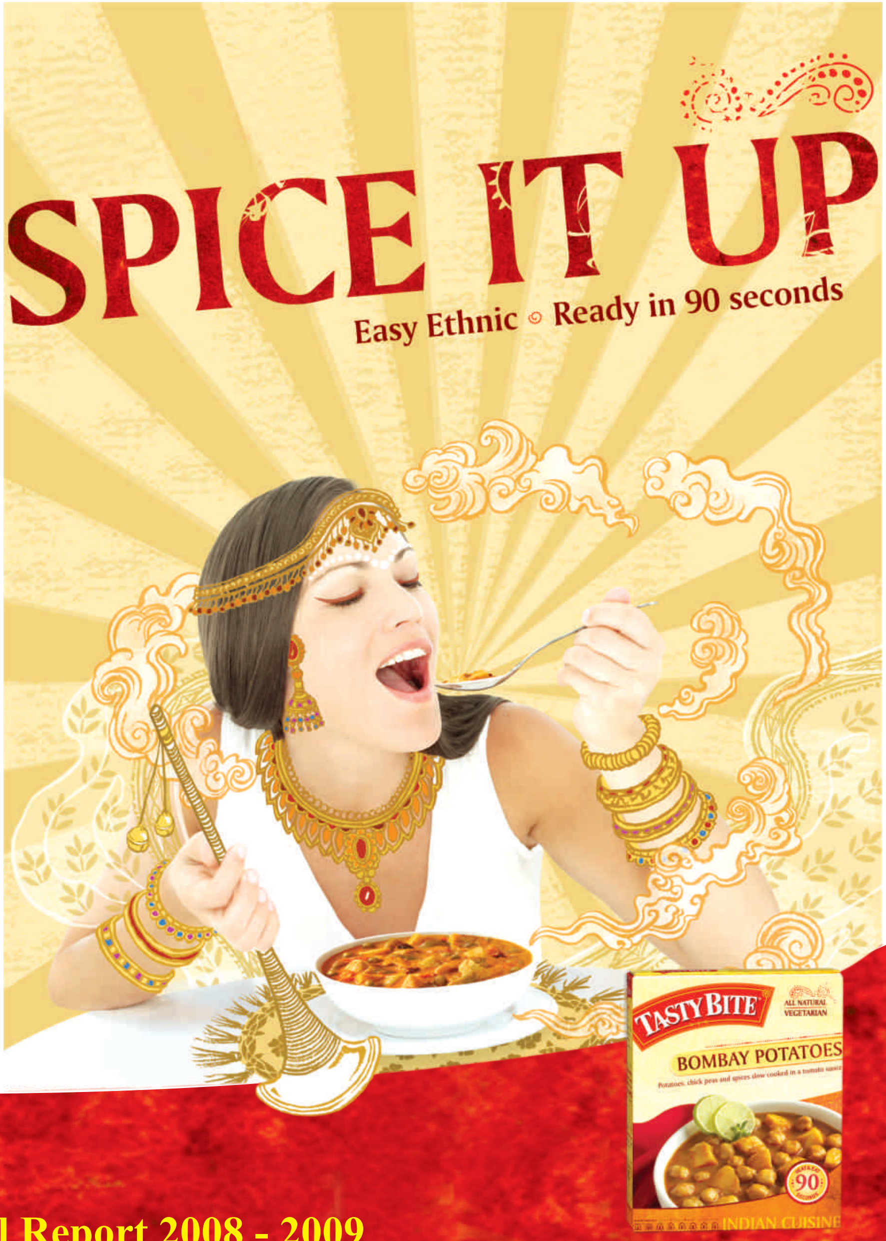
Tasty Bite Eatables Limited



25th Annual Report 2008 - 2009

TASTY BITE EATABLES LIMITED

MISSION STATEMENT

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

CORPORATE INFORMATION

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

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

Auditors
M/s Kalyaniwalla Mistry
Chartered Accountants, Pune

Factory
Village Bhandgaon
Taluka Daund
Dist: Pune, Maharashtra

Bankers
AXIS Bank Limited
ICICI Bank Limited
Bank of Baroda
IndusInd Bank

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

Contents

25th Annual General Meeting

Date : 27th August 2009
Time : 11:00 am
Venue : Registered Office
204, Mayfair Towers
Shivajinagar, Pune

A Request

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

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

FINANCIAL HIGHLIGHTS	2008-09	2007-08	2006-05	2005-06	2004-05	2003-04
Months	**12**	12	12	12	12	12
Statement of Income						
Revenue	**4,632.71**	3,698.90	3,075.48	2,682.66	2,292.66	1,339.45
Cost of Revenue	**2,388.19**	1,972.48	1,686.44	1,302.07	1,210.17	607.28
Gross Profit	**2,244.52**	**1,726.42**	**1,389.04**	**1,380.59**	**1,082.49**	**732.17**
Operating Expenses	**1,815.30**	1,409.56	1,146.22	1,071.16	948.24	863.12
Depreciation	**99.38**	86.47	67.12	64.93	70.04	69.50
Interest	**97.46**	71.08	32.00	77.18	104.69	70.77
Extra-Ordinary (Income)/Expenses	**0.76**	(14.69)	20.27	26.75	1.08	47.93
Provision for Tax	**90.59**	57.03	36.79	84.76	(14.74)	(75.81)
Net Profit	**141.03**	**116.97**	**86.64**	**55.81**	**(26.82)**	**(243.34)**
Assets Employed						
Fixed Assets - Gross	**2,086.24**	2,109.81	1,885.95	1,286.61	1,241.27	1,219.40
Fixed Assets - Net	**1,365.01**	1,119.97	1,032.00	632.45	463.11	511.10
Investments	**-**	-	0.50	0.50	0.50	0.50
Current Assets	**2,242.80**	1,889.72	1,730.77	1,488.69	1,908.73	1,534.99
Current Liabilities	**(868.06)**	(916.16)	(852.94)	(746.63)	(629.05)	(529.62)
Deferred Revenue Expenditure	**-**	**-**	0.18	0.36	0.53	0.70
Deferred Tax Asset / (liability)	**(83.85)**	(63.40)	(21.48)	10.35	91.29	76.54
	2,665.90	**2,030.13**	**1,889.03**	**1,385.72**	**1,835.11**	**1,594.21**
Net Current Assets	**1,374.74**	973.56	877.83	742.06	1,279.68	1,005.37
Financed By						
Share Capital	**316.13**	316.13	316.13	316.13	316.13	316.13
Reserves	**1,312.92**	1,312.92	1,312.92	1,312.92	1,312.92	1,312.92
Shareholders' Funds	**1,629.05**	**1,629.05**	**1,629.05**	**1,629.05**	**1,629.05**	**1,629.05**
Profit (Loss) Carried Forward	**(144.25)**	(285.28)	(402.25)	(488.89)	(544.70)	(517.88)
Loan Funds	**1,171.10**	686.36	662.23	245.56	750.76	483.04
	2,665.90	**2,030.13**	**1,889.03**	**1,385.72**	**1,835.11**	**1,594.21**
Ratios						
Current Ratio	**2.41**	2.06	2.03	1.99	3.03	2.90
Working Capital Turnover	**3.37**	3.80	3.50	3.62	1.79	1.33
Gross Profit % To Revenue	**48%**	47%	45%	51%	47%	55%
Net Profit % To Revenue	**3.04%**	3.16%	2.82%	2.08%	-1.17%	-18.17%
Debt Equity Ratio	**0.72**	0.42	0.41	0.15	0.46	0.30
Capital Turnover	**1.74**	1.82	1.63	1.94	1.25	0.84
Fixed Assets to Shareholders' Funds	**0.84**	0.69	0.63	0.39	0.28	0.31
Earnings Per Share	**5.50**	4.56	3.38	2.17	(1.05)	(9.48)
Net Worth	**1,484.80**	**1,343.77**	**1,226.80**	**1,140.16**	**1,084.35**	**1,111.17**

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Let me begin by congratulating you on entering the 25th birth year of your company! What a journey it has been for many of you. The company too has seen more than just a turnaround in its long journey. From a modest start-up in the mid-80s, to a sick company in the 90's, it hardly seemed likely at one time that Tasty Bite would ever become profitable, let alone one of the country's largest exporters of prepared foods to the largest consuming market in the world-the United States!

It somehow seems fitting that this year, your company has been recognized in a major way in both India and the US.

The best birthday gift your company could have received on its silver jubilee year is to be recognized as India's top 50 companies to work for. In the largest ever survey of its kind in India, conducted jointly by the Economic Times and Great Place to Work Institute, Tasty Bite was ranked amongst the Top-50 Best Companies to Work For in India in 2009! The award states :

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

Good Housekeeping magazine in the United States recently analyzed thousands of products across America, testing for nutrition, taste and convenience. Volunteers (ages 5 to 85) then sampled the products to come up with America's 100 best convenience foods. The results are featured in their February 2009 issue. For the first time ever, 2 of the Tasty Bite products made it to the TOP 100 Best Convenience Foods!

I had mentioned last year that the international environment we were operating in was complex, uncertain and yet exciting. But little did I realize then that the world would face an economic downturn led by the US, the likes of which we have not seen since the great depression of the 1930s. Amid millions of job losses around the world, unprecedented personal and corporate bankruptcies, rising government and consumer debt, and a virtual freeze in the credit markets, it became very hard to see through this fog and harder still to believe that it would lift to reveal a sunny day anytime soon. And yet, it does appear to be lifting.

Unstable times demand stable and strong governments. The US and India, both crucial countries for the company, saw tense elections throw up clear winners by large margins. President Obama, wasted no time in moving swiftly to calm markets through massive government intervention and even though it is hard to predict a robust recovery so early in the term, small signs of recovery are everywhere. In India too, we saw the markets react with a spring in its step as Prime Minister Dr. Manmohan Singh was sworn in once again.

Despite the recession in the US (the company's largest revenue source), the convenience foods industry continued to grow modestly. Your company however, grew significantly faster than the industry.

Revenues for the year grew 28% to a record Rs. 463 million up from Rs.363 million last year. For the same period EBIDTA grew 18% over the previous year to Rs. 42.8 million representing 9.2% of revenues.

Here are some other key highlights for the year:

- Export revenues for the fiscal year ended March '09 grew 33% to Rs. 360 million up from Rs. 270 million last year
- Institutional sales grew 21% in FY09 to reach Rs. 63.3 mn as compared to Rs. 52.3 mn in FY08.
- Domestic sales of frozen formed products increased 26% to 759 M.T.
- Profit after tax was up 21% at Rs. 14.1 million. (Rs 11.7 million).
- In terms of total volume, this year the company produced nearly 4687 M.T. of processed foods. This was 28% higher than last year.

In another significant development, the Tasty Bite Research Center (TBRC) continued its efforts to build a center for excellence in prepared foods R&D. Our chefs and food technologists were instrumental in the development of a range of rice and simmer sauces. Both these product groups were launched in key markets of North America. In the coming year these range of products will form a significant proportion of your company's export revenues.

As we enter the 25th year of the company, I would like to acknowledge the incredible contribution of the employees across the board from managers, supervisors and workers. They have been a major source of strength in the company as they innovate, retrain and retool. It is this willingness to change that has contributed not just to winning the **"Top 50 best companies to work for"** award but also for truly realizing the company's mission of creating a **"knowledge-driven, energetic and fun work environment."**

Ashok Vasudevan
Chairman

NOTICE

Notice is hereby given that the Twenty-fifth Annual General Meeting of the Members of Tasty Bite Eatables Limited will be held on Thursday, August 27, 2009 at 11.00 a.m. at the registered office of the Company at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune – 411 005 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009, the Profit & Loss Account for the financial year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Meera Vasudevan, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Dr. V. S. Arunachalam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and to pass with or without modification, the following resolution as an Ordinary Resolution.

   "RESOLVED THAT M/s Kalyaniwalla & Mistry, Chartered Accountants, Pune who retire at this Annual General Meeting and being eligible, offer themselves for re-appointment, be and are hereby appointed as Auditors of the company for holding office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorized to determine the remuneration payable to the said auditors."

SPECIAL BUSINESS:

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

   "RESOLVED THAT Mr. Kavas D. Patel who was appointed as additional director and holds office upto the date of this 25th Annual General Meeting as per the provisions of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

Dated : May 29, 2009 — **Garima Chamadia**
Place : Pune — **Company Secretary**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING, DULY STAMPED AND SIGNED.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from August 21, 2009 To August 27, 2009 (Both days Inclusive).

3. The persons who have become members of the company before the book closure are also entitled to attend the AGM.

4. Members desirous of obtaining any detailed information concerning the accounts and operations of the Company are requested to address their queries to the Managing Director to reach the Company at least seven days before the date of the AGM so that the required information may be made available at the meeting.

5. Members are requested to bring their own copy of the Annual Report to the meeting: No extra copies of the Annual Report will be distributed at the meeting.

6. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item No. 5 of the Notice is annexed hereto.

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.
ITEM NO. 5

Mr. Kavas D. Patel was appointed as an Additional Director of the Company by the board on May 29, 2009 and holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956.

Notice has been received from a member of the company under section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- signifying his intention to propose the candidature of Mr. Kavas D. Patel for the office of Director and to move the resolution as set out at item 5 of this notice.

Mr. Kavas D. Patel is a fellow member of the Institute of Chartered Accountants, England and Wales. Mr. Kavas D. Patel joined M/s Polaroid Group in 1974 and worked with them in various capacities in most of their group companies, spread worldwide and he was Director – Finance from 1981 – 1995. Mr. Kavas D. Patel presently manages and supervises the Dua Associates, Pune branch established in 1998.

The Directors are of the view that the Company would be immensely benefited by the wealth of experience and expertise of Mr. Kavas D. Patel and therefore recommend for approval, the resolution as set out in item no. 5 of the notice convening the Annual General Meeting.

None of the Directors, except Mr. Kavas D. Patel is deemed to be interested or concerned in the resolution.

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, A BRIEF RESUME OF THE DIRECTORS PROPOSED TO BE RE-APPOINTED VIDE ITEM NO, 2 & 3 MENTIONED IN THE NOTICE IS DETAILED BELOW :

Mrs. Meera Vasudevan (51) is Non-Executive Director of your Company. She has a Bachelor's Degree in English and post-graduate qualifications in Marketing and Advertising. Co-founded Quantum Market Research, India's first and largest specialist qualitative research company.

She has researched established brands with corporations like Unilever Colgate, Cadburys, Johnson & Johnson, British American Tobacco, and done market entry research with PepsiCo, Gillette, Mars, Mattel, Nabisco, Citibank, etc. She has also worked closely with Government departments and UNICEF on social research projects. She holds Directorship in Preferred Brands Foods (India) Ltd, ASG Omni India Pvt. Ltd, Preferred Brands Austalia Pty.Ltd. and is a Member of ASG Omni LLC.

Dr. V.S.Arunachalam (73) is an Independent director of your Company. He has served as a Distinguished Services Professor at the Carnegie Mellon University in Engineering & Public Policy, Department of Materials Science and Robotics Institute, Dr. Arunachalam's career includes serving as the head of DRDO and being the Scientific Advisor to the Defense Minister (Government of India). He has won several awards including the Padma Vibhushan, the Padma Bhushan and the Shanti Swarup Bhatnagar Prize for Engineering Sciences. He is the Chairman of C STEP (Center for Study of Science Technology and Policy) and Trustee- Director of Birla Sun Life Insurance Co. Ltd.

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

Dated : May 29, 2009 **Garima Chamadia**
Place : Pune **Company Secretary**

DIRECTORS' REPORT

To The Members,

Your Directors are pleased in presenting the Twenty-fifth Annual Report together with Audited Statement of Accounts for the year ended 31st March 2009.

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

Particulars	**Year Ended March 31, 2009**	**Year Ended March 31, 2008**
Total Revenue	**4632.70**	3610.27
Operating Profit (loss) – **PBDIT**	**429.19**	316.86
Interest	**97.46**	71.08
Depreciation	**99.36**	86.47
Profit (Loss) before Tax	**232.38**	159.31
Provision for Taxation (MAT Credit Entitlement)	**(70.14)**	(12.00)
Provision for Deferred Tax	**(20.45)**	(41.92)
Fringe Benefit Tax	**-**	(3.11)
Prior Period Income/ (Expenses)	**(0.76)**	14.69
Net Profit	**141.03**	116.97
Appropriation	**-**	-
Dividend on Preference Shares (inclusive of tax)	**-**	-
Profit/ (Loss) transferred to Balance Sheet	**141.03**	116.97

OPERATIONS

Your Company increased revenues by 22% from Rs 36.10 Cr to Rs. 46.33 Cr. The export revenues grew from Rs. 27.11 Cr to Rs 36.01 Cr. an increase of 32.8%. The volume growth was 21% as compared to the previous year and the rest of the growth was the result of depreciation of the INR against the USD which fell steeply in the second half. Closing rate of USD-INR as on March 31, 2009 was Rs. 50.8 compared to Rs. 40.02 on March 31, 2008.

DIVIDEND

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

FIXED DEPOSITS

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

DIRECTORS

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

As per the requirement of Clause 49 of the Listing Agreement entered with the Bombay Stock Exchange Limited, the company needs to appoint an additional Independent Director. In the Board Meeting held on May 29, 2009 the Board appointed Mr. Kavas D. Patel as the additional director of the company till the date of the Annual General Meeting and the Board commends his appointment as a Director liable to retire by rotation.

DELISTING OF COMPANY'S SHARES

Your Company has received a notice from Preferred Brands Foods (India) Limited, present Promoter and majority shareholder of the Company holding 74.22% of its total paid up Equity Share Capital, expressing interest to acquire requisite Equity Shares of the Company and thereby delist the equity shares of the Company from Bombay Stock Exchange Limited. The Company was also requested to obtain consent of equity shareholders for the proposed voluntary delisting in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

At the Extra Ordinary General Meeting held on Wednesday, June 24, 2009 at 11.00 A.M. at the Registered Office of the company at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune 411 005 the shareholders of the Company have consented to the proposed delisting. The company is waiting for the clarification from the regulators to take the proposal forward.

NEW ACCOUNTING PACKAGE

From April 1, 2009, the Company has adopted new integrated ERP system in the Company.

CORPORATE GOVERNANCE

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

A detailed report on Corporate Governance forms a part of this Annual Report. Your Company has also obtained a certificate from Practising Company Secretary regarding compliance of conditions of corporate governance and is annexed as **Annexure A** to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors confirm :

(i) that in preparation of the accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

(ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for the year under review;

(iii) that they have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(iv) that they have prepared the annual accounts for the financial year ended 31st March 2009 on a 'going concern' basis.

MANAGEMENT DISCUSSION AND ANALYSIS

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

AUDITORS

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

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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

HUMAN RESOURCE AND PERSONNEL

During the year under review, the industrial relations of the company continued to be cordial and peaceful. The Company has entered into a settlement with its workmen during the year. The Company strives in its HR initiatives to be an engine for instituting value and a performance driven culture.

More importantly, the employees have considered Tasty Bite Eatables Limited as one of India's Top-50 'Best Companies to Work for' in India in 2009 in a survey done jointly by the Economic Times of India and Great Places to Work Institute, India. The award received by the company reads - *'**For inspiring trust among your people, for instilling pride in them, for creating an environment within the workplace that promotes camaraderie and for many other reasons that makes your organization one of India's best companies to work for**.'*

We are proud of this recognition and delighted to know that the Tasty Bite family has built such a Great Place to Work at. This has been possible by building a work environment that thrives on building domain knowledge, teamwork and genuinely having fun while doing so

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of the employees are set out in the **Annexure C**.

ACKNOWLEDGEMENT

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

Your Directors also place on record their deep sense of appreciation for the efforts and contribution of the executives, staff and workers of the company during 2008 – 09.

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

Date : July 29, 2009
Place : Pune

Ashok Vasudevan
Chairman

ANNEXURE TO DIRECTORS' REPORT

Annexure A

The Members
Tasty Bite Eatables Limited

Re: Corporate Governance Certificate

I have examined the compliance of conditions of Corporate Governance by Tasty Bite Eatables Limited (the Company) for the year ended on March 31, 2009 as stipulated in Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Limited.

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

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

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

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

Date : 25 May 2009
Place : Pune

Annexure B

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS & OUTGO :

A. CONSERVATION OF ENERGY :

a) Energy Conservation measures taken

— Power produced from captive power is maintained at 3.02 units/litre of fuel by undertaking preventive maintenance on regular basis

— The Company converted its furnace oil powered boiler to a multi fuel boiler using briquettes as its main input. This has resulted in lowering steam cost and eliminating use of fossil fuel.

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

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

Steam cost for manufacturing products has been reduced by approx 50%

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

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) total foreign exchange used & earned

	Current Year	Previous Year
Used (Rs. lacs)	802.13	85.74
Earned (Rs. lacs)	3474.38	2508.84

FORM A

Disclosure of particulars with respect to Conservation of Energy.

(A) Power and Fuel Consumption:

	Current Period	Previous Period
1. Electricity		
a) Purchased Unit (in KWH)	21,31,230	19,22,650
Total Amount (in Rupees)	98,07,549	1,00,44,210
Rate/Unit (In Rupees)	4.6	5.22
b) Own Generation :		

Through Diesel Generator: A very small amount of electric power was generated through 680 KVA. D.G sets installed as stand-by arrangements, whenever there is power shortage from MSEDCL

2. Others (Briquettes)		
Qty. (in ton)	1375.45	1452.86
Total Amount (In Rupees)	52,26,710	51,67,382
Avg. Rate (in Rs./ton)	3800.00	3556.68

(B) Consumption Per Unit Production:

Standard products (with details) unit		
Electricity: KWH/KG	0.489	0.69
Furnace oil: K.G./ KG	-	0.16
Briquettes: K.G./ KG	0.352	0.42

FORM B

(A) RESEARCH & DEVELOPMENT (R & D)

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

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

   During the year a range of new products were launched like soups, entrées etc. for the private labeled business, simmer sauces in the ready-to-cook segment and few intermediate products for institutional customers.

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

   The above developments have benefited in a growth of Exports to Rs. 3601 Lacs in the current year from Rs. 2711 Lacs in the previous year.

3. Future plan of action

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

4. Expenditure on R & D

a) Capital (in Rs.)	13,478
b) Recurring (in Rs.)	1,75,397
c) Total (in Rs.)	1,88,875
d) Total R & D expenditure as a percentage of total turnover	0.35%

(B) TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

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

NIL

ANNEXURE – C

Particulars of employees pursuant to the provision of section 217 (2A) of the Companies Act 1956 and forming part of the Directors' Report for the Year ended 31st March 2008

A) Employees who were employed throughout the Financial Year and were in receipt of remuneration in aggregate of not less than Rs.24,00,000/- per annum

Sr. No	Name	Designation	Gross Remuneration Rs.	Qualification	Age	Total Experience (years)	Date of Joining	Previous Employment
Employed for the whole year								
1.	Ravi Nigam	Executive Director	30,41,205/-	Degree in Chemistry & Master's Degree in Rural Management	49	27	1997	Ballarpur Industries' Commodity Foods Group - **Chief General Manager.**

B) Employees who were employed for a part of the Financial year and were in receipt of remuneration in aggregate of not less than Rs. 2,00,000/- per month.

NIL

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.

BOARD OF DIRECTORS

a) Composition of Board

The Company is managed by the Board of Directors with a Non-Executive Chairman, a Non-Executive Director, an Alternate Director, an Executive Director and three eminently qualified Independent Directors since Mr. Kavas D. Patel also joins the Board from May 29, 2009.

b) Number of Board Meetings

There were four Board Meetings during the year ended 31st March, 2009. These were on May 27, 2008, July 30, 2008, October 30, 2008 and January 31, 2009 and the maximum interval between any two meetings was not more than 4 months.

c) Directors attendance record & directorships held

Sr. No.	Name of the Director	Category Of Directorship	Attendance in Board Meetings Durings 2008-09	Attendance at last AGM held on 22.08.08	No. of other Directorships# as on 31.3.2009	No. of other Committee positions held as on 31.3.2009 (Other Companies)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
1.	Mr. Ashok Vasudevan	N.E.D.	1	Yes	3	NIL
2.	Mrs. Meera Vasudevan	N.E.D.	0	No	4	NIL
3.	Mr. Ravi Nigam	E.D.	3	Yes	3	NIL
4.	Mr. K. P. Balasubramaniam	N.E.D.	4	No	5	1
5.	Dr. V. S. Arunachalam	N.E.D.	3	Yes	1	NIL
6.	Mr. Sohel Shikari *	A.D.	4	Yes	3	NIL

NED – Non-Executive Director,

ED – Executive Director,

AD – Alternate Director

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

including private limited companies and excluding foreign companies.

COMMITTEES OF THE BOARD

a) AUDIT 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	
			Held	Attended
Mr. K. P. Balasubramaniam	Chairman	Independent	4	4
Dr. V.S.Arunachalam	Member	Independent	4	3
Mr. Ravi Nigam	Member	Executive	4	3

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

Terms of reference :

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

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

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

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

(d) Review the adequacy and quality of internal control systems.

(e) Review and comment on draft audit report / Report to management & qualifications.

(f) Review any change in Accounting Policies and practices.

(g) Compliance with stock exchange – listing requirements.

(h) Compliance with other Corporate and Foreign Exchange laws vis-à-vis remittances made & received.

(i) Discussion with external auditors on the nature, time period and scope of the audit and post-audit review on any areas of concern.

(j) Reviewing the Company's financial and risk management policies.

(k) Look into reasons for defaults if any in the payment to creditors/ suppliers/government.

(l) Look into reasons for defaults by Company's customers, dealers, distributors & credit days' control.

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

b) SHAREHOLDERS' GRIEVANCE COMMITTEE

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

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

The Compliance Officer is Ms. Garima Chamadia, Company Secretary.

The Company received two complaints during the year 2008-09 and one pending case from previous year. All were resolved and no complaint is pending as on March 31, 2009.

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

Nature of Complaint	Received	Resolved	Pending
Non Receipt of Securities after Transfer	1	1	0
Non Receipt of Dividend Warrant	1	1	0
Non Receipt of Share Certificates	0	0	0
Non Credit of Shares	1	1	0
Total			

DETAILS OF REMUNERATION OF THE BOARD OF DIRECTORS

All decisions related to the remuneration of the Directors, both Executive & Non Executive are decided by the Board of Directors of the Company in accordance with the shareholders approval, wherever necessary. Details of remuneration paid to the executive & Non executive directors for the year 2008-09 are as follows:

a) Non Executive Directors

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

b) Executive Director

Salary (Rs.)	30,41,205
Benefits (Rs.)	NIL
Performance linked Incentive / Commission / Bonus (Rs.)	NIL

Notes :

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

c) Remuneration Policy :

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

CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all its Members and Managerial personnel in line with the industry practice and all the members of the Board & the Managerial personnel of the Company have confirmed compliance with the Code of Conduct for the year under review, as adopted by the Company.

GENERAL BODY MEETINGS

Details of the last three Annual General Meeting are as follows

Financial year ended	Date & Time	Venue	Special Resolution
2007-08	22nd Aug 08, 10.30 am	Registered Office	Extension of period of Redemption of Redeemable Preference Shares.
2006-07	14th Sept 07, 11:00 am	Registered Office	None
2005-06	25th Sept 06, 11:00 am	Registered Office	Appointment of Mr. Ravi Nigam as Executive Director for a period of 5 years w.e.f. July 20, 2006.

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

DISCLOSURES

1. The transactions with related parties do not have potential conflict with the interests of the company at large. A comprehensive list of related party transactions as required by the Accounting Standards (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of Note No. 10 of schedule 16 to the Accounts in the Annual Report.
2. There has been no instance of non- compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or the Stock exchanges or any other statutory authority does not arise.
3. The Company has laid down procedures to inform Board members about the risk assessment and the minimization procedures. The Company has identified major and minor risks like market risk, fluctuation in foreign exchange, interest rate, commodity (raw material etc.) and packaging material prices and other property and business risks and these risks are analyzed from time to time by the executive management team and reviewed by the Board. Most of these risks are duly insured or covered by Forex Forward Contracts, as the case may be.
4. There has been no public, rights or preferential issues of shares and debentures during the year.
5. As required by clause 49 of the Listing Agreement, the Company has obtained a certificate from Practising Company Secretary regarding compliance of conditions of Corporate Governance. The certificate is given as an annexure to the Directors' Report.

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

- Your Company has adopted and circulated whistle blower policy to provide necessary forum to raise any corporate governance issue to the management. This policy encourages employees to communicate incidents of any misuse of company's properties, any mismanagement or wrongful conduct prevailing anywhere within the organization
- The quarterly un-audited results of the company after being subjected to limited review by the Statutory Auditors are published in newspapers and also on the Electronic Data Information Filing and Retrieval System at www.sebiedifar.nic.in . These results are not sent to shareholders individually.
- The Auditors have issued an unqualified report on the statutory financial statements of the Company.
- Training of Board Members/ Mechanism for evaluating non-executive directors.

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

MEANS OF COMMUNICATION

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

(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.GENERAL SHAREHOLDER INFORMATION

a)	**Annual General Meeting**	:	
	– Date and Time	:	August 27, 2009 at 11.00 a.m.
	– Venue	:	Registered Office, Pune
b)	**Financial Calendar**	:	
	Financial reporting for		
	– the quarter ending June 30, 2009		Last week of July, 2009
	– the half year ending September 30, 2009		Last week of October, 2009
	– the quarter ending December 31, 2009		Last week of January 2010
	– year ending March 31, 2010		Last week of May, 2010
	Annual General Meeting for the year ending March 31, 2010	:	September, 2010
c)	**Financial Year**	:	April 1 to March 31
d)	**Dates of Book Closure**	:	August 21, 2009 to August 27, 2009
e)	**Dividend Payment**	:	Not recommended any dividend payment for the financial year 2008-09.
f)	**Listing on Stock Exchange**	:	Bombay Stock Exchange Ltd (BSE) Code : 519091 ISIN: INE 488B01017 Group : B
g)	**Registrars & Shares Transfer Agent**	:	M/S Karvy Computershare Pvt. Ltd. "Karvy House", 46, Avenue 4, Street no.1 Banjara Hills, Hyderabad – 500034 Ph: 040-23312454 e-mail: mahendra.singh@karvy.com

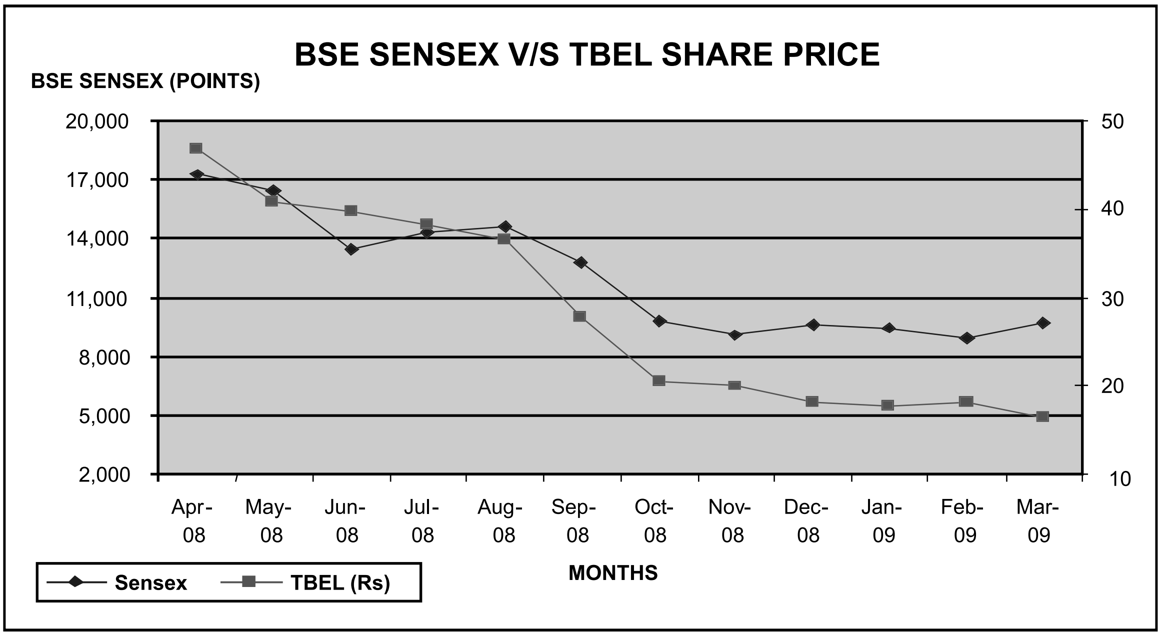
h) Stock Market data

The Market Price and Volume of the Company's Equity Shares traded on the Bombay Stock Exchange Limited; Mumbai during the year 2008-09 is as follows :

Month	High (Rs)	Low (Rs)	Volume (Nos)	Sensex
April 08	50.75	38.70	56,945	17,287
May 08	50.00	38.70	14,102	16,415
June 08	44.00	35.00	6,907	13,461
July 08	43.20	35.05	10,755	14,355
Aug 08	39.80	34.00	22,111	14,564
Sept 08	38.65	20.00	68,196	12,860
Oct 08	26.90	17.50	12,948	9,788
Nov 08	22.50	16.50	8,398	9,093
Dec 08	22.80	16.50	9,878	9,647
Jan 09	20.00	17.20	2,839	9,424
Feb 09	18.45	16.15	1,455	8,891
Mar 09	18.90	14.85	6,505	9,708

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

Stock performance Vs BSE Sensex :



The graph relates to the monthly closing price/ indices

i) Share Transfer System

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

Secretarial Audit Report

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

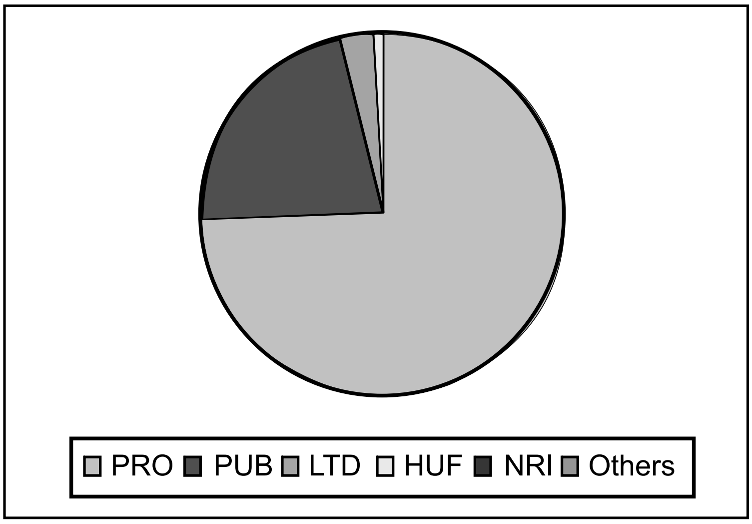
j) Distribution of Shareholding as on 31st March 2009

As of March 31, 2009, the distribution of the Company's shareholding was as follows :

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 - 5000	1579	89.16%	239372	2393720	9.33%
5001 - 10000	95	5.36%	78130	781300	3.05%
10001 - 20000	51	2.88%	77426	774260	3.02%
20001 - 30000	11	0.62%	28053	280530	1.09%
30001 - 40000	10	0.56%	34418	344180	1.34%
40001 - 50000	5	0.28%	21882	218820	0.85%
50001 - 100000	10	0.56%	74268	742680	2.89%
100001 & Above	10	0.56%	2012451	20124510	78.43%
Total	**1771**	**100%**	**2566000**	**25660000**	**100%**

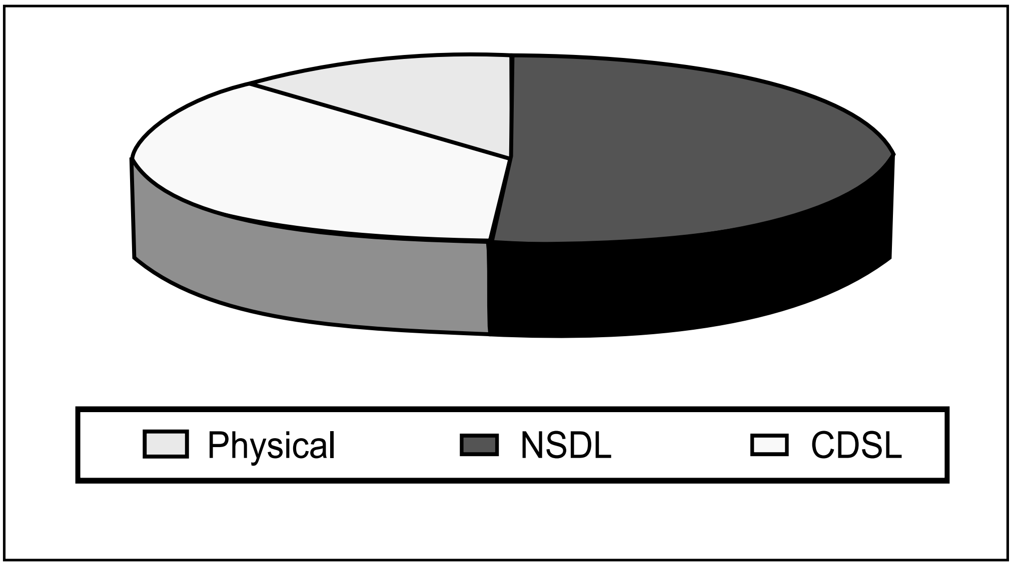
k) Shareholding Pattern as on Marach 31, 2009

Category	No. of Holders	Total Shares	% To Equity
PROMOTERS	3	1904510	74.22%
RESIDENT INDIVIDUALS	1674	569157	22.18%
BODIES CORPORATES	66	68749	2.67%
H U F	17	22180	0.86%
N R I	8	834	0.04%
CLEARING MEMBERS	3	570	0.03%
Total	**1771**	**2566000**	**100.00%**



l) **Dematerialization of shares and liquidity as on 31.03.2009**

Description	No. of cases	Total Shares	% to equity
Physical	847	2076411	80.92%
NSDL	678	331006	12.90%
CDSL	246	158583	6.18%
Total	**1689**	**2566000**	**100%**



m) Outstanding GDR/ADR/Warrants or any convertible instruments : Not Applicable

n) Factory Location : Bhandgaon & Khuttao Villages, Taluka – Daund, Dist - Pune - 412214, Maharashtra.

o) Investors Correspondence : Garima Chamadia
Company Secretary
204, Mayfair Towers, Wakdewadi,
Shivajinagar, Pune - 411005
Ph: 91-020-2551 0685,
Fax: 91-020-2551 2695
garima@tastybite.com

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

To the Board of Directors of

Tasty Bite Eatables Limited

We certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year 2008-09 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

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

Place : Pune	**Ravi Nigam**	**Sohel Shikari**
Date : May 29, 2009	**Managing Director**	**CFO**

MANAGEMENT DISCUSSION AND ANALYSIS

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. The Company's Management accepts responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner, the balance sheet as on March 31, 2009, the profits and cash flows for the financial year 2008-09.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

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

The Company's growth over the past decade has been driven by three industry mega trends in the global food industry. These involve (1) Convenience Foods (US market $16 billion growing at 10%), (2) Natural Foods ($ 5 billion-17%) and Specialty Foods ($2 billion-30%). Tasty Bite occupies the 'sweet spot' across these three industry mega-trends.

The Company's Mission Statement reads: ***'Be a values-driven company that will make Tasty Bite a household name by manufacturing & marketing natural, convenient, specialty foods that will offer consumers great taste, good value and a range of cuisine achieved through product innovation, low cost manufacturing, versatility, vertical integration and customer partnerships in a knowledge driven, energetic and fun work environment.'*** We continue to be committed to this mission and build upon the five areas that are and continue to be areas of competitive advantage to the Company.

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

The Balanced Scorecard approach has allowed focus on key measurement criteria and is a much focused method of looking at individual and group performance. We believe that in the years to come, this will significantly enhance performance all across the company.

Results of this focused strategy have yielded results with a top line growth of around 28.3% in FY09. This was achieved through expansion of the company's product offerings, product innovations, increased presence and market share in key markets and strategic investments in the Tasty Bite Research Centre (TBRC).

TBEL manufacturers its products in a world-class, versatile manufacturing facility located near Pune, India. The versatility of the plant encompasses manufacture of products in multiple formats (shelf-stable, frozen), multiple packaging (pouches, trays), multiple cuisines and multiple pack sizes. The Company prides itself of its quality and has constantly endeavored to set industry standards of quality assurance. The Tasty Bite factory has an ability of manufacture over 70,000 meals per day in addition to manufacturing prepared frozen formed products and IQF (individual quick frozen) vegetables.

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[1] ***SPINSscan data for year ending December 29, 2008***

TBEL has a separate vegetable processing facility at its campus wherein all the sorting, cleaning, grading and cutting activity of vegetables is being undertaken. The separation of these activities from the main manufacturing areas of the factory has improved quality and productivity.

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

The Company has been recognized for its export performance and continues to be a Government certified 'One Star Export House'.

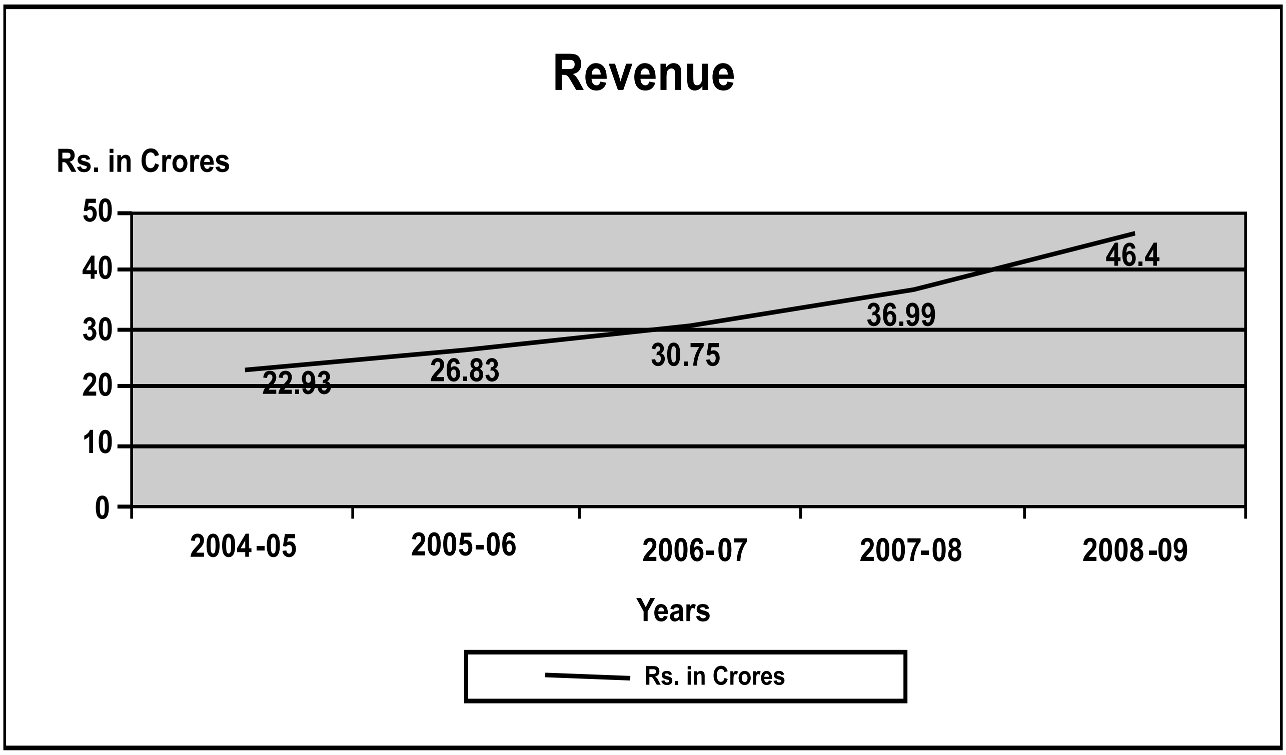
B. FINANCIAL PERFORMANCE

Results of Operations

Some salient features of the Company's financial performance in fiscal FY08 (2008-09) are:

- Gross Revenues have grown 28.5% to Rs. 46.3 Crores in FY09 up from Rs. 36.1 Crores FY08.
- Export Sales have grown 33% to Rs. 36.08 Crores in FY09 up from Rs. 27.10 Crores in FY08.
- The company has reported earnings before depreciation, interest, depreciation and taxes (EBITDA) of Rs. 7.4 Crores in FY09 as against Rs. 3.6 Crores in FY08.
- Profit after-tax for the year increased 22% over the previous financial (Rs. 141 Lacs in FY09 against Rs. 114 Lacs in FY08).

Overall revenues over the past 5 years have grown at a compounded annual growth rate of 19.3%.



Revenue Analysis

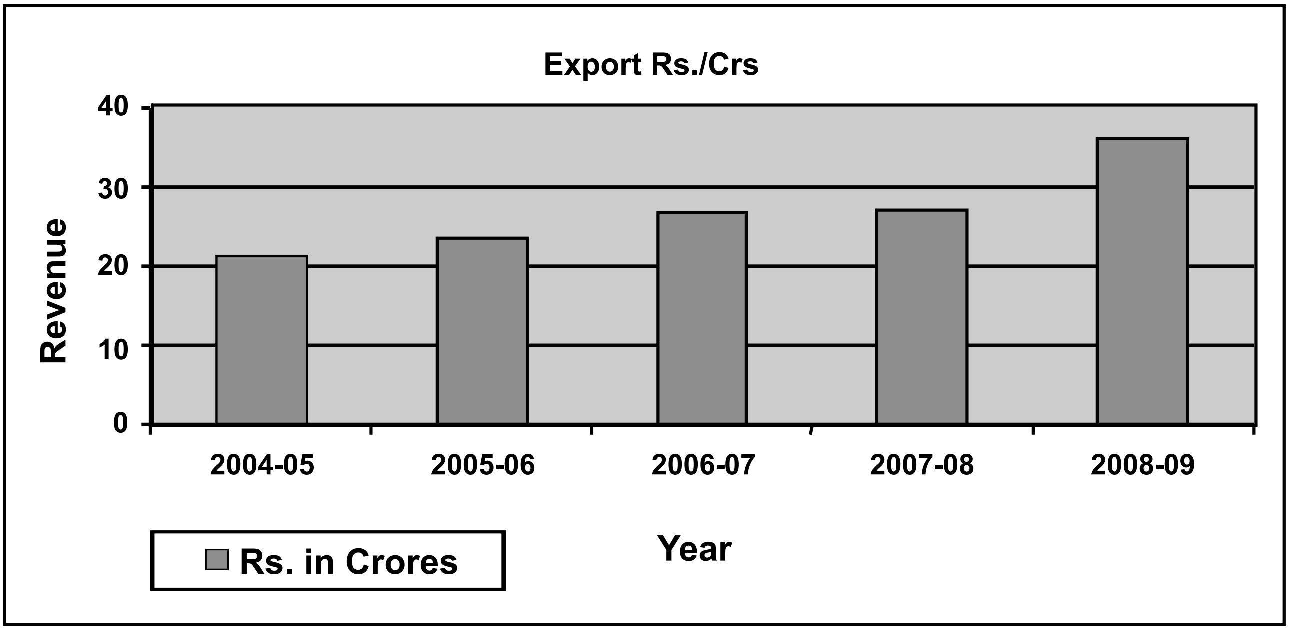
Revenue break-up across key business divisions for the financial year ended March 31, 2009 and 2008 is given below:

Particulars (Rs. in Crores)	2008-09	2007-08	% Growth
Exports Sales & Incentives	39.15	29.91	31%
Domestic Sales	6.33	5.23	21%
Processing Income and Rentals	0.30	0.48	-38%
Other Income	0.55	0.48	15%
Total Revenues	46.33	36.10	28%

TBEL' achieved revenues of Rs. 46.33 Crores in FY09, a growth of 28.3% over FY08 revenues of Rs. 36.1 Crores. Export revenues including export related incentives grew 11.73% to Rs. 39.16 Crores in FY09 (Rs. 29.92 Crore in FY08). Volume growth in sales was 21% over FY08. The Company also benefited from the stronger USD in the last quarter of the year since a large percentage of its sales come from North America and are USD linked. Closing rate of USD –INR as on March 31, 2009 was Rs. 50.8 compared to Rs. 40.02 on March 31, 2008.

Export revenues come mainly from the sale of ready-to-serve (RTS) meals in consumer packs, which continues to remain the key product line of the Company. These retail packs are exported and distributed to consumers through mainstream supermarkets and grocery stores in the US, Canada, Australia and other global markets. Exports comprise the bulk of the business and contribute over 85% of the company's revenues.

Growth of export sales over the past 5 years is summarized in the chart below. These have grown at an annual compounded growth rate of 17%.



Institutional sales grew 21% in FY09 to reach Rs. 6.33 Crores as compared to Rs. 5.23 Crores in FY08. Since a bulk of this business comes from the sale to quick service restaurants, the sales growth is linked to the growth of the number of their outlets in India where our product is sold.

Apart from its RTS and Formed Frozen Product (PFF) business, the company has an IQF (individual quick frozen) plant along with a cold store. This IQF plant has been mainly utilized for processing of our vegetables such as spinach and green peas that are procured in season and then stored in the cold store for later use. While we also do processing for third parties and receive processing income this revenue has declined in the current financial, given the focus of the Company to process vegetables mainly for captive consumption. The cold store has a capacity of 1800 tons and excess capacity is leased out to various customers for which we earn cold storage rentals.

Operational income, which includes cold storage rentals, processing income and export incentives grew only 5% in FY09 (Rs. 3.45 Crores compared to Rs. 3.28 Crores). Processing income fell 27% to Rs. 0.12 Crores and cold storage rentals fell by 43% to Rs. 0.18 Crores given the company's gradual move away from these businesses. Export incentives schemes which include duty drawback and the Vishesh Krishi and Gram Upaj Yojana (VKGUY) which account for the bulk of the business grew 12% in FY09 which is linked to export sales. The growth in this income is lower than the export growth due to the lowering of import and excise duties which has resulted in lowering the input duty costs and therefore the value of the incentives. Peak custom duty in FY09 was 19.5% compared to 24% in FY08 while there was a reduction of excise duty rates from 14% in FY08 to 8% in FY09.

EXPENDITURE ANALYSIS :

Cost of Goods Analysis

Raw and packing material costs as a percentage of sales were at 56.63% in FY09 compared to 60.99% in FY08. The decrease in the costs has been driven by the appreciating USD that provides the company increased realization on its USD denominated sales. Although the first half of the year has seen price increases in most commodities over and above the budgeted rates for these inputs, the impact of this was more than offset by the increased sale realization. This increased realization gave the company an added contribution from sales of Rs. 1.86 Crores compared with the budget.

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

Particulars of Material consumption during the year

(Rs.Crores)

Particulars	2008-09	2007-08
Sales	423.4	323.4
Material Consumed	237.2	203.5
% COGS	**56%**	**61%**

Manufacturing Cost

Manufacturing costs primarily consists of power and steam which is used to manufacture our products. In order to save on steam generation costs, we had converted our boiler to a flexible fuel boiler that could use either furnace oil or briquettes as inputs. Stores, spares and consumables decreased to 3.24% of sales compared with 4.5% in FY08. Even on an absolute basis, the company spent less on consumables in FY09 compared to FY08 on the back of efficiencies derived from cheaper steam costs by conversion of the boiler to a briquettes based system from a furnace oil system.

Export freight as a percentage of export sales is 8.88% in FY09 as compared to 7.93% in FY08. Cargo freight rates have seen a dramatic swing during the year linked with the price of crude which reduced from a high of approximately US$ 140 per barrel at the start of the year to approximately US$ 50 per barrel by the end of the financial.

Manufacturing expenses reduced to Rs. 1.3 Crores in FY09 compared to Rs. 1.43 Crores in FY08. This, on a higher sale base, amounts to 3.08% of sales compared to 4.43% of sales in FY08. Electricity cost that comprises 75% of these manufacturing costs was the main factor resulting in the reduction of these expenses. These reduced nearly 4% in FY09 to Rs. 9.8 million in FY09 compared to Rs. 1.01 Crores in FY08. As mentioned in the previous year MD&A, the company as part of its expansion plan had installed a new transformer and panels plus added capacitor banks in order to increase the power load factor. Further, the maintenance of the cold store that included re-haul of the air blowers, addition of new doors and using more efficient compressors have all contributed towards reduction of units consumed by the cold storage by nearly 20%. All of the above have resulted in saving of electricity units and lowering of the power bill.

General and Administrative Costs

Total administrative overheads which include corporate payroll, expenses of the research and development center and general overheads increased 19% year-on-year between FY09 and FY08. As percentage of revenues, G&A costs were 11.8% of FY09 revenues compared to 12.9% of revenues in FY08. Payroll costs increased 10%.

Foreign Exchange Losses

The company booked a total loss on account of various foreign exchange contracts and mark-to-market position of its foreign assets and liabilities of Rs. 3.11 Crores. Of this, Rs. 1.45 Crores was on account of the mark-to-market of its USD external commercial borrowing from its parent company, Preferred Brands International, the total balance which is outstanding as on March 31, 2009 of US$ 1,550,000. In addition, the company had booked several forward contracts against its exports in the early part of FY09 at rates ranging from Rs. 39.60 to Rs. 41 per USD. Forward contracts to cover approximately 70% of export sales of FY09 resulted in losses of Rs. 2.11 Crores.

The company also had a USD-CHF swap contract on which it had taken a provision of Rs. 1.2 Crores in the earlier financial as a mark-to-market provision. The Swiss franc moved favorably against the USD which resulted in the contract closing at a rate of 1 USD = 1.16 CHF on February 11, 2009 which resulted in a reversal of the earlier provision and a booking of a profit of approximately Rs. 0.85 Crores.

As per a recent notification of AS-11 standards relating to the mark-to-market of long term foreign currency assets and liabilities, companies have been given the option of amortizing these mark-to-market losses through March 31, 2011. This change in regulation has been driven by the industry and accounting standards globally in order to reduce the impact of foreign currency losses in light of extremely volatile exchange rates. The company has however decided not to exercise this option of amortizing these losses and is carrying the entire mark-to-market loss on its long-term assets and liabilities as on the date of the balance sheet, i.e. March 31, 2009.

EBITDA

Operating EBITDA of the company came to Rs. 7.4 Crores in FY09 (16%) compared to Rs. 3.63 crores (10.03%) in FY08 . This growth is primarily on account of the higher contribution on USD sales since the INR depreciated 27% through the course of the year. However, as the company had taken forward contracts at a lower rate for part of the year and further suffered losses on account of mark-to-market of its foreign currency liability (ECB), the EBITDA after these foreign exchange losses amounts to Rs. 4.28 Crores (9.2%), a growth of 18% over the previous financial.

Finance Costs

Financial expenses increased from Rs. 7.1 crores in FY08 to Rs. 9.7 crores in FY09. This increase in financing costs has been on account of higher working capital limits that the company has sought and obtained from Axis Bank for its working capital limits. As on March 31, 2009, total limits utilized from Axis Bank for working capital stood at Rs. 3.6 crores compared to Rs. 1.66 crores as on March 31, 2008. Interest costs as a percentage of revenues stood at 2.07% in FY09 compared to 1.96% in FY08. Interest coverage ratio stood at 3.47 times in FY09 compared to 3.86 times in FY08.

Depreciation and Amortization

Depreciation increased to Rs. 0.99 crores in FY09 compared to Rs. 0.87 crores in FY08. This is on account of capitalization of a few additional assets in FY09 and full year depreciation of several others which was not the case in FY08.

Profits

Net profit of TBEL stood at Rs. 1.42 crores (3.06% of the total revenue) in FY09 compared to Rs. 1.17 crores (3.23% of the total revenue) in FY08, a growth of 22%.

BALANCE SHEET ANALYSIS

Share Capital

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

The Company also has 59,530 preference shares of face value of Rs. 100 each (1% non-cumulative, non-convertible, redeemable) which were due for redemption on August 31, 2008 at their issued premium of Rs. 1950 per preference share. The Company got extension for this redemption from its shareholders for a maximum period of 20 years from the date of issue of these shares (31.08.1998). However PBFIL have the right to demand redemption at any time on these preference shares by giving a 90-day notice in writing to the Company.

Fixed Assets

The total assets capitalized during the year were Rs. 2.473 crores. These assets were used to expand the capacity and upgrade existing infrastructure in the factory.

Provisions

As per accounting standards relating to employee benefit a provision of Rs. 0.19 crores against leave encashment and Rs. 0.096 crores against gratuity existed on the financials as of March 31, 2009. The Company has also created a Tasty Bite Employees Gratuity Trust in which it has funded Rs. 27 lacs as on the date of this report.

Deferred Tax Liability

We recorded a deferred tax liability of Rs. 0.84 crores as of March 31, 2009 (Rs. 0.63 crores as of March 31, 2008). Deferred tax liabilities represent timing differences in the financial and tax books arising from depreciation on assets.

Ratio Analysis

Ratio Analysis	FY 09	FY 08	FY 07
Ratios - Financial Performance			
Export Sales/ Total Sales(%)	85.05%	83.80%	89.50%
Domestic Revenue/ Total Revenue (%)	14.95%	16.20%	10.50%
Gross Profit/ Total Revenue (%)	48.79%	53.30%	54.60%
Aggregate Employee Cost/ Total Revenue (%)	12.70%	14.40%	14.20%
General and Administrative expenses/ Total Revenue (%)	7.28%	15.40%	13.90%
Selling and Marketing expenses/ Total Revenue (%)	0.30%	0.40%	0.50%
Earnings before depreciation, interest and taxes/ Total Revenue (%)	9.26%	8.60%	7.90%
Depreciation / Total Revenue (%)	2.14%	2.30%	2.20%
Interest / Total Revenue (%)	2.10%	1.90%	1.00%
Profit Before Tax/ Total Revenue (%)	5.02%	4.30%	4.70%
Profit After Tax/ Total Revenue (%)	3.04%	3.20%	2.80%
Ratios - Balance Sheet			
Debt - Equity Ratio	0.56	0.42	0.41
Current Ratio	2.58	2.10	2.00
Days Accounts Receivables	72	72	100
Days Inventory	36	47	41
Days Accounts Payable	65	71	97
Ratios - Return			
ROCE (PBIT/ average capital employed) (%)	14.08%	11.80%	10.70%
Return on average invested capital (%)	6.02%	5.80%	5.30%
Capital Output ratio	0.57	0.55	0.61
Ratios - Per Share			
Basic EPS (Rs.)	5.50	4.60	3.40
Book Value (Rs.)	10.31	1.20	-3.40
Price, end of year (Rs.)	16.50	38.80	59.90
Price/ Earnings, end of year	3.00	8.50	17.70
Market capitalisation / Total Revenue, end of year	0.09	0.27	0.50

C. OPPORTUNITIES AND THREATS

The international market for convenient, natural and specialty foods especially in the Indian and Thai category continued to see robust growth in FY09. The Tasty Bite brand occupies a 74% market share in natural supermarkets and a 54% market share in the mainstream grocery markets. We believe that consumer trends will continue to drive growth at robust rates in all our export markets.

The institutional business for the Company in India has also grown moderately achieving an 20% growth over the previous financial. The increase in quick-service restaurants and the emergence of a new category of products enabled the company to grow in this segment despite of the receding economy.

We remain optimistic of the Company's performance moving ahead and estimate that profit will further increase in FY10. Growth in revenue will be driven by width of distribution in key markets, increased product offering allowing for new uses of the Company's products as well as increasing frequency of usage.

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

D. RISKS, CONCERNS & RISK MITIGATION

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

The Indian rupee has declined by 20% in FY09 compared with FY08. Further appreciation of the Indian rupee would impact our revenue growth since our products are fixed-priced to our US customers in dollars. While we have hedged some of our risks using forward contracts, the volatility of the rates in recent times could affect the results of our operations as well as impact our positions that have already been taken on our forward, option and swap contracts. Some of our packaging material is imported and priced in dollars, which provides a partial hedge against our dollar based export revenues.

The past year has seen a significant increase in many agricultural commodities such as vegetable oil, rice, wheat and milk products. We do have rate contracts for some of our key raw materials but these are generally short term in nature and would not cover the entire year. Our cold store allows us to procure and store vegetables in season in order to manage these costs.

Our goods are manufactured in India and exported by sea to various global markets. Increasing costs of oil would increase sea freight, which would impact our margins.

We are in a consumer business and we do not have minimum purchase commitments or contracts with our customers. Our growth is dependent upon the market demand for these kinds of products and our ability to deliver great tasting products at globally competitive prices.

The environment we operate in is highly competitive with consumer trends rapidly changing. Our success and growth will lie in our ability to identify these trends and develop products that will be accepted by our consumers.

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

E. HUMAN RESOURCES, INDUSTRIAL RELATIONS, SAFETY AND ENVIRONMENT

Human Resources and Industrial Relations

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

Tasty Bite believes in achieving Organizational excellence through Human Resources. It follows 'People first' approach to leverage the potential of its 130 employees. Professional training programs, recognition systems and skill enhancement initiatives make Tasty Bite a learning Organization and one of the Great Places to Work for, in India. The company has been ranked as one of India's Top-50 Best Companies to Work for in India in 2009 in a survey done jointly by the Economic Times of India and Great Places to Work Institute, India. The award received by the company reads -

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

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

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

Our program to provide a matching education grant for children of our factory workers is going successfully. Currently more than 15 children are benefiting from this program.

The Company has entired into a settlement with its workmen during the year.

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

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

Quality:

The Company’s stated mission for quality is to **“rise beyond certifications”**. The Company continues to be certified for the following certifications:

- ISO-9001/2000, HACCP (Hazard Analysis & Critical Control Points);
- ISO-14001 (Environmental Management Systems);
- ISO 22000 (Integrated Food Safety) ;
- OAHAS 18001 (Occupational Health and Safety) &
- BRC (British Retail Consortium).

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

ENVIRONMENT:

The Company is certified for Environmental Management Systems (ISO-14001) and the management and employees continue to be deeply committed towards doing our little bit to preserve the environment. We believe it also often makes business sense. For instance, the conversion to a more eco-friendly briquettes- based boiler provided significant cost efficiencies as witnessed by the lower cost of steam generation and a payback of eight months.

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

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Company also began implementation of a new ERP solution in FY09 that would be operational from FY10.

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

G. CAUTIONARY STATEMENT

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

AUDITORS' REPORT

TO

THE MEMBERS OF TASTY BITE EATABLES LIMITED

1. We have audited the attached Balance Sheet of **Tasty Bite Eatables Limited** as at March 31, 2009 and also the Profit and Loss Account of the Company for the year ended as on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of these books.
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
      ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Anil A. Kulkarni
Partner
Membership No.47576
Date : May 29, 2009
Place : Pune

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of **Tasty Bite Eatables Limited** ended March 31, 2009.

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

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

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

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

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

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

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

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

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

(iv) The Company has taken loan from one party listed in the register maintained under section 301 of the Companies Act, 1956. The total loan amount outstanding at the year end is Rs.78,835,170/-.

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

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

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

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

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

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

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

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

9) (i) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues including dues pertaining to Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Customs Duty, Cess and any other statutory dues with the appropriate authorities.

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

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

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Dues and Interest Dues	1,09,33,763 4,30,191	1996-2007 1991-1997	Employees' Provident Fund Tribunal
Central Sales Tax Act, 1956	Tax, Interest and Penalty	7,88,036	1999-2000	Sales Tax Tribunal
Bombay Sales Tax Act, 1959	Tax, Interest and Penalty	1,42,177	1999-2000	Sales Tax Tribunal
Delhi Sales Tax Act, 1975	Tax, Interest and Penalty	48,702	2003-2004	Deputy Commissioner of Sales Tax (Appeal)
Income Tax Act, 1961	Tax	2,81,439	2002-2003	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and Interest	7,86,268	2001-2002	Income Tax Appellate Tribunal

Of the above, the Company has deposited Rs.20,62,118/- towards the Provident Fund dues, Rs.5,92,177/- towards Sales Tax and Rs.8,90,949/- towards Income Tax.

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

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

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

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

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

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

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

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

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

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

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

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Anil A. Kulkarni
Partner
Membership No.47576
Date : May 29, 2009
Place : Pune

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS				
a) Share Capital	1	**31,613**		*31,613*
b) Reserves and Surplus	2	**131,292**		*131,292*
			162,905	*162,905*
2. LOAN FUNDS				
a) Secured Loans	3	**106,993**		*52,029*
b) Unsecured Loans	4	**10,117**		*16,607*
			117,110	*68,636*
3. DEFERRED TAX LIABILITY			**8,385**	*6,340*
	TOTAL		**288,400**	*237,881*
APPLICATION OF FUNDS:				
4. FIXED ASSETS	5			
a) Gross Block		**208,624**		*210,981*
b) Less: Depreciation		**103,459**		*99,668*
c) Net Block		**105,165**		*111,313*
d) Capital Work-in-Progress		**31,336**		*684*
			136,501	*111,997*
5. CURRENT ASSETS, LOANS AND ADVANCES	6			
a) Inventories		**44,742**		*41,274*
b) Sundry Debtors		**90,878**		*72,577*
c) Cash and Bank Balances		**30,207**		*19,784*
d) Other Current Assets		**17**		*17*
e) Loans and Advances		**58,436**		*48,911*
		224,280		*182,563*
6. Less: CURRENT LIABILITIES AND PROVISIONS	7			
a) Current Liabilities		**75,563**		*65,682*
b) Provisions		**11,243**		*19,525*
		86,806		*85,207*
7. NET CURRENT ASSETS			**137,474**	*97,356*
8. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	8		**-**	-
9. PROFIT AND LOSS ACCOUNT		**14,425**		*28,528*
	TOTAL	**288,400**		*237,881*
NOTES TO ACCOUNTS	16			

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

As per our Report attached

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

Anil A. Kulkarni
PARTNER

Date : May 29, 2010
Place : Pune

Signatures to the Balance Sheet and Schedules 1 to 8 & 16.

For and on behalf of the Board

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

Date : May 29, 2010
Place : Bengaluru

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		Schedule		Current Year	Previous Year
			Rs. '000	Rs. '000	Rs. '000
INCOME:					
	Sales		423,382		*323,413*
	Less: Sales Returns		-		-
1.	Sales (Net of Returns)		423,382		*323,413*
2.	Operational Income	9	34,458		*32,838*
3.	Other Income	10	5,430		*4,776*
				463,270	*361,027*
EXPENDITURE:					
4.	Materials Consumed	11	237,231		*203,473*
5.	Purchase of Trading Goods		921		-
6.	Manufacturing and Other Expenses	12	180,608		*132,093*
7.	Interest and Finance Charges	13	9,746		*7,108*
8.	Depreciation		9,938		*8,647*
			438,444		*351,321*
9.	Inventory Change	14	1,588		*(6,225)*
				440,032	*345,096*
PROFIT/ (LOSS) BEFORE TAX:				23,238	*15,931*
	Provision for Taxation				
10.	Current Tax (including Fringe Benefit Tax)			7,014	*4,790*
11.	MAT Credit Entitlement			-	(3,279)
12.	Deferred tax			2,045	*4,192*
PROFIT/(LOSS) AFTER TAX:				14,179	*10,228*
13.	Prior Period Items (Net)	15		76	*(1,469)*
				14,103	***11,697***
14.	Deficit Brought Forward			(28,528)	*(40,225)*
DEFICIT CARRIED FORWARD				(14,425)	*(28,528)*
Basic and Diluted Earnings per share (Rs.) face value Rs. 10 per share		16		5.50	*4.56*
NOTES TO ACCOUNTS		16			

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

As per our Report attached

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

Signatures to the Profit and Loss Account and Schedules 9 to 16.

For and on behalf of the Board

Anil A. Kulkarni	*Ravi Nigam*	*Sohel Shikari*	*Garima Chamadia*
PARTNER	**Director**	**Director**	**Company Secretary**

Date : May 29, 2009
Place : Pune

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

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

Note:

a) Out of above 1,904,510 (Previous Year: 1,904,510) Equity shares and 59,530 (Previous Year: 59,530) Preference Shares are held by Preferred Brands Foods India Limited, the Holding Company, the subsidiary of Preferred Brands International Inc., USA, the Ultimate Holding Company.

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

SCHEDULE 2: RESERVES AND SURPLUS

		Rs. '000	Current Year Rs. '000	Previous Year Rs. '000
1.	**CAPITAL RESERVE**		**5,734**	*5,734*
2.	**SECURITIES PREMIUM ACCOUNT**			
	As per last Balance Sheet	**9,475**		*12,700*
	Less: Transfer to Reserve for Premium on Preference Share Capital	**-**		3,225
			9,475	*9,475*
3.	**RESERVE FOR PREMIUM ON PREFERENCE SHARE CAPITAL**			
	As per last Balance Sheet	**116,083**		*112,858*
	Add: Transfer from Securities Premium Account	**-**		*3,225*
			116,083	*116,083*
	TOTAL		**131,292**	*131,292*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 3: SECURED LOANS

		Current Year Rs. '000	Previous Year Rs. '000
1.	FROM BANKS		
	a) Cash Credit	**23,466**	-
	b) Term Loans (Refer Note no. 2 of Schedule 16 :Notes to accounts) (Repayment within one year: Rs. 2,500 thousands; Previous Year: Rs. Nil)	**4,692**	-
2.	FROM OTHERS		
	a) Term Loans (Refer Note No. 3 of Schedule 16 : Notes To Accounts)	**78,835**	*52,029*
	TOTAL	**106,993**	*52,029*

Note :

1. Cash credit is secured by hypothecation charge on all current assets including stocks and book debts to the extent of USD 7.50 lacs
2. Term loan from banks is secured by fixed deposits with bank.
3. Term loans from others are secured by way of first priority charge and mortgage over all the movable and immovable properties, present and future, all rights in the contracts of the borrower, borrowers right, title and interest in all receivables, returns from investments.

SCHEDULE 4: UNSECURED LOANS

	Current Year Rs. '000	Previous Year Rs. '000
FROM BANKS		
a) Overdraft	-	16,607
b) Working Capital Demand Loan	**10,117**	-
TOTAL	**10,117**	*16,607*
Amount repayable within one year	**10,117**	*16,607*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009
SCHEDULE 5: FIXED ASSETS

Rs. '000

ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-Apr-08	Additions	Deductions	**As at 31-Mar-09**	Upto 31-Mar-08	For the Year	On Deductions	**Upto 31-Mar-09**	**As at 31-Mar-09**	*As at 31-Mar-08*
Freehold Land	1,255	-	-	**1,255**	-	-	-	**-**	**1,255**	*1,255*
Buildings	37,230	-	-	**37,230**	10,524	1,244	-	**11,768**	**25,462**	*26,706*
Plant and Machinery	145,807	4,493	5,629	**144,671**	79,796	7,558	4,653	**82,701**	**61,970**	*66,011*
Office Equipment	2,826	77	397	**2,506**	669	117	132	**654**	**1,852**	*2,157*
Computers	5,495	499	576	**5,418**	4,730	295	566	**4,459**	**959**	*765*
Furniture & Fixtures	4,112	-	804	**3,308**	3,609	44	776	**2,877**	**431**	*503*
Vehicles	95	-	20	**75**	46	7	20	**33**	**42**	*49*
Electrical Installations	14,161	-	-	**14,161**	294	673	-	**967**	**13,194**	*13,867*
TOTAL	**210,981**	**5,069**	**7,426**	**208,624**	**99,668**	**9,938**	**6,147**	**103,459**	**105,165**	
Previous Year	*188,595*	*22,386*	-	*210,981*	*91,021*	*8,647*	-	*99,668*		*111,313*

Capital Work-in Progress		
A. Capital Work-in-Progress	**21,062**	*465*
B. Advance for Capital Goods (Unsecured, Considered Good)	**10,274**	*219*
TOTAL	**31,336**	*684*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 6: CURRENT ASSETS, LOANS AND ADVANCES				
1.	**INVENTORIES**			
	a) Raw Materials	**15,570**		*16,923*
	b) Stores and Spares	**507**		*471*
	c) Packing Material	**22,705**		*16,332*
	d) Work-in-Progress	**3,699**		*4,338*
	e) Finished Goods	**2,261**		*3,210*
			44,742	*41,274*
2.	**SUNDRY DEBTORS**			
	(Unsecured - Considered good, unless otherwise stated)			
	a) Debts outstanding for a period exceeding six months (Including doubtful debts Rs. 3,150 thousand; Previous Year Rs. 600 thousand)	**3,652**		*4,199*
	b) Other Debts	**90,376**		*68,978*
		94,028		*73,177*
	c) Less : Provision for Doubtful Debts	**3,150**		*600*
			90,878	*72,577*
	Due from companies under the same management:			
	Preferred Brands Foods India Limited		**58**	*20*
	Preferred Brands International Inc.		**67,078**	*42,360*
	Preferred Brands Australia Pty. Ltd.		**14,838**	*17,872*
3.	**CASH AND BANK BALANCES**			
	a) Cash in Hand	**55**		*159*
	b) Balances with Scheduled Banks			
	- in Current Accounts	**2,059**		*3,435*
	- in Deposit Account	**28,093**		*16,190*
			30,207	*19,784*
4.	**OTHER CURRENT ASSETS**		**17**	*17*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
5.	**LOANS AND ADVANCES**			
	(Unsecured - considered good, unless otherwise stated)			
	a) Advances recoverable in cash or in kind or for value to be received.	**45,864**		*37,629*
	(includes dues from Preferred Brands Foods India Limited, being a Comapany under the same management Rs. 3 thousand; (Previous Year : Rs. 3 thousand); Maximum amount due at any time during the year from Preferred Brands Foods India Limited Rs. 3 thousand; (Previous Year: Rs. 3 thousand)).			
	b) Sundry Deposits	**4,388**		*4,895*
	c) Advance Payment of Taxes	**8,184**		*6,387*
	(includes MAT Credit Entitlement Rs. Nil; Previous Year : Rs. 3,279 thousand)			
			58,436	*48,911*
	TOTAL		**224,280**	*182,563*

SCHEDULE 7: CURRENT LIABILITIES AND PROVISIONS

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
1.	**CURRENT LIABILITIES**			
	a) Sundry Creditors			
	(Refer Note no. 8 of Schedule 16 : Notes to Accounts)	**51,488**		*47,476*
	b) Other Liabilities	**24,075**		*18,206*
			75,563	*65,682*
2.	**PROVISIONS**			
	b) For Dividend Tax		**-**	*8*
	c) For Derivative Contracts		**-**	*12,059*
	d) For Retirement Benefits		**2,882**	*2,832*
	e) For Taxation	**11,640**		*4,626*
	Less : MAT Credit Entitlement	**3,279**		*-*
			8,361	*4,626*
			11,243	*19,525*
	TOTAL		**86,806**	*85,207*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

			Current Year	*Previous Year*
		Rs. '000	Rs. '000	*Rs. '000*
SCHEDULE 8: MISCELLANEOUS EXPENDITURE				
	(to the extent not written off or adjusted)			
1.	Share Issue Expenses			
	As per last Balance Sheet	-		*18*
	Less: Written off during the year	-		*18*
			-	*-*
	TOTAL		-	*-*
SCHEDULE 9: OPERATIONAL INCOME				
1.	Cold Storage Rent		**1,821**	*3,174*
2.	Processing Charges		**1,177**	*1,605*
3.	Export Incentives		**31,460**	*28,059*
	TOTAL		**34,458**	*32,838*
SCHEDULE 10: OTHER INCOME				
1.	Interest (Gross)		**4,111**	*3,471*
	(Tax Deducted at Source Rs. 304,494;			
	Previous Year Rs. 77,324)			
2	Dividend Income		**-**	*5*
3	Sundry Balances Written Back		**928**	*1,132*
4	Excess Provision Written Back		**338**	*167*
5	Miscellaneous Income		**53**	*1*
	TOTAL		**5,430**	*4,776*
SCHEDULE 11: MATERIALS CONSUMED				
	RAW MATERIALS INCLUDING PACKING MATERIAL			
	Opening Inventory		**33,255**	*29,181*
	Add: Purchases		**242,251**	*207,547*
			275,506	*236,728*
	Less: Closing Inventory		**38,275**	*33,255*
	TOTAL		**237,231**	*203,473*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 12: MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages, Bonus and Gratuity		**55,045**	*49,737*
Contribution to Provident and Other Funds		**1,984**	*1,744*
Workmen and Staff Welfare Expenses		**1,796**	*1,860*
Stores and Spares Consumed		**13,711**	*14,555*
Power and Fuel		**9,664**	*10,704*
Repairs and Maintenance:			
a) Plant and Machinery	**1,938**		*1,836*
b) Buildings	**341**		*1,389*
c) Others	**1,288**		*705*
		3,567	*3,930*
Rent, Rates and Taxes		**4,324**	*5,854*
Telephone and Postage		**2,183**	*1,778*
Travelling and Conveyance		**5,664**	*4,711*
Legal and Professional Charges		**6,727**	*3,243*
Printing and Stationary		**1,227**	*910*
Insurance		**700**	*950*
Freight		**32,161**	*21,591*
Sales Promotion		**616**	*86*
Selling and Distribution Expenses		**763**	*1,453*
Bad Debts Written Off		**-**	*1,864*
Provision for Doubtful Debts		**2,550**	*(704)*
Miscellaneous Expenditure Written Off		**-**	*18*
(Profit) / Loss on fixed assets sold / written off (Net)		**1,279**	*-*
Loss / (Gain) on Foreign Exchange (Net)		**39,650**	*(8,863)*
Provision for Loss on Derivative Contracts		**-**	*12,059*
Loss on derivative contracts	**3,560**		*-*
Less: Provision for Loss on Derivative Contracts	**12,059**		*-*
		(8,499)	*-*
Auditors' Remuneration		**681**	*604*
Sundry Balances Written Off		**262**	*199*
Miscellaneous Expenses		**4,553**	*3,810*
TOTAL		**180,608**	*132,093*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
SCHEDULE 13: INTEREST AND FINANCE CHARGES				
1.	Interest			
	- on term loans			
	- Banks	**300**		-
	- Others	**4,000**		4,527
		4,300		4,527
	- on other loans			
	- Banks	**3,396**		*1,340*
	- other interest	**202**		*1*
			7,898	*5,868*
2.	Other Finance Charges		**1,848**	*1,240*
			9,746	*7,108*
	TOTAL			
SCHEDULE 14: INVENTORY CHANGE				
1.	Opening Inventory			
	a) Finished Goods	**3,210**		*702*
	b) Work-in-Progress	**4,338**		*621*
			7,548	*1,323*
2.	Less : Closing Inventory			
	a) Finished Goods	**2,261**		*3,210*
	b) Work-in-Progress	**3,699**		*4,338*
			5,960	*7,548*
3.	(Increase) / Decrease in Inventory		**1,588**	*(6,225)*
SCHEDULE 15: PRIOR PERIOD ITEMS				
1.	Excess Provision for Purchases		**(657)**	*(1,469)*
2.	Short Provision for Expenses		**733**	-
			76	*(1,469)*

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULES 16 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting :

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

b) Use of Estimates :

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

c) Fixed Assets and Depreciation :

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

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

d) Inventories :

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

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

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

e) Investments :

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

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

f) Borrowing Costs :

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

g) Foreign Exchange Transactions :

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year-end, are stated at the year-end rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at the year end exchange rates. Exchange gains / losses are recognized in the Profit and Loss Account. The premium / discount on forward contracts is amortised over the life of the contract.

h) Revenue Recognition :

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

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

Interest income is recognised on the time proportion method.

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

i) Research and Development Expenditure :

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

j) Export Incentives :

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

k) Employee Benefits :

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

l) Miscellaneous Expenditure :

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

m) Taxes on income :

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

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

n) Impairment of Assets :

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

o) Provisions and Contingencies :

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

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

p) **Earnings Per Share :**

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

2. TERM LOANS FROM BANKS

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

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

3. TERM LOANS FROM OTHERS

The Company has taken External Commercial Borrowing ('ECB') of USD 1,300 thousands from Preferred Brands International Inc., U.S.A. ('PBI'), its ultimate holding company, for capacity expansion and modernisation of the existing manufacturing infrastructure. The Company has received the Reserve Bank of India ('RBI') approval ref. FED.CO.ECBD. / 03.02.766 / 2005-06 dated November 09, 2005. The Company has drawn down entire amount of the loan in the year ended March 31, 2007. As per the terms of loan agreement, the loan is repayable at any time after the third anniversary of the date of first disbursement upon the written demand by the lender. In the absence of a written demand, the Company has to repay the principal sum in eight approximately equal installments on each payment date commencing with the first payment date occurring eight years after the date of drawdown.

The Company has been sanctioned an additional ECB of USD 1,000 thousands by PBI in the current financial year for modernization and up-gradation of existing manufacturing facility. The Company has received the RBI approval ref. FED.CO.ECBD/13748/03.02.766/2008-09 dated November 17, 2008. During the year, the Company has drawn down USD 250 thousands. As per the terms of loan agreement, the loan is repayable at any time after the third anniversary of the date of first disbursement upon the written demand by the lender. In the absence of a written demand, the Company has to repay the principal sum in twenty approximately equal installments on each payment date commencing with the first payment date occurring after two years at the end of the quarter in which the first drawdown date falls.

The above ECBs are not pre-payable.

4. CONTINGENT LIABILITIES

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

i) Sales Tax demands disputed by the Company and under appeal **Rs.930 thousands** (Previous Year: *Rs.930 thousands*).

ii) Income tax claims disputed by the Company and under appeal **Rs.10,407 thousands** (Previous Year: *Rs.3,756 thousands*).

iii) Provident Fund demand disputed by the Company and under appeal **Rs.10,034 thousands** (Previous Year: *Rs.11,364 thousands*).

b) Guarantees given by the Company's bankers against counter guarantees given by the Company of **Rs.3,200 thousands** (Previous Year: *Rs.3,200 thousands*).

5. DERIVATIVE INSTRUMENTS

The derivative instruments outstanding as at March 31, 2009 are as under:

i) Forward contracts USD-INR for the purpose of hedging its exposure to foreign currency receivables: **USD 4,350 thousands** (Previous Year: *USD 3,350 thousands*).

ii) Currency swap contract USD-CHF for the purpose of hedging its exposure to External Commercial Borrowings: **Nil** ((Previous Year: *USD 1,300 thousands*).

iii) Currency option contracts USD-INR for the purpose of hedging its exposure to foreign currency receivables: **Nil** (Previous Year: *USD 1,400 thousands*).

The Company has provided for the losses on derivative instruments by marking them to market as at March 31, 2009.

6. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs.9,567 thousands** (Previous Year: *Rs.269 thousands*).

7. LIABILITIES

Micro, Small and Medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 have been identified by the Company on the basis of the information available and the auditors have relied on the same. Sundry Creditors include total outstanding dues of micro enterprises and small enterprises amounting to Rs.2,883 thousands (Previous Year: Rs.4,375 thousands). Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Rupees '000

		2008-09	2007-08
a.	Dues remaining unpaid		
	Principal	**1,259**	*2,455*
	Interest	**Nil**	*Nil*
b.	Interest paid in terms of Section 16 of the Act	**Nil**	*Nil*
c.	Amount of interest due and payable for the period of delay on payments		
	made beyond the appointed day during the year	**Nil**	*Nil*
d.	Amount of interest accrued and remaining unpaid	**Nil**	*Nil*
e.	Amount of further interest remaining due and payable in succeeding years		
	for the purpose of disallowance under section 23 of the Act	**Nil**	*Nil*

8. DEFERRED TAXATION

In accordance with the Accounting Standard 22 on Accounting for Taxes on Income, the Company has made adjustments in its accounts for deferred tax liabilities / assets. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are :

Particulars	**As at 31st March 2009 (Rs. In thousands)**	**As at 31st March 2008 (Rs. In thousands)**
Deferred Tax Asset		
Provision for Retirement Benefits	**979**	*963*
Others	**2,865**	*4608*
Deferred Tax Liability		
Depreciation on Fixed Assets	**(12,229)**	(11,911)
Deferred Tax Asset / (Liability)	**(8,385)**	(6,340)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 16: NOTES TO ACCOUNTS (Contd.)

9. EMPLOYEE BENEFITS

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

Particulars	As at 31st March 2009 (Rs. In thousands)	As at 31st March 2008 (Rs. In thousands)
Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	**2,712**	*2,790*
Current Service Cost	**412**	*282*
Interest Cost	**244**	*246*
Contribution by Plan Participants	**-**	-
Actuarial (Gain) / Loss on Obligation	**159**	*(606)*
Foreign Currency exchange rate changes	**-**	-
Benefits Paid	**(137)**	-
Past Service Cost	**-**	-
Amalgamations/ Curtailments/ Settlements	**-**	-
Present value of the obligation at the end of the year	**3,390**	*2,712*
Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	**1,569**	-
Expected return on Plan Assets	**208**	-
Actuarial (Gain) / Loss on Plan Assets	**(277)**	*(31)*
Foreign Currency exchange rate changes	**-**	-
Contributions by the Employer	**1,100**	*1,600*
Contributions by Plan Participants	**-**	-
Benefits Paid	**(137)**	-
Amalgamations/ Settlements	**-**	-
Fair value of Plan Assets at the end of the year	**2,463**	*1,569*
Amounts Recognized in the Balance Sheet:		
Present value of Obligation at the end of the year	**3,390**	*2,712*
Unrecognized Past Service Cost	**-**	-
Fair value of Plan Assets at the end of the year	**2,463**	*1,569*
Net Obligation at the end of the year	**(927)**	*(1,143)*

SCHEDULE 16: NOTES TO ACCOUNTS (Contd.)

Particulars	As at 31st March 2009 (Rs. In thousands)	As at 31st March 2008 (Rs. In thousands)
Amounts Recognized in the statement of Profit and Loss:		
Current Service Cost	**412**	*282*
Interest cost on Obligation	**244**	*246*
Expected return on Plan Assets	**(208)**	-
Expected return on Reimbursement Right recognized as an asset	**-**	-
Net Actuarial (Gain) / Loss recognised in the year	**436**	*(575)*
Past Service Cost	**-**	-
Effect of Curtailment or Settlement	**-**	-
Net Cost Included in Personnel Expenses	**-**	-
Expenses recognized in the statement of profit and loss	**884**	*(47)*
Actual return on Plan Assets	**69**	-
Estimated contribution to be made in next financial year	**1,061**	-
Actuarial Assumptions		
i) Discount Rate	**8%**	*8%*
ii) Expected Rate of Return on Plan Assets	**8%**	*8%*
iii) Salary Escalation Rate	**5%**	*5%*
iv) Employee Turnover	**2%**	*2%*
v) Mortality	**LIC (1994-96) Ultimate**	*LIC (1994-96) Ultimate*

Note:

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

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009
SCHEDULE 16: NOTES TO ACCOUNTS (Contd.)

10. RELATED PARTY DISCLOSURE

1. Relationships :

   (i) HOLDING COMPANY
   Preferred Brands Foods India Limited.

   (ii) ULTIMATE HOLDING COMPANY
   Preferred Brands International, Inc.USA

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

   (iv) KEY MANAGEMENT PERSONNEL
   Mr. Ravi Nigam - Managing Director

   (v) RELATIVES OF KEY MANAGEMENT PERSONNEL
   Mrs. Ruby Nigam

2. Following transactions were carried out with the related parties in the ordinary course of business:
   (i) Details Relating to parties referred to in items 1 (i), (ii) & (iii) above (Rupees in Thousands) :

Sr. No.	Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiary	
		2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
1	Sales	**-**	-	**300,710**	*212,129*	**53,735**	*50,631*
2	Interest Income	**-**	-	**2,681**	*2,110*	**48**	*55*
3.	Expenses Charged to Other Companies	**37**	-	**2,596**	*2,101*	**797**	*911*
4	Expenses Charged by Other Companies	**-**	-	**2,459**	*1,286*	**739**	*1,428*
5	Interest on Loan Taken	**-**	-	**4,000**	*4,527*	**-**	-
6	Outstanding Receivables	**60**	*23*	**67,078**	*42,360*	**14,838**	*17,872*
7	Loan Taken	**-**	-	**78,835**	*52,029*	**-**	-

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

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	2008-09	*2007-08*	**2008-09**	*2007-08*
1 Remuneration	**3,359**	*3,359*	-	-
2 Receiving of Services	**-**	**-**	**240**	*240*

SCHEDULE 16: NOTES TO ACCOUNTS (Contd.)

11. SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2009

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

PARTICULARS	RTS		COLD STORAGE & PROCESSING		UNALLOCATED		TOTAL	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Revenue								
External	**456,543**	352,888	**2,997**	4,779	**3,730**	3,360	**463,270**	361,027
Inter-segment		-		-		-	**-**	-
Total revenue	**456,543**	352,888	**2,997**	4,779	**3,730**	3,360	**463,270**	361,027
Result								
Segment result	**20,083**	31,343	**(1,688)**	335	**-**	-	**18,395**	31,678
Unallocated expenditure net of unallocated income					**4,016**	(15,767)	**4,016**	(15,767)
Interest expenses		-		-	**(555)**	(2,597)	**(555)**	(2,597)
Interest income		-		-	**1,382**	2,612	**1,382**	2,612
Dividend income and profit on sale of investments		-		-	**-**	5	**-**	5
Profit before taxation and exceptional items	**20,083**	31,343	**(1,688)**	335	**4,843**	(15,747)	**23,238**	15,931
Provision for taxation					**(7,014)**	(4,790)	**(7,014)**	(4,790)
Deferred tax	**-**	-	**-**	-	**(2,045)**	(4,192)	**(2,045)**	(4,192)
Prior period items	**-**	-	**-**	-	**(76)**	1,469	**(76)**	1,469
Exceptional items	**-**	-	**-**	-	**-**	-	**-**	-
Profit after taxation and exceptional items	**20,083**	31,343	**(1,688)**	335	**(4,292)**	(23,260)	**14,103**	8,418
Tax credit	**-**	-	**-**	-	**-**	3,279	**-**	3,279
Net profit	**20,083**	31,343	**(1,688)**	335	**(4,292)**	(19,981)	**14,103**	11,697
Other information								
Segment assets	**340,409**	278,920	**10,747**	14,280	**9,625**	7,769	**360,781**	300,969
Segment liabilities	**189,278**	147,944	**491**	176	**22,532**	18,472	**212,301**	166,592
Capital expenditure	**35,214**	15,205	**449**	2,139	**58**	100	**35,721**	17,444
Depreciation	**8,944**	7,783	**948**	820	**46**	44	**9,938**	8,647
Non cash expenses other than depreciation	**1,279**	-	**-**	-	**-**	18	**1,279**	18

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

Revenue by geographical market	India		Outside India		Total	
	2009	2008	**2009**	2008	**2009**	2008
External	**107,746**	94,404	**355,524**	266,623	**463,270**	361,027
Inter-segment	**-**	-	**-**	-	**-**	-
Total	**107,746**	94,404	**355,524**	266,623	**463,270**	369,890
Carrying amount of segment assets	**278,866**	240,716	**81,915**	60,253	**360,781**	300,969
Capital expenditure	**35,721**	22,386	**-**	-	**35,721**	22,386

iii) NOTES :

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

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

c) Segment Assets and Liabilities: All segment assets that are not directly attributable to any segment are referred to as Unallocated Assets. Segment assets include all operating assets used by the segment and consist principally of fixed assets including capital work in progress, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include share capital and reserves and surplus.

d) The Segment Revenue in the geographical segments considered for disclosure are as follows:

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

SCHEDULE 16: NOTES TO ACCOUNTS (Contd.)

12. ANNUAL CAPACITIES AND PRODUCTION

Sr. No.	Item	Installed Capacity		Actual Production	
		Current Year MT	*Previous Year MT*	Current Year MT	*Previous Year MT*
1.	Ready to Serve Foods	**5,000**	*5,000*	**3,292**	*2,826*
2.	Frozen Vegetable*	**12,200**	*12,200*	**1,395**	*829*

* includes captive consumption.

Notes :

Installed capacities are as certified by the Management.

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

13. INVENTORY OF FINISHED GOODS

Sr. No.	Item	March 31, 2009		March 31, 2008	
		Quantity MT	Value Rs. '000	Quantity MT	Value Rs.'000
1.	Ready to Serve Foods	**18**	**1,240**	*27*	*1,904*
2.	Frozen Vegetable	**23**	**1,021**	*38*	*1,306*
			2,261		*3,210*

14. SALES TURNOVER

Sr. No.	Item	Current Year		*Previous Year*	
		Quantity MT	Value Rs. '000	Quantity MT	Value Rs.'000
1.	Ready to Serve Foods	**3,269**	**355,689**	*2,703*	*271,453*
2.	Frozen Vegetable	**1,321**	**65,559**	*794*	*51,211*
3.	Trading Sales	**20**	**1,105**	-	-
4.	Scrap Sales	*	**1,029**	*	*749*
	TOTAL		**423,382**		*323,413*

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

SCHEDULE 16: NOTES TO ACCOUNTS (Contd.)

15. MATERIALS CONSUMED

Sr. No.	Item	Current Year Quantity MT	Current Year Value Rs. '000	*Previous Year* Quantity MT	*Previous Year* Value Rs.'000
1.	Raw Material and Packing Material		**237,231**		*203,473*
	TOTAL		**237,231**		*203,473*

Note:

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

	Current Year Rs. '000	Previous Year Rs. '000
16. MANAGERIAL REMUNERATION		
a) Whole Time Directors		
– Salaries and Bonus	**3,001**	*3,041*
– Contribution to Provident Fund	**318**	*318*
b) Non-Whole Time Directors		
– Professional Fees	**120**	*140*
– Directors Sitting Fees	**30**	*30*
	3,469	3,529
17. AMOUNTS PAID TO AUDITORS (Excluding Service Tax)		
a) Audit Fees	**375**	*325*
b) Audit under other statutes	**150**	*150*
c) Certificates	**120**	*129*
d) Out of Pocket Expenses	**36**	-
TOTAL	**681**	*604*

18. DISCLOSURE IN RESPECT OF LEASES

The total of future minimum lease payments under non-cancelable operation leases :

a) Not later than one year	**1,740**	*588*
b) Later than one year and not later than five years	**-**	*193*
c) Later than five years	**-**	-

SCHEDULE 16: NOTES TO ACCOUNTS (Contd.)

19. CONSUMPTION OF RAW MATERIALS AND STORES

Particulars	Current Year		Previous Year	
	Rs. '000	**%**	**Rs.'000**	**%**
a) Raw Materials including Packing Material				
- Imported	**41,659**	**18**	*38,015*	*19*
- Indigenous	**195,572**	**82**	*165,458*	*81*
	237,231	**100**	*203,473*	*100*
b) Stores and Spare Parts				
- Imported	**146**	**1**	*232*	*2*
- Indigenous	**13,565**	**99**	*14,323*	*98*
TOTAL	**13,711**	**100**	*14,555*	*100*

	Current Year Rs. '000	Previous Year Rs. '000
20. VALUE OF IMPORTS ON C.I.F. BASIS		
a) Raw Materials and Packing Materials	**46,181**	*37,126*
b) Purchases of Trading Goods	**637**	-
c) Plant and Machinery	**18,751**	*226*
d) Stores and Spares	**146**	*232*
TOTAL	**65,715**	*37,584*
21. EXPENDITURE IN FOREIGN CURRENCY		
- Travel	**2,197**	*1,333*
- Interest	**4,000**	*4,527*
- Others	**3,198**	*2,714*
TOTAL	**9,395**	*8,574*
22. EARNINGS IN FOREIGN CURRENCY		
- F.O.B. Value of Exports	**329,304**	*248,719*
- Interest Income	**2,729**	*2,165*
TOTAL	**332,033**	*250,884*
23. EARNING PER SHARE		
Profit after tax in Profit & Loss Account (Rs/000) (excluding extraordinary income and Dividend on Preference Shares)	**14,103**	*11,697*
Weighted Average No. of Equity shares outstanding (Face value Rs. 10 per share)	**2,566,000**	*2,566,000*
Basic and Diluted EPS (Rs.)	**5.50**	*4.56*

24. PREVIOUS YEAR FIGURES

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

25) **Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956 :**
Balance Sheet Abstract for the Year Ended March 31, 2009 and Company's General Business Profile

I) Registration Details:

Registration No.	:	37347
State Code	:	11
Balance Sheet Date	:	March 31, 2009

II) Capital Raised During the Year: (Amount in Rs. Thousand)

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

III) Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousand)

Total Liabilities	:	288,400
Total Assets	:	288,400

Sources of Funds

Paid-up Capital	:	31,613
Reserves and Surplus	:	131,292
Secured Loans	:	106,993
Unsecured Loans	:	10,117

Applicaiton of Funds

Net Fixed Assets	:	136,501
Investments	:	-
Net Current Assets	:	137,474
Misc. Expenditure	:	-
Accumulated Losses	:	14,425

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

Turnover	:	463,270
Total Expenditure	:	440,032
Profit/Loss Before Tax	:	23,238
Profit/Loss After Tax	:	14,179
Earning Per Share in Rs.	:	5.50
Dividend Rate %	:	NIL

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

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

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

			Current Year	*Previous Year*
		Rs. '000	**Rs. '000**	*Rs. '000*
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Net Profit Before Tax and Extraordinary Items		**23,238**	***15,931***
	Adjustment for:			
	Depreciation	**9,938**		*8,647*
	Interest Expense	**9,746**		*7,108*
	Interest Income	**(4,111)**		*(3,471)*
	Loss / (Gain) from Foreign Exchange Transactions	**14,153**		(5,341)
	Preliminary Expenses written off	**-**		*18*
	(Profit) / Loss on fixed assets sold / written off (Net)	**1,279**		-
			31,005	*6,961*
	Operating Profit Before Working Capital Changes		**54,243**	*22,892*
	Adjustments for:			
	Trade and Other Receivables	**(21,900)**		*8,283*
	Inventories	**(3,468)**		*(9,418)*
	Trade Payables	**(2,316)**		*(1,258)*
			(27,684)	*(2,393)*
	Cash Generated from Operations		**26,559**	*20,499*
	Income Tax Paid :			
	Current Tax (including Fringe Benefit Tax)		**(5,076)**	*(1,418)*
	Cash Flow Before Extraordinary Items		**21,483**	*19,081*
	Prior Period Items		**(76)**	*1,469*
	Net Cash Flow from Operating Activities		**21,407**	*20,550*
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**			
	Purchase of Fixed Assets	**(35,721)**		*(17,444)*
	Sale of Investments - Share	**-**		*50*
	Net Cash Used in Investing Activities		**(35,721)**	*(17,394)*
	Balance carried forward		**(14,314)**	*3,156*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

		Rs. '000	Current Year Rs. '000	*Previous Year Rs. '000*
Balance Brought Forward			**(14,314)**	*3,156*
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**			
	Change in borrowings	**33,932**		*7,051*
	Swap contracts	**(3,560)**		-
	Interest Expense	**(9,746)**		*(7,108)*
	Interest Income	**4,111**		*3,471*
	Net Cash Used in Financing Activities		**24,737**	*3,414*
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**10,423**	*6,570*
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING			
	Cash and Bank Balances	**19,784**		*13,214*
			19,784	*13,214*
	CASH AND CASH EQUIVALENTS AS AT THE ENDING			
	Cash and Bank Balances	**30,207**		*19,784*
			30,207	*19,784*
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:		**10,423**	*6,570*

NOTES

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

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

3 Change in borrowings are shown net of receipts and payments.

4 Cash and cash equivalents represent cash and bank balances including deposits towards margin money amounting to Rs.23,885 thousand (Previous Year: Rs.3,930 thousand) and deposits towards security for loans amounting to Rs.2,880 thousands (Previous Year: Nil)

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

6 Figures in brackets represent outflows.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

For and on behalf of the Board

Anil A. Kulkarni	*Ravi Nigam*	*Sohel Shikari*	*Garima Chamadia*
PARTNER	**Director**	**Director**	**Company Secretary**

Date : May 29, 2009
Place : Pune

PROXY FORM

TASTY BITE EATABLES LIMITED

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

I/We…………………………………………………….........……… of………………….................................……….
in the State of …………………….........................……… being a Member/Members of the above named Company hereby appoint Mr./Ms. ………………………………………...……… of ……………….............................…… in the State of ………….........………….. as my/our proxy to vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Thursday, the 27th August, 2009 at 11.00 A.M. and at any adjournment thereof.

Affix One Rupee Revenue Stamp here

Regd.Folio No/ DP ID & Client ID No...............................   Signature…………………………….

Address……………………………………

....

No. of shares held…………………………………………….

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

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

TASTY BITE EATABLES LIMITED

ATTENDANCE SLIP

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

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

Member's Folio No/DP ID Client ID……………………............No. of shares held by the Member……...................……

Name of Proxy………………………………...…………………
(IN BLOCK LETTERS) (To be filled in if the Proxy attends instead of Member)
I hereby record my presence at the 25th ANNUAL GENERAL MEETING held at 204, Mayfair Towers, Wakdewadi, Shivajinagar, Pune, Maharashtra - 411 005 .

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

Tasty Bite Eatables Limited

204, Mayfair Towers, Shivajinagar, Pune