc., the Company and the holders of outstanding options ('Holders'), wherein PBI Inc. and the Holders agreed to cancel the Options and terminate the Grant Agreements in exchange for a consideration payable by PBI Inc. in lieu of such cancellation of unvested options to the employees of the Company.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

The details of such aggregate consideration was as below:

| Payout date | Consideration payable (Amount in USD) |
|---|---|
| 01-Apr-16 | $53,184 |
| 01-Apr-17 | $44,070 |
| 01-Apr-18 | $76,970 |

**b) Conditions:**

The consideration is payable only to those Holders who continue their employment with the Company on such dates. Any payments forfeited shall be credited to a segregated account of the Company and on 1 April 2020 shall be allocated and paid pro-rata among the Holders and each other Holder who is employed by the Company.

**c) Classification of share based payments:**

In accordance with Ind-AS 102, the classification of the share-based payment transaction depends on the nature of the award granted and whether the entity has an obligation to settle the transaction and if the entity has either an obligation to settle in its own equity instruments or no obligation to settle at all, then the transaction is accounted as Equity Settled. Since, the Company does not have any obligation to reimburse corresponding cost of share based payment transaction to PBI Inc., it has classified the settlement as Equity Settled.

**d) Expense recognized in the Statement of Profit and Loss:**

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---|---|
| Share based payment | 28.57 | 35.19 |

**e) Measurement of settlement:**

Since the amount of cash payment is pre-determined by the Holding Company based on the Value Pool agreement and the Employee covered were specifically mentioned in the said agreement, the Company is of the view that the share based payment shall be measured at such amount agreed since the Company does not have any separate obligation towards the settlement. Accordingly, the details of the fair value and the inputs used in the measurement of the grant-date fair values are not required. Further, since the aggregate amount payable is pre-determined and any payments forfeited shall be allocated and paid pro-rata among the Holders who are in employment with the Company; details such as reconciliation of outstanding share options, weighted average etc. are not applicable.

The liabilities as at 31 March 2016 and 31 March 2017 were settled by PBI Inc. during the year ended 31 March 2017 and 31 March 2018 respectively.

## 47. Financial instruments - Fair value and risk management

**A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

| 31 March 2018 | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVOCI | Amortised cost | Total | Level 1** | Level 2** | Level 3** |
| **Financial assets measured at fair value** | | | | | | | | |
| Forward exchange contracts used for hedging | 13 | - | 66.21 | - | 66.21 | - | 66.21 | - |
| Interest rate swaps used for hedging | 13 | - | 119.68 | - | 119.68 | - | 119.68 | - |
| ***Financial assets not measured at fair value**** | | | | | | | | |
| Security deposits | 7 | - | - | 34.70 | 34.70 | | | |
| Trade receivables | 10 | - | - | 3,689.21 | 3,689.21 | | | |
| Cash and cash equivalent | 11 | - | - | 566.76 | 566.76 | | | |
| Bank balance other than cash and cash equivalent | 12 | - | - | 11.60 | 11.60 | | | |
| Other receivables (including contractually reimbursable costs and interest) | 15 | - | - | 349.31 | 349.31 | | | |
| **Total financial assets** | | **-** | **185.89** | **4,651.58** | **4,837.47** | **-** | **185.89** | **-** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| 31 March 2018 | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVOCI | Amortised cost | Total | Level 1** | Level 2** | Level 3** |
| ***Financial liabilities not measured at fair value**** | | | | | | | | |
| External Commercial Borrowings | 19 | - | - | 3,057.04 | 3,057.04 | | | |
| Working Capital Loans repayable on demands from banks | 19 | - | - | 651.30 | 651.30 | | | |
| Trade payables | 21 | - | - | 2,567.64 | 2,567.64 | | | |
| Current portion of unsecured bank loans | 23 | - | - | 562.56 | 562.56 | | | |
| 1% Non-Cumulative, Non-Convertible, Redeemable Preference Shares | 23 | - | - | 1,175.61 | 1,175.61 | | | |
| Interest accrued but not due on borrowings | 23 | - | - | 11.74 | 11.74 | | | |
| Payable for capital goods | | | | 118.12 | 118.12 | | | |
| Deposits received from dealers | 23 | - | - | 3.00 | 3.00 | | | |
| Employee dues | 23 | - | - | 79.52 | 79.52 | | | |
| Unclaimed dividend | 23 | - | - | 7.74 | 7.74 | | | |
| Other payables (also refer note 45 for payables to related parties) | 23 | | | 11.15 | 11.15 | | | |
| **Total financial liabilities** | | **-** | **-** | **8,245.42** | **8,245.42** | **-** | **-** | **-** |

| 31 March 2017 | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVOCI | Amortised cost | Total | Level 1** | Level 2** | Level 3** |
| ***Financial assets measured at fair value*** | | | | | | | | |
| Forward exchange contracts used for hedging | 13 | - | 329.55 | - | 329.55 | - | 329.55 | - |
| Interest rate swaps used for hedging | 13 | - | 66.25 | - | 66.25 | - | 66.25 | - |
| ***Financial assets not measured at fair value**** | | | | | | | | |
| Security deposits | 7 | - | - | 33.79 | 33.79 | | | |
| Trade receivables | 10 | - | - | 3,299.04 | 3,299.04 | | | |
| Cash and cash equivalent | 11 | - | - | 339.21 | 339.21 | | | |
| Bank balance other than cash and cash equivalent | 12 | - | - | 287.31 | 287.31 | | | |
| Interest accrued on fixed deposit | 15 | - | - | 8.70 | 8.70 | | | |
| Other receivables (including contractually reimbursable costs and interest) | 15 | - | - | 26.86 | 26.86 | | | |
| Deposits with banks having remaining maturity of more than 12 months | 7 | - | - | 23.07 | 23.07 | | | |
| **Total financial assets** | | **-** | **395.80** | **4,017.98** | **4,413.78** | **-** | **395.80** | **-** |

* Financial assets and liabilities such as trade receivables, employee dues, cash and cash equivalent, bank balance other than cash and cash equivalents, security deposits, interest accrued on fixed deposits, borrowing, trade payables, deposits from dealers, unclaimed dividend, Other payables etc. are largely short-term in nature. The fair values of these financial assets and liabilities approximate their carrying amount due to the short-term nature of such assets and liabilities.

** Also refer Note 2.5

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

## 47. Financial instruments - Fair value and risk management (Continued)

### A. Accounting classification and fair values (continued)

| 31 March 2017 | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVOCI | Amortised cost | Total | Level 1** | Level 2** | Level 3** |
| ***Financial liabilities not measured at fair value**** | | | | | | | | |
| External Commercial Borrowings | 19 | - | - | 3,441.91 | 3,441.91 | | | |
| Buyers Credit | 19 | - | - | 161.79 | 161.79 | | | |
| Redeemable preference shares | 19 | - | - | 1,074.79 | 1,074.79 | | | |
| Working Capital Loans repayable on demands from banks | 19 | - | - | 1,361.85 | 1,361.85 | | | |
| Trade payables | 21 | - | - | 2,007.53 | 2,007.53 | | | |
| Current portion of unsecured bank loans | 23 | - | - | 276.42 | 276.42 | | | |
| Interest accrued but not due on borrowings | 23 | - | - | 11.04 | 11.04 | | | |
| Deposits received from dealers | 23 | - | - | 4.76 | 4.76 | | | |
| Payable for capital goods | 23 | - | - | 136.06 | 136.06 | | | |
| Employee dues | 23 | - | - | 78.40 | 78.40 | | | |
| Unclaimed dividend | 23 | - | - | 6.85 | 6.85 | | | |
| Other payables | 23 | - | - | 75.09 | 75.09 | | | |
| **Total financial liabilities** | | **-** | **-** | **8,636.49** | **8,636.49** | **-** | **-** | **-** |

| 1 April 2016 | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVOCI | Amortised cost | Total | Level 1** | Level 2** | Level 3** |
| ***Financial assets measured at fair value*** | | | | | | | | |
| Forward exchange contracts used for hedging | 13 | - | 81.55 | - | 81.55 | - | 81.55 | - |
| Investment | 14 | 190.93 | - | - | 190.93 | 190.93 | - | - |
| ***Financial assets not measured at fair value**** | | | | | | | | |
| Security deposits | 7 | | | 32.80 | 32.80 | | | |
| Trade receivables | 10 | - | - | 2,332.18 | 2,332.18 | | | |
| Cash and cash equivalent | 11 | - | - | 441.75 | 441.75 | | | |
| Bank balance other than cash and cash equivalent | 12 | - | - | 287.70 | 287.70 | | | |
| Other receivables (including contractually reimbursable costs and interest) | 15 | - | - | 16.94 | 16.94 | | | |
| **Total financial assets** | | **190.93** | **81.55** | **3,111.37** | **3,383.85** | **190.93** | **81.55** | **-** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| 1 April 2016 | Note | Carrying amount | | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|
| | | FVTPL | FVOCI | Amortised cost | Total | Level 1** | Level 2** | Level 3** |
| ***Financial liabilities measured at fair value*** | | | | | | | | |
| Derivative contract liabilities | 22 | - | 21.61 | - | 21.61 | - | 21.61 | - |
| ***Financial liabilities not measured at fair value**** | | | | | | | | |
| External Commercial Borrowings | 19 | - | - | 1,974.35 | 1,974.35 | | | |
| Buyers Credit | 19 | - | - | - | - | | | |
| Redeemable preference shares | 19 | - | - | 982.61 | 982.61 | | | |
| Working Capital Loans repayable on demands from banks | 19 | - | - | 1,684.02 | 1,684.02 | | | |
| Trade payables | 21 | - | - | 1,958.74 | 1,958.74 | | | |
| Current portion of unsecured bank loans | 23 | - | - | 381.30 | 381.30 | | | |
| Interest accrued but not due on borrowings | 23 | - | - | 2.06 | 2.06 | | | |
| Deposits received from dealers | 23 | - | - | 1.00 | 1.00 | | | |
| Payable for capital goods | 23 | | | 74.89 | 74.89 | | | |
| Dividend on 1% Non-Cumulative, Non-Convertible, Redeemable Preference Shares | 23 | | | 0.60 | 0.60 | | | |
| Employee dues | 23 | - | - | 57.37 | 57.37 | | | |
| Unclaimed dividend | 23 | - | - | 5.19 | 5.19 | | | |
| Other payables | 23 | - | - | 72.05 | 72.05 | | | |
| **Total financial liabilities** | | **-** | **21.61** | **7,194.18** | **7,215.79** | **-** | **21.61** | **-** |

* Financial assets and liabilities such as trade receivables, employee dues, cash and cash equivalent, bank balance other than cash and cash equivalents, security deposits, interest accrued on fixed deposits, borrowing, trade payables, deposits from dealers, unclaimed dividend, Other payables etc. are largely short-term in nature. The fair values of these financial assets and liabilities approximate their carrying amount due to the short-term nature of such assets and liabilities.

** Also refer Note 2.5

### B. Measurement of fair value

Specific valuation technique used to value financial instruments include:

a) The use of quoted market price or dealer quotes of similar instruments

b) the fair value of interest rate swaps is calculated at the present value of the estimated future cash flows based on observable yield curves

c) the fair value of forward foreign exchange contracts and principle swap is determined using forward exchange rates at the balance sheet date

d) the fair value of the remaining financial instruments is determined using discounted cash flow analysis

All of the resulting fair value estimates, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk

### C. Financial risk management

The Company has exposure to the following risk arising from financial instruments:

- credit risk (see (ii) below);

- liquidity risk (see (iii) below); and

- market risk (see (iv) below).

#### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Com pany's risk management framework. The board of directors have established a Risk Management Framework,

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

which is reviewed and monitored by the Controller-Finance. The Controller - Finance reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and established procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committe is assisted in its oversight role by internal auditors. Internal auditors undertake regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligation, and arises principly from the Companies receivable from customer and loans, if any.

The carrying amounts of financial asset represents the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India and outside India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company computes the expected credit loss allowance for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer, industry information and the Company's historical experience for customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management framework has a credit policy under which each new customer is analysed individually for creditworthiness before the Company' standard payment and delivery terms and condition are offered.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period for customers.

Refer Note 10 for the following information:

- Exposure to the credit risk for trade receivables by geographic region
- Exposure to the credit risk for trade receivables by type of counterparty (concentration of credit risk)
- Movement in the allowance for impairment
- Carrying amount of trade receivables (net of impairment)

Also refer note 3.6 for policy related impairment of financial instruments

**Cash and cash equivalent and bank balances other than cash and cash equivalent ('collectively referred as Bank balance')**

The Bank balance is held with Banks. Credit risk on Bank balance is limited as the Company generally invest in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Bank balance pri marily include investment in fixed deposit with banks for a specified time period.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's treasury department is responsible for liquidity and funding. The Company manages its liquidity risk by continuously monitoring its working capital and by preparing month on month cash flow projections to monitor liquidity requirements.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company aims to maintain the level of its working capital at an amount in excess of expected cash outflows on account of financial liability over the next six months.

| Working capital | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| Total current assets (both - financial and non financial) (A) | 10,562.50 | 8,880.19 |
| Total current liabilities (both - financial and non financial) (B) | 5,325.91 | 5,184.71 |
| **Working capital (A-B)** | **5,236.59** | **3,695.48** |

In addition, the Company maintains the following line of credit:

| Facility | Amount of facility | Amount utilised | | |
|---|---|---|---|---|
| | | 31 March 2018 | 31 March 2017 | 1 April 2016 |
| Working capital loan | 2,951.30 | 651.30 | 1,361.85 | 1,684.03 |
| **Total** | **2,951.30** | **651.30** | **1,361.85** | **1,684.03** |

***Exposure to liquidity risk***

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

| As at 31 March 2018 | Carrying amount | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
| **Non-derivative financial liabilities** | | | | | | | |
| ECB - Mizuho | 1,665.71 | 138.81 | 138.81 | 277.62 | 832.85 | 277.62 | 1,665.71 |
| ECB - BTMU - I | 1,628.26 | 67.84 | 135.69 | 271.38 | 814.13 | 339.22 | 1,628.26 |
| ECB - BTMU - II | 325.66 | 40.71 | 40.71 | 81.41 | 162.83 | - | 325.66 |
| ECB - PBI | - | - | - | - | - | - | - |
| Preference shares | 1,175.61 | 1,220.37 | - | - | - | - | 1,220.37 |
| Buyers credit | - | - | - | - | - | - | - |
| PCFC | 651.30 | 651.30 | - | - | - | - | 651.30 |
| Trade payables | 2,567.64 | 2,567.64 | - | - | - | - | 2,567.64 |
| Other current financial liabilities | 231.27 | 231.27 | - | - | - | - | 231.27 |
| **Total** | **8,245.45** | **4,917.94** | **315.21** | **630.41** | **1,809.81** | **616.84** | **8,290.21** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| As at 31 March 2017 | Carrying amount | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years | Total |
| **Non-derivative financial liabilities** | | | | | | | |
| ECB - Mizuho | 1,934.96 | 138.21 | 138.21 | 276.42 | 829.27 | 552.85 | 1,934.96 |
| ECB - BTMU - I | 1,621.26 | - | - | 202.66 | 810.63 | 607.97 | 1,621.26 |
| ECB - BTMU - II | 162.12 | - | - | 40.53 | 121.59 | - | 162.12 |
| ECB - PBI | - | - | - | - | - | - | - |
| Preference shares | 1,074.79 | - | - | 1,220.37 | - | - | 1,220.37 |
| Buyers credit | 161.79 | - | - | - | 161.79 | - | 161.79 |
| PCFC | 1,361.85 | 1,361.85 | - | - | - | - | 1,361.85 |
| Trade payables | 2,007.53 | 2,007.53 | - | - | - | | 2,007.53 |
| Other current financial liabilities | 312.20 | 312.20 | - | - | - | | 312.20 |
| **Total** | **8,636.50** | **3,819.79** | **138.21** | **1,739.98** | **1,923.28** | **1,160.82** | **8,782.08** |

| As at 1 April 2016 | Carrying amount | Contractual cash flows | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years | |
| **Non-derivative financial liabilities** | | | | | | | |
| ECB - Mizuho | - | - | - | - | - | - | - |
| ECB - BTMU - I | 2,256.40 | 141.02 | 141.03 | 282.05 | 846.15 | 846.15 | 2,256.40 |
| ECB - BTMU - II | - | - | - | - | - | - | - |
| ECB - PBI | 99.26 | - | 99.26 | - | - | - | 99.26 |
| Preference shares | 982.61 | - | - | - | 1,220.37 | - | 1,220.37 |
| Buyers credit | - | - | - | - | - | - | - |
| PCFC | 1,684.03 | 1,684.03 | - | - | - | - | 1,684.03 |
| Trade payables | 1,958.74 | 1,958.74 | - | - | - | - | 1,958.74 |
| Other current financial liabilities | 213.16 | 213.16 | - | - | - | - | 213.16 |
| **Total** | **7,194.20** | **3,996.95** | **240.29** | **282.05** | **2,066.52** | **846.15** | **7,431.96** |

### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to foreign exchange risk through purchases from overseas suppliers and sales to overseas customers in various foreign currencies. The Company uses derivatives to manage market risk. All such transactions are carried out within the guidelines set by the Company. Generally, the Company seeks to apply hedge accounting to manage volatility in profit or loss.

### A) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency (INR) of the Company. The exposure is primarily denoted in US Dollars.

The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges. At any point of time, the Company hedges 80 to 90% of its estimated foreign currency exposure in respect of forecasted sales. Currency risk related to External Commercial Borrowings have been fully hedged using forward contracts on same dates as the loan are due for repayment.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk as at reporting date is as follows:

| | 31 March 2018 | | 31 March 2017 | | 1 April 2016 | |
|---|---|---|---|---|---|---|
| | INR | USD | INR | USD | INR | USD |
| Trade receivables | 1,917.02 | 29.43 | 2,091.93 | 32.26 | 1,249.13 | 18.88 \ |
| Borrowings | (4,270.90) | (65.58) | (5,241.97) | (80.83) | (4,039.68) | (61.05) |
| Trade payables | (612.45) | (9.40) | (508.18) | (7.84) | (419.22) | (6.34) |
| Other payables | (8.04) | (0.12) | (11.74) | (0.18) | - | - |
| **Net exposure in respect of recognised assets and liabilities** | **(2,974.37)** | **(45.67)** | **(3,669.96)** | **(56.59)** | **(3,209.77)** | **(48.51)** |

| | 31 March 2018 | | 31 March 2017 | | 1 April 2016 | |
|---|---|---|---|---|---|---|
| | INR | GBP | INR | GBP | INR | GBP |
| Trade receivables | 652.31 | 7.15 | 315.02 | 3.88 | 110.29 | 1.16 |
| **Net exposure in respect of recognised assets and liabilities** | **652.31** | **7.15** | **315.02** | **3.88** | **110.29** | **1.16** |

| | 31 March 2018 | | 31 March 2017 | | 1 April 2016 | |
|---|---|---|---|---|---|---|
| | INR | AUD | INR | AUD | INR | AUD |
| Trade receivables | 29.34 | 0.59 | 56.75 | 1.15 | 28.54 | 0.56 |
| Other Payables | (3.46) | (0.07) | (0.83) | (0.02) | (4.85) | (0.10) |
| **Net exposure in respect of recognised assets and liabilities** | **25.88** | **0.52** | **55.92** | **1.13** | **23.69** | **0.46** |

| | 31 March 2018 | | 31 March 2017 | | 1 April 2016 | |
|---|---|---|---|---|---|---|
| | INR | EUR | INR | EUR | INR | EUR |
| Trade payables | (2.78) | (0.03) | (2.40) | (0.03) | (2.85) | (0.04) |
| Payable on account of capital purchases | (2.27) | (0.03) | - | - | - | - |
| **Net exposure in respect of recognised assets and liabilities** | **(5.05)** | **(0.06)** | **(2.40)** | **(0.03)** | **(2.85)** | **(0.04)** |

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar and other currencies against INR at 31 March would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assume that all other variables as remain constant other than change in foreign currency rate to INR.

1 % increase or decrease in foreign currency rate will have following impact on profit before tax:

| | Impact on profit before tax | | | | Impact on equity, net of tax | | | |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2018 | | 31 March 2017 | | 31 March 2018 | | 31 March 2017 | |
| | Strengthening | (Weakening) | Strengthening | (Weakening) | Strengthening | (Weakening) | Strengthening | (Weakening) |
| USD | (29.74) | 29.74 | (36.70) | 36.70 | (19.45) | 19.45 | (24.00) | 24.00 |
| GBP | 6.52 | (6.52) | 3.15 | (3.15) | 4.27 | (4.27) | 2.06 | (2.06) |
| AUD | 0.26 | (0.26) | 0.56 | (0.56) | 0.17 | (0.17) | 0.37 | (0.37) |
| EUR | (0.05) | 0.05 | (0.02) | 0.02 | (0.03) | 0.03 | (0.02) | 0.02 |
| **Net exposure in respect of recognised assets and liabilities** | (23.01) | 23.01 | **(33.01)** | **33.01** | (15.04) | 15.04 | **(21.59)** | **21.59** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

### B) Interest Rate risk

The Company adopts the policy of ensuring that between 80 and 90 % of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at floating rate and using interest rate swaps as hedges of the variabilty in cash flows to interest rate risk.

| Exposure to interest rate risk | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| Variable-rate instruments (financial liabilities) | 4,270.90 | 5,241.97 | 4,039.68 |
| Less: Effect of interest rate swap | (3,619.62) | (3,718.34) | (2,256.40) |
| **Net exposure in respect of recognised assets and liabilities** | **651.28** | **1,523.63** | **1,783.28** |

**Fair value sensitivity analysis for fixed-rate instruments/ cash flow sensitivity analysis for variable-rate instruments**

| | Impact on profit before tax | | | | Impact on equity, net of tax | | | |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2018 | | 31 March 2017 | | 31 March 2018 | | 31 March 2017 | |
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| Variable-rate instruments (financial liabilities) | (42.71) | 42.71 | (52.42) | 52.42 | (27.93) | 27.93 | (34.28) | 34.28 |
| Less: Effect of interest rate swap | 36.20 | (36.20) | 37.18 | (37.18) | 23.67 | (23.67) | 24.31 | (24.31) |
| **Sensitivity (net)** | **(6.51)** | **6.51** | **(15.24)** | **15.24** | **(4.26)** | **4.26** | **(9.97)** | **9.97** |

### C) Cash flow hedges - hedge exposures

| | 31 March 2018 | | | 31 March 2017 | | | 1 April 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1-6 months | 6-12 months | More than 1 year | 1-6 months | 6-12 months | More than 1 year | 1-6 months | 6-12 months | More than 1 year |
| **Foreign currency forward contracts** | | | | | | | | | |
| Net exposure | 103.54 | 42.66 | - | 53.50 | 25.60 | - | 35.90 | 27.15 | - |
| Average INR:USD forward contract rate | 66.56 | 66.92 | - | 70.36 | 70.17 | - | 68.49 | 70.82 | - |
| **Interest rate swaps** | | | | | | | | | |
| Net exposure | 247.36 | 315.20 | 3,057.04 | 138.21 | 138.21 | 3,604.04 | 141.02 | 141.02 | 1,974.35 |
| Average fixed interest rate | 2.53% | 2.53% | 2.53% | 2.53% | 2.53% | 2.53% | 2.53% | 2.53% | 2.53% |

**Details of item designated as hedging instruments**

| | 31 March 2018 | | | 31 March 2017 | | | 1 April 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Nominal Amount | Assets | Liabilities | Nominal Amount | Assets | Liabilities | Nominal Amount | Assets | Liabilities |
| **Foreign currency forward contracts** | | | | | | | | | |
| Forward contracts sales, receivables and borrowings | 9,751.23 | 66.21 | - | 5,559.93 | 329.55 | - | 4,382.32 | 81.55 | - |
| **Interest rate risk** | | | | | | | | | |
| Interest rate swaps | 3,619.62 | 119.68 | - | 3,718.34 | 66.25 | - | 2,256.40 | - | 21.61 |
| | 13,370.85 | 185.89 | - | **9,278.27** | **395.80** | **-** | **6,638.72** | **81.55** | **21.61** |

All the above categories of hedging instruments have been included in derivative assets/derivative liabilities. Management of the Company believes that there are no items to be recognised in profit or loss as hedge ineffective, except for realised portion of foreign exchange against the relevant forward contract. The amount recognised as effective hedge is disclosed under Other comprehensive income.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

| Cash flow hedges - Equity head 'Effective portion of cash flow hedges' | 31 March, 2018 | 31 March, 2017 |
|---|---|---|
| **Change in fair value:** | | |
| Foreign currency risk | 66.21 | 270.15 |
| Interest rate risk | 119.68 | 66.25 |
| | 185.89 | 336.40 |
| **Amount classified to profit and loss:** | | |
| Foreign currency risk | - | - |
| Interest rate risk | - | - |
| Tax on movements in relevant items of OCI during the year | (64.33) | (116.42) |
| Balance as at the end of the year | 121.56 | 219.98 |

## 48 Explanation of Transition to Ind AS:

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2018 including comparative information for the year ended 31 March 2017 and the opening Ind AS Balance Sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS Balance Sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principle adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**Optional exemptions availed and mandatory exceptions**

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

**A Optional exemptions availed**

**1 Property, plant and equipment and Intangible assets :**

As per Ind AS 101, an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and may use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation value was, at the date of revaluation, broadly comparable to:

- fair value;

- or cost or depreciated cost under IND AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) or (ii) above are also available for intangible assets that meets recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency as on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets.

**2 Long term foreign currecy monetary items**

Under the Previous GAAP, the Company had opted for option available under para 46A of 'AS-11 – The effects of changes in foreign exchange rates' to capitalize foreign exchange differences arising from translation of long term foreign currency monetary items (external commercial borrowings for the Company). As per para D13AA of Ind AS 101, a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The Company has not availed the option and discontinued to capitalize the foreign exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements on or before the period ended 31 March 2017.

**3 Determing whether an arrangement contains a lease**

Ind 101 AS 101 includes whether an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition. The Company has elected to avail of the above exemption.

**B Mandatory exceptions**

**1 Estimates:**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and FVOCI.

- Determination of the discounted value for financial instruments carried at amortised cost.

**2 Derecognition of financial assets and liabilities:**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instrument, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively.

**3 Classification and measurement of financial assets and liabilities:**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

## 48. Explanation of Transition to Ind AS (continued)

**Reconciliation of equity**

The following reconciliations provide a quantification of the effect of differences arising from the transition from the previous Indian GAAP ("I GAAP") to IND AS in accordance with IND AS 101 and the notes explaining the significant differences there to:

a. Balance Sheet Reconciliation as at 1 April 2016 and 31 March 2017

b. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2017

c. Explanatory notes to the Balance Sheet and Statement of Profit and Loss Reconciliation

| | Note | As at the date of transition 31 March 2017 | | | As at the date of transition 1 April 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP * | Adjustments | IND AS | Previous GAAP * | Adjustments | IND AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 6,518.27 | - | 6,518.27 | 6,124.06 | - | 6,124.06 |
| Capital work-in-progress | | 859.66 | - | 859.66 | 17.79 | - | 17.79 |
| Other intangible assets | | 17.78 | - | 17.78 | 3.42 | - | 3.42 |
| Financial assets | | | | | | | |
| Other financial assets | (b) | 60.75 | (3.89) | 56.86 | 37.66 | (4.86) | 32.80 |
| Other non current assets | (b) | 636.15 | 3.72 | 639.87 | 85.45 | 4.79 | 90.24 |
| Income tax assets (net) | | - | - | - | 39.42 | - | 39.42 |
| **Total non-current assets (i)** | | **8,092.61** | **(0.17)** | **8,092.44** | **6,307.80** | **(0.07)** | **6,307.73** |
| **Current assets** | | | | | | | |
| Inventories | | 2,758.29 | - | 2,758.29 | 1,901.77 | - | 1,901.77 |
| Financial assets | | | | | | | |
| Trade receivables | | 3,299.04 | - | 3,299.04 | 2,332.18 | - | 2,332.18 |
| Cash and cash equivalents | | 339.21 | - | 339.21 | 441.75 | - | 441.75 |
| Bank balances other than cash and cash equivalents | | 287.31 | - | 287.31 | 287.70 | - | 287.70 |
| Investments | (c) | - | - | - | 190.00 | 0.93 | 190.93 |
| Derivative contract assets | | 395.80 | - | 395.80 | 81.55 | - | 81.55 |
| Other financial assets | | 36.43 | (0.87) | 35.56 | 16.94 | - | 16.94 |
| Other current assets | | 1,764.98 | - | 1,764.98 | 1,532.19 | - | 1,532.19 |
| **Total current assets (ii)** | | **8,881.06** | **(0.87)** | **8,880.19** | **6,784.08** | **0.93** | **6,785.01** |
| **TOTAL ASSETS (i+ii)** | | **16,973.67** | **(1.04)** | **16,972.63** | **13,091.88** | **0.86** | **13,092.74** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | (d) | 316.13 | (59.53) | 256.60 | 316.13 | (59.53) | 256.60 |
| Other equity | (a) | 8,320.10 | (1,132.73) | 7,187.37 | 5,768.02 | (881.20) | 4,886.82 |
| **Total equity (i)** | | **8,636.23** | **(1,192.26)** | **7,443.97** | **6,084.15** | **(940.73)** | **5,143.42** |
| **Liabilities** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | | 3,603.70 | - | 3,603.70 | 1,974.35 | - | 1,974.35 |
| Deferred tax liabilities (net) | (a) | 351.35 | 116.43 | 467.78 | 397.23 | 20.75 | 417.98 |
| Provisions | | 272.47 | - | 272.47 | 231.60 | - | 231.60 |
| **Total non-current liabilities (ii)** | | **4,227.52** | **116.43** | **4,343.95** | **2,603.18** | **20.75** | **2,623.93** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| | Note | As at the date of transition 31 March 2017 | | | As at the date of transition 1 April 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP * | Adjustments | IND AS | Previous GAAP * | Adjustments | IND AS |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Borrowings | (d) | 1,361.85 | 1,074.79 | 2,436.64 | 1,684.02 | 982.61 | 2,666.63 |
| Trade payables | | 2,007.53 | - | 2,007.53 | 1,958.74 | - | 1,958.74 |
| Derivative liabilities | | - | - | - | 21.61 | - | 21.61 |
| Other financial liabilities | | 588.62 | - | 588.62 | 594.46 | - | 594.46 |
| Other current liabilities | (e) | 31.74 | - | 31.74 | 93.86 | (61.77) | 32.09 |
| Provisions | | 84.94 | - | 84.94 | 51.86 | - | 51.86 |
| Current tax liabilities (net) | | 35.24 | - | 35.24 | - | - | - |
| **Total current liabilities (iii)** | | **4,109.92** | **1,074.79** | **5,184.71** | **4,404.55** | **920.84** | **5,325.39** |
| | | | | | | | |
| **Total liabilities** | | **8,337.44** | **1,191.22** | **9,528.66** | **7,007.73** | **941.59** | **7,949.32** |
| **TOTAL EQUITY AND LIABILITIES** | | **16,973.67** | **(1.04)** | **16,972.63** | **13,091.88** | **0.86** | **13,092.74** |

* The previous GAAP figures have been reclassified to confirm to IND AS presentation requirements for the pur pose of this note.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

## 48. Explanation of Transition to Ind AS (continued)

**Reconciliation of profit or loss for the year ended 31 March 2017**

| | Note | Previous GAAP | Reclassification [refer note (i) and (ii) below] | Adjustment on transition to Ind AS | Ind AS |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from operations | (f) | 23,720.62 | - | 150.41 | 23,871.03 |
| Other operating income | | 1,506.42 | - | | 1,506.42 |
| Other income | (b), (c) | 307.37 | - | (0.85) | 306.52 |
| **Total Income** | | **25,534.41** | **-** | **149.56** | **25,683.97** |
| **Expenses** | | | | | |
| Cost of materials consumed | | 14,836.10 | (111.56) | - | 14,724.54 |
| Excise duty | (f) | - | - | 150.41 | 150.41 |
| Changes in inventories of finished goods and work-in-progress | | (56.06) | - | - | (56.06) |
| Employee benefits expenses | (g) | 2,816.18 | (980.85) | (45.91) | 1,789.42 |
| Finance costs | (d) | 160.16 | - | 92.18 | 252.34 |
| Depreciation expenses | | 907.87 | - | - | 907.87 |
| Other Expenses | (b), (c) | 3,402.14 | 1,092.41 | 1.06 | 4,495.61 |
| **Total Expenses** | | **22,066.39** | **-** | **197.74** | **22,264.13** |
| | | | | | |
| **Profit before tax** | | **3,468.02** | **-** | **(48.18)** | **3,419.84** |
| | | | | | |
| **Tax expense:** | | | | | |
| Current Tax | | 1,238.28 | - | - | 1,238.28 |
| Deferred Tax | (g) | (45.88) | - | 28.07 | (17.82) |
| **Total tax expense** | | **1,192.40** | **-** | **28.07** | **1,220.46** |
| | | | | | |
| **Profit for the year** | | **2,275.62** | **-** | **(76.25)** | **2,199.38** |
| | | | | | |
| **Other comprehensive income** | | | | | |
| Other comprehensive income / (loss) | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| - Remeasurement of defined benefit liability (asset) | (g) | - | - | (81.10) | (81.10) |
| - Income tax related to items that will not be reclassified to profit or loss | | - | - | 28.07 | 28.07 |
| Items that will be reclassified subsequently to profit or loss: | | | | | |
| - Deferred gain/(losses) in cash flow hedges | | - | - | 276.46 | 276.46 |
| - Income tax related to items that will be reclassified to profit or loss | (a) | - | - | (95.68) | (95.68) |
| | | **-** | **-** | **127.74** | **127.75** |
| | | | | | |
| **Total comprehensive income for the year** | | **2,275.62** | **-** | **51.49** | **2,327.13** |

*The previous GAAP figures have been reclassified as follows:

i) Storage cost on raw materials (rice) regrouped from cost of materials consumed to rent under other expenses amounting to INR 111.56 lakhs.

ii) Labour charges grouped under employee benefit expense reclassified to security and contract labour charges under other expenses amounting to INR 980.85 lakhs.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

**Notes to the reconciliation:**

**(a) Changes to Retained earnings / Other equity**

| Changes in retained earning | Note | 31 March 2017 | 1 April 2016 |
|---|---|---|---|
| | | | |
| - Decrease due to Preference share premium consider as borrowings | (d) | (1,160.83) | (1,160.83) |
| - Increase due to accrual of interest on preference share capital and premium thereon | (d) | 145.57 | 237.75 |
| - Increase due to proposed dividend | (e) | - | 61.77 |
| - Decrease on account of Security deposit | (b) | (0.17) | (0.07) |
| - Increase in investment | (c) | - | 0.93 |
| - Impact of Premium accounting on forward contracts | | (0.87) | - |
| **Net adjustment to retained earnings** | | (1,016.30) | (860.45) |
| Deferred tax liability on changes in fair value of hedge instruments* | | (116.43) | (20.75) |
| **Decrease in Other Equity** | | (1,132.73) | (881.20) |

*Refers to deferred tax liability on changes in fair value of hedge instruments which was earlier not recognised during and for the period ending 31 March 2017 and 1 April 2016. Due to such recognition, there is no impact/ change in retained earnings, since the changes in fair value of hedge instruments are components of Other Comprehensive Income.

**(b) Security deposits**

Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposit under Ind AS. The difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Consequent to this the amount of security deposit has decreased and deferred rent has increased. The profit for the year and total equity has decreased due to amortisation of deferred rent which is partly off set by the notional interest income.

| Particulars | 31 March 2017 | 1 April 2016 |
|---|---|---|
| Decrease in security deposits (under Non-current financial assets) | (3.89) | (4.86) |
| Increase in Prepayments (under other current assets) | 3.72 | 4.79 |
| Adjustment to retained earnings | (0.17) | (0.07) |
| | | |
| Increase in Other income (notional interest income) | (0.96) | - |
| Increase in Other expense (amortisation of deferred rent) | 1.06 | - |
| **Adjustment to profit and equity** | 0.10 | - |

**(c) Fair value of investments**

Under previous GAAP, Investment in mutual funds was classified as current investment based on intended holding period. Current investment were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investment amounting to INR 0.93 lakhs have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017.

**(d) Reclassification of Preference share capital from equity to Borrowings:**

Under previous GAAP, Non-cumulative Non-convertible Redeemable preference shares were classified as Equity. Under Ind AS, such non-convertible preference shares are classified as Borrowings since the Company has a contractual obligation to deliver cash and the same is accounted using effective interest rate method at 9% per annum.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| Particulars | 31 March 2017 | 1 April 2016 |
|---|---|---|
| Reclassification of Non-cumulative Non-convertible Redeemable preference shares to Borrowings | | |
| Decrease in Equity | (59.53) | (59.53) |
| Decrease in Capital Redemption Reserve for Premium on Preference Share Capital | (1,160.83) | (1,160.83) |
| Increase in Borrowings | 1,074.79 | 982.61 |
| **Adjustment to retained earnings** | **(145.57)** | **(237.75)** |
| Accrual of Dividend on redeemable preference shares classified as financial liabilities | 92.18 | - |
| **Adjustment before income tax** | **92.18** | - |

### (e) Proposed dividend

Under previous GAAP, dividends proposed by the board of directors after the reporting date but before the approval of financial statements were considered to be adjusting events and accordingly recognised (along with relevant dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends proposed by the board of directors are considered to be a non-adjusting event. Accordingly, provision for proposed dividend including dividend distribution tax recognised under previous GAAP has been reversed.

| Particulars | 31 March 2017 | 1 April 2016 |
|---|---|---|
| **Reversal of provision for proposed dividend to other Equity** | | |
| Proposed dividend | - | 51.32 |
| Dividend distribution tax | - | 10.45 |
| **Adjustment to retained earnings and other current liabilities** | - | **61.77** |

### (f) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations by INR 150.41 lakhs and increase in total expenses by INR 150.41 lakhs for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2017 has remained unchanged.

### (g) Remeasurement of defined benefit liability / asset and accounting for employee share based payments

Under Ind AS, remeasurement of defined benefit liability / asset are recognised in other comprehensive income. Under previous GAAP, the Company recognised Remeasurement of defined benefit liability / asset in profit or loss. However, this has no impact on total comprehensive income and total equity as on 1 April 2016 and as on 31 March 2017. Further, the Company has accounted for Share Based Payments in accordance with Ind AS 102 (refer note 46). The total reduction in Employee benefits expense for the year ended 31 March 2017, is explained below:

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(Currency - INR in Lakhs, except per share data)

| Particulars | 31 March 2017 |
|---|---|
| Employee share based payment reserve - Increase in equity | 35.19 |
| Employee share based payment expense - Reduction in profit for the year | (35.19) |
| **Net impact on balance-sheet** | - |
| Reclassification of remeasurement of defined benefit liability / asset to OCI - Increase in profit for the year | (81.10) |
| Employee share based payment expense - Reduction in profit for the year | 35.19 |
| **Adjustment to profit for the year - Increase in profit** | (45.91) |

**49** Previous years financial statements were audited by a firm other than B S R & Associates LLP (Chartered Accountants).

The accompanying notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**FOR B S R & ASSOCIATES LLP**
*CHARTERED ACCOUNTANTS*
Firm Registration No: 116231W/ W - 100024

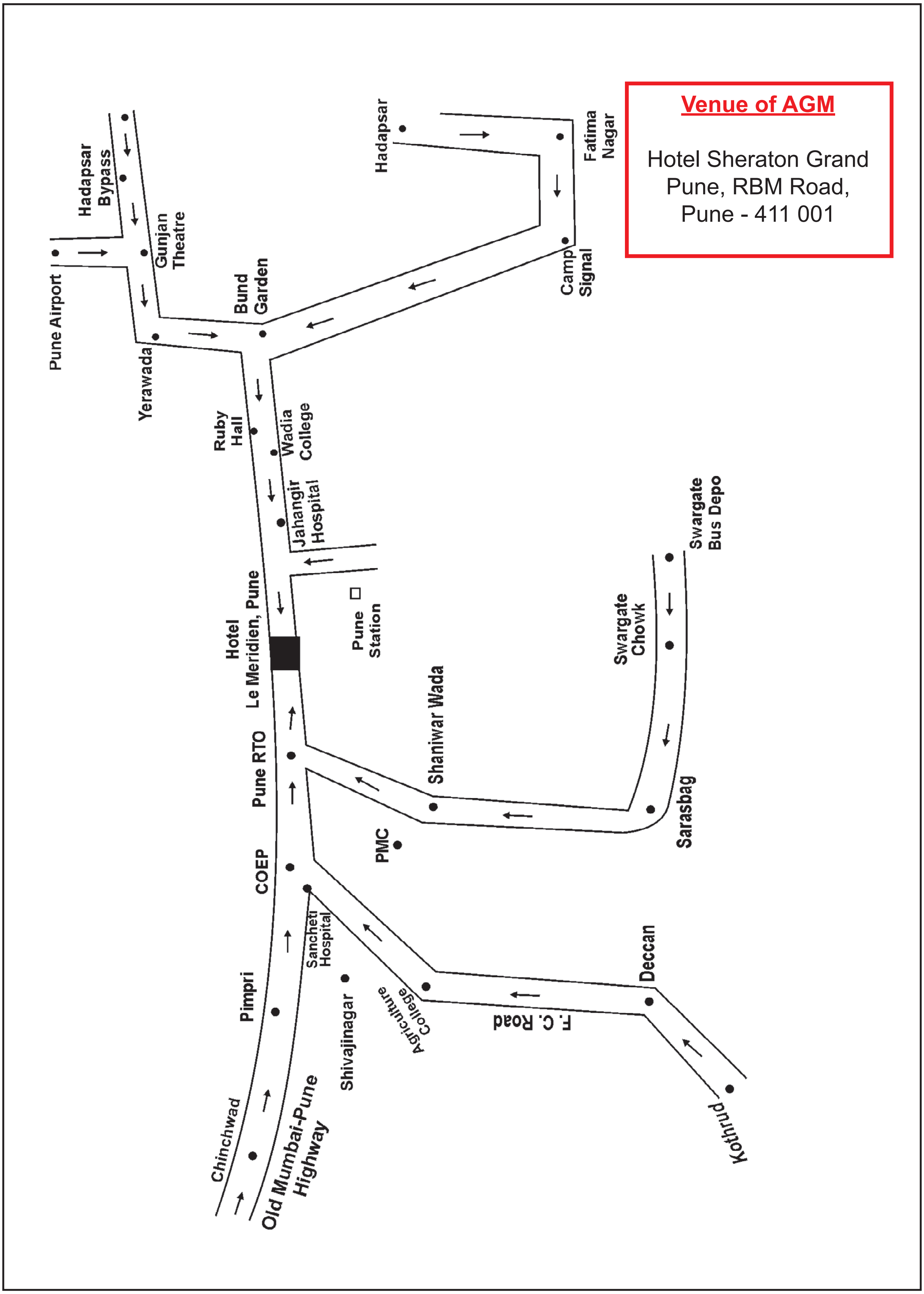
**Raajnish Desai**
*PARTNER*
Membership No: 101190

Date : May 16, 2018
Place : Pune

**For and on behalf of the Board of Directors of**
**TASTY BITE EATABLES LIMITED**
**CIN: L15419PN1985PLC037347**

| **Ravi Nigam** | **Ashok Vasudevan** | **Sohel Shikari** | **Minal Talwar** |
|---|---|---|---|
| *Managing Director* | *Chairman* | *CFO* | *Company Secretary* |
| DIN: 00024577 | DIN: 00575574 | DIN: 00024466 | |

Date : May 16, 2018
Place : Pune


Venue of AGM
Hotel Sheraton Grand
Pune, RBM Road,
Pune - 411 001
Pune Airport
Hadapsar Bypass
Gunjan Theatre
Yerawada
Bund Garden
Hadapsar
Fatima Nagar
Camp Signal
Ruby Hall
Wadia College
Jahangir Hospital
Hotel Le Meridien, Pune
Pune Station
Swargate Bus Depo
Swargate Chowk
Shaniwar Wada
Pune RTO
COEP
PMC
Sarasbag
Sancheti Hospital
Pimpri
Shivajinagar
Agriculture College
F. C. Road
Deccan
Chinchwad
Old Mumbai-Pune Highway
Kothrud

# TASTY BITE EATABLES LIMITED

CIN : L15419PN1985PLC037347

ɟistered Office: 201-202, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411 005

E-mail : info@tastybite.com Website: www.tastybite.co.in

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**34th Annual General Meeting - August 9, 2018**

| Name of the Member(s) | | E-mail id |
|---|---|---|
| Registered address | | Folio no. / *Client ID * DP ID |

* Applicable for Investors holding shares in electronic form.

I/ We being the Member(s) of …..…......................... ......................shares of the above named Company, hereby appoint:

1.………................................of ............................................having e-mail id:.............................................................or failing him

2.………...............................of ............................................ having e-mail id:.............................................................or failing him

3.………...............................of .............................................having e-mail id:.............................................................or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 34th Annual General Meeting of the Company, to be held on Thursday, August 9, 2018 at 11.00 a.m. at Hotel Le Meridien Pune, RBM Road, Pune – 411 001,and at any adjournment thereof in respect of such Resolutions as are indicated below:

| No. | Resolution | Vote *(Optional See Note 2) | | |
|---|---|---|---|---|
| | | For | Against | Abstain |
| | **ORDINARY BUSINESS:** | | | |
| 1 | Adoption of Financial Statements and Report of the Directors and Auditors thereon. | | | |
| 2. | Declaration of dividend on 59,530 1% Non-Cumulative, Non-Convertible Redeemable Preference shares of Rs. 100/- each for the financial year 2017-18 | | | |
| 3. | Declaration of dividend of Rs.2 per Equity Share on 25,66,000 Equity shares of Rs. 10 each for the financial year 2017-18 | | | |
| 4. | Re-appointment of Mr. Ashok Vasudevan, as Director who retires by rotation | | | |
| | **SPECIAL BUSINESS:** | | | |
| 5. | Regularization of Additional Director Ms. Dawn Allen | | | |
| 6. | Regularization of Additional Director Ms. Rama Kannan | | | |
| 7. | Appointment of Ms. Rama Kannan as an Independent Director for a term of 5 years | | | |
| 8. | Regularization of Dr. Chengappa Ganapati | | | |
| 9. | Appointment of Dr. Chengappa Ganapati as an Independent Director for a term of 5 years | | | |
| 10. | Fixation of remuneration of Mr. Ravi Nigam as Managing Director for a period of 3 years | | | |
| 11. | Approval for declassification of erstwhile Promoter- Kagome Co Ltd | | | |
| 12. | Revision in overall borrowing powers | | | |
| 13. | Creation of charge on assets of company | | | |
| 14. | Material Related party Transaction approval | | | |
| 15. | Approval for Buyback of 59,530 1% Non- cumulative, Non Covertible, redeemable preference shares . | | | |

Signed this.................... day of ............... 2018

Affix One Rupee Revenue Stamp here

____________________ ________________________

Signature of the Member Signature of the Proxy holder(s)

**Notes:**

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at theRegistered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against anyor all Resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.
3. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not morethan 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by aMember holding more than 10% of the total share capital of the Company carrying voting rights, thensuch proxy shall not act as a proxy for any other person or shareholder.

# TASTY BITE EATABLES LIMITED

CIN L15419PN1985PLC037347
istered Office: 201-202, Mayfair Towers, Wakdewadi, Shivajinagar, Pune - 411 005
E-mail info@tastybite.com Website: www.tastybite.co.in

## ATTENDANCE SLIP

**(34th Annual General Meeting - August 9, 2018**

Folio no. / Client ID/DP ID:...................................................................................................
..

No. of Shares:.............................................................................................................................
.

Name of the Member/ Proxyholder (in BLOCK letters):

.....................................................................................................................

I certify that I am a Member / Proxyholder for the Member of the Company.

I hereby record my presence at the 34th Annual General Meeting of the Company, to be held on Thursday, August 9, 2018 at 11.00 a.m. at Hotel Sheraton Grand Pune, RBM Road, Pune - 411 001.

________________________________

Signature of the Member/Proxyholder

(** Strike out whichever is not applicable.)

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

# NOTES

# NOTES

Aerial view of the factory

TASTY BITE EATABLES LIMITED.
201-202, Mayfair Towers, Wakdewadi, Shivajinagar,
Pune - 411 005, Maharashtra, INDIA
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