

# Directors' Report

To  
The Members,

Your Directors are pleased to present the 37<sup>th</sup> Annual Report together with audited statement of accounts for the year ended 31 March 2021.

## 1. KEY FINANCIAL HIGHLIGHTS:

(INR in Million)

Highlights	FY 2020 - 21	FY 2019 - 20
Revenue from operations	3,853.13	4,257.74
Other income	189.76	290.56
<b>Total Income</b>	<b>4,042.89</b>	<b>4,548.30</b>
EBITDA	727.65	737.22
<b>Profit after tax</b>	<b>393.42</b>	<b>408.62</b>
Earnings per share (INR / share - basic and diluted)	153.32	159.24
Net fixed assets including intangible assets	1,121.26	897.28
Long term borrowings (excluding current portion)	496.76	207.84
<b>Profit transferred to Balance Sheet</b>	<b>393.42</b>	<b>408.62</b>
<b>Other Comprehensive income / (loss) transferred to Balance Sheet</b>	<b>46.53</b>	<b>(91.05)</b>

## 2. FINANCIAL PERFORMANCE & OPERATIONS:

Your Company de - grew 11% from previous year. Revenues of INR 4,042.9 million during the year against INR 4,548.3 million in the previous financial year. The Exports led Consumer Business grew by 9% YoY with sales of INR 3,011.3 million against INR 2,755.6 million in the previous year while the Tasty Bite Food Service (TFS) business de - grew 44% with sales of INR 841.8 million against INR 1,502.1 million in the previous year. Tasty Bite Food Service business has been highly impacted by the pandemic in the first half of the year leading to lower revenues. Profit after tax for the financial year ended 2021 at INR 393.4 million against INR 408.6 million in previous financial year 2020, a de - growth of 3.7%. Profit after tax % for financial year 2021 is 9.7% against 9.0% in financial year 2020.

## 3. DIVIDEND:

The Board of Directors at their meeting held on 15 May 2021, recommended a final dividend of INR 2.0 per equity share, subject to the approval of shareholders at the ensuing Annual General Meeting.

The total dividend payout on equity shares would involve a cash outgo of INR 5.13 million.

Upon declaration by the members at the ensuing Annual General Meeting, dividend shall be paid to those members, whose names appear on the Register of Members of the Company after effecting all valid share transfers in physical form lodged with the Company or its Registrar & Transfer Agents on or before 16 July 2021. In respect of shares held in dematerialized form, dividend will be paid on the basis of particulars of beneficial ownership furnished by Depositories as on the closing hours of business on 16 July 2021.

## 4. RESEARCH AND DEVELOPMENT:

Tasty Bite Research Centre (TBRC), located within the factory campus continued to build on its mission to be a centre of excellence in product, process and ingredient innovation. During the course of the year, several new innovative products were developed by TBRC keeping in mind the evolving needs of our consumers. The Department of Science & Industrial Research (DSIR) of the Union Ministry of Science & Technology renewed its accreditation to TBRC till March 2022. New products developed at TBRC in the last 2 years contributed 27% of the Company's revenues.

## 5. FIXED DEPOSITS:

The Company has not accepted or invited any deposits from the public during the year under review. Hence, any compliance w.r.t. repayment of deposit or its interest thereon is not applicable to the Company.

## 6. DIRECTORS:

During the year under review, Mr. PVV Srinivasa Rao resigned as Director of the Company w.e.f. 05 November 2020 and Mr. Sukhdev David Dusangh was appointed as an Additional Director w.e.f. 06 November 2020 on Board of Directors of the Company.

Ms. Rama Kannan, Mr. Kavas Patel and Dr. Chengappa Ganapati continue to act as the Independent Directors on Board of the Company.

All Independent Directors have provided declaration stating their independence under the provisions of section 149(6) of Companies Act, 2013 along with Rules framed

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thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 stating their independence pursuant to provisions of section 149 of Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR").

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Ms. Dawn Allen, retire by rotation at the ensuing Annual General Meeting, and being eligible has offered herself for reappointment.

Mr. Gaurav Gupta remained as Alternate Director to Mr. Ashok Vasudevan during the year.

### ■ Board evaluation:

Pursuant to provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carried out evaluation of its own performance, individual performance of the directors as well as the respective Committees. Evaluation of Chairman was also carried out. The manner of evaluation is mentioned in Corporate Governance Report. Also, the Board is of the opinion that the directors and Board collectively stand the highest level of integrity and all members of the Board has specified skill set and experience required for the Company. Details of which form a part of Corporate Governance Report.

### ■ Remuneration & Evaluation Policy:

The Board on recommendation of Nomination & Remuneration Committee adopted 'Remuneration and Evaluation Policy' for selection, appointment and remuneration of Directors and Senior Management Personnel including criteria for determining qualifications, positive attributes, independence of a director and other matters as required by the Companies Act, 2013. Necessary diversity in the board was ensured. Detailed policy is available at Company's website [www.tastybite.co.in](http://www.tastybite.co.in)

### ■ Meetings:

During the year under review, 4 (four) board meetings were held for which proper notices were given to the Board of Directors. These were held on 15 May 2020, 05 August 2020, 06 November 2020 and 11 February 2021. The maximum interval between any two meetings was not more than 120 days. Details of these meetings are stated in Corporate Governance Report.

## 7. EXTRACT OF ANNUAL RETURN:

The extract of Annual Return as provided under Section 92(3) in Form MGT - 9 is in "Annexure A" to this Report.

## 8. DIRECTORS' RESPONSIBILITY STATEMENT:

Directors confirm that:

- (a). in the preparation of the annual accounts for the year ended 31 March 2021, applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b). they have selected and consistently applied such accounting policies, judgments and estimates that are reasonable and prudent to ensure a true and fair view of the state of affairs of the Company at the end of the financial year and of the **profit** of the Company for that year;
- (c). they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d). they have prepared the financial statements / annual accounts on a going concern basis;
- (e). they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f). they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the management and the relevant board committees, including audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively during the financial year 2020 - 21.

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

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

## 10. 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,

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it has taken adequate steps to ensure the provisions of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate from Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance is in "Annexure B" to this Report. A detailed report on Corporate Governance forms a part of this Annual Report.

### 11. AUDITORS:

#### ■ Statutory Auditors:

M/s B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W - 100024), Pune, were appointed by the shareholders as the Statutory auditors of the Company in the 33<sup>rd</sup> Annual General Meeting for a period of 5 years and they hold office up to the 38<sup>th</sup> Annual General Meeting of the Company.

The Statutory auditor in their independent audit report have reported "Provision for inventory obsolescence" as a key audit matter. This matter was addressed by auditor in context of audit of the financial statements as a whole which was most significant during the course of audit for the year under review.

#### ■ Internal Auditors:

Pursuant to section 138 of Companies Act, 2013, the Company appointed M/s Shah Khandelwal Jain & Associates, Chartered Accountants as internal auditor for financial year 2020 - 21. The scope and fee of internal audit was fixed by the Board on recommendation of Audit Committee.

#### ■ Secretarial Auditor:

Pursuant to section 204 of the Companies Act, 2013, the Company appointed M/s Pareek V. R. & Associates, Practicing Company Secretaries, Pune as Secretarial Auditor. The Secretarial Audit Report is in "Annexure C" of this report. Based on the Audit

Committee recommendations, Board has approved the appointment of M/s Pareek V. R. & Associates, Practicing Company Secretaries, Pune as Secretarial Auditor for financial year 2021 - 22.

### 12. WHISTLE BLOWER & VIGIL MECHANISM POLICY:

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

### 13. AUDIT COMMITTEE:

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

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

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

### 15. SHARE CAPITAL:

During the year under review, the Company has neither issued any shares with differential voting rights nor issued sweat equity shares. Further, the Company did not grant any stock options during the year under review. As on 31 March 2021, details of the shares held by Directors in the Company are as under:

Name of Director	No. of Equity Shares held	No. of Convertibles held
Mr. Ashok Vasudevan	---- NIL ----	---- NIL ----
Mr. Abhijit Upadhye	---- NIL ----	---- NIL ----
Mr. Kavas Patel	---- NIL ----	---- NIL ----
Ms. Rama Kannan	---- NIL ----	---- NIL ----
Dr. Chengappa Ganapati	---- NIL ----	---- NIL ----
Ms. Dawn Allen	---- NIL ----	---- NIL ----
Mr. Srinivasa Rao Pydisetty (till 05 November 2020)	---- NIL ----	---- NIL ----
Mr. Sukhdev David Dusangh (06 November 2020 onwards)	---- NIL ----	---- NIL ----
Mr. Gaurav Gupta	---- NIL ----	---- NIL ----

There are no convertible instruments issued by the Company.

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### 16. SEGMENT WISE OR PRODUCT WISE PERFORMANCE / NATURE OF BUSINESS:

The Company operates in one segment: Prepared Food consisting Ready - to - Eat products and intermediate food products such as Prepared Meals, Formed Frozen Foods and Sauces. There is no change in nature of business of the Company.

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

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

### 18. RISK MANAGEMENT POLICY:

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

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

### 19. CORPORATE SOCIAL RESPONSIBILITY:

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

As per the provisions of Section 135 of the Companies Act, 2013, every Company falling under the applicability of Corporate Social Responsibility is required to spend 2% of its average net profits of previous three years on the activities given under Schedule VII of the Companies Act, 2013, and CSR policy adopted by the Board of Directors.

The Company has spent total amount of INR 9.80 million during financial year 2020 - 21.

The details of amount of expenditure during the year are as follows:

Particulars	Amount in INR Million
a) Gross amount required to be spent by the Company during the year	9.80
b) Amount spent during the year	
(i) Towards Covid 19 relief related work	2.00
(ii) Through Tasty Bite Foundation	7.80
<b>Total</b>	<b>9.80</b>
c) Unspent amount	Nil

During the year under review "Tasty Bite Foundation" has been actively involved in CSR activities. The Foundation has carried out CSR activities in various fields such as education, agriculture and rural development. Some of the activities undertaken are as follows:

Area	Work done
Education	Donation of computers to school, Toilet construction, Girls hostel, Solar heater in toilets and School painting.
Agriculture development	Dam construction, Integrated Poultry farm management, Rain Water Harvesting, Training, and introduction of newer technologies.
Rural development	Multi skill development programme undertaken with American Indian Foundation.
Covid 19 relief	a. Contribution made to PM Cares, CII and Oxfam Foundation through Tasty Bite Foundation. b. Supply of Ready-to-Eat food and grocery kits to Covid warriors as well as migrant workers and supporting other institutions to feed the needy during pandemic.

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

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

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

The particulars of contracts or arrangements with related parties in Form AOC - 2 are annexed herewith as "Annexure F". The Board hereby informs that all the related party transactions are carried out in the ordinary course of business and on arm's length basis. Further,

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the Company has duly complied with the Indian Accounting Standard 24 related to transactions with related parties of the Company. The Company has adopted policy on Related Party Transactions and same is posted on website of the Company [www.tastybite.co.in](http://www.tastybite.co.in).

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

There are no significant or material orders or awards passed by the Courts or any other Regulators or Tribunals relating to Companies Act, 2013, or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which would affect the going concern status and Company's future operations.

### 23. APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL:

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2020 - 21:

(INR in Million)

Name of Director	Remuneration of Director (1)	Median remuneration of employees (2)	Ratio (3) = (1) / (2)
Mr. Ashok Vasudevan	----- NIL -----	----- NIL -----	----- NIL -----
Mr. Abhijit Upadhye	24.23	0.79	30.67
Ms. Dawn Allen	----- NIL -----	----- NIL -----	----- NIL -----
Mr. Kavas Patel	----- NIL -----	----- NIL -----	----- NIL -----
Ms. Rama Kannan	----- NIL -----	----- NIL -----	----- NIL -----
Dr. Chengappa Ganapati	----- NIL -----	----- NIL -----	----- NIL -----
Mr. Srinivasa Rao Pydisetty (till 05 November 2020)	----- NIL -----	----- NIL -----	----- NIL -----
Mr. Sukhdev David Dusangh (06 November 2020 onwards)	----- NIL -----	----- NIL -----	----- NIL -----
Mr. Gaurav Gupta*	----- NIL -----	----- NIL -----	----- NIL -----

\*Mr. Gaurav Gupta receives remuneration as CFO and not as alternate director. Independent directors receive only sitting fees for attending the meetings.

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

(INR in Million)

Name	Designation	Remuneration in FY 2019 - 20	Remuneration in FY 2020 - 21	Increase (in %)
Mr. Abhijit Upadhye	Managing Director	40.02	24.23	-39.5%
Mr. Gaurav Gupta	Chief Financial Officer	7.44	7.74	4.03%
Ms. Minal Talwar	Company Secretary	1.36	1.54	13.2%

- Number of permanent employees are 265 on the role of company as on 31 March 2021.
- The remuneration paid to the employees is in affirmation with Remuneration & Evaluation Policy of the Company.
- During the year increments were not made in salary of Senior Management owing to the pandemic crisis.
- Average percentile increase in salaries of employees other than the managerial personnel in the last financial year 2021 was 6%. Percentile increase in the managerial remuneration in 2021 was NIL.
- The Company has a variable pay compensation structure only for Managing Director basis achievement of targets (as mentioned in Notice convening Annual General Meeting). No other employee has variable pay component structure. The Company further confirms that remuneration paid to employees is in line with its Remuneration Policy.
- Statement of employees receiving remuneration under Section 197(12) of Companies Act, 2013, and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "Annexure G".

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### 24. MARKET CAPITALIZATION:

Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over / decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies:

Particulars	Issued capital	Closing Market price per share	Earnings per share	Price Earnings Ratio	Market capitalization (INR in Million)
As on 31 March 2020	2,566,000	8,999.80	159.24	56.52	23,093.49
As on 31 March 2021	2,566,000	14,391.15	153.32	93.86	36,927.69
Increase / Decrease	-	5,391.35	-5.92	37.34	13,834.20
% Increase / Decrease	-	59.91%	-3.72%	66.07%	59.91%

The Company made Public Offering in February 1987 of 750,000 equity shares at INR 10.00 each. The market quotation of the Equity shares of the Company as on 31 March 2021, was INR 14,391.15 for shares of face value of INR 10.00 each, representing an increase of 1,43,811.5% over the period.

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

The Company during the year under review has not made investments in its own shares, its subsidiaries or associate companies

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

During the year under review, there was no pecuniary relationship or pecuniary transactions between the Company and its non - executive directors.

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

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

The Committee as appointed by the Management consist:

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

No complaints have been received during the year.

### 28. CYBER SECURITY:

Covid-19 made it imperative for the organisation to embrace certain practices, including social distancing, remote working and all these, in turn, led to significant dependence on and increased usage of digital technologies.

We have implemented advanced security controls, technologies, processes and practices designed to protect networks, computers and data from attack, damage or unauthorized access and threat analytics by leveraging industry leading technologies to help identify and mitigate internal and external threats to the Company.

Our Cyber Security policy ensures that our people are aware of the best practices to be followed in order to ensure that the company's data and infrastructure do not become vulnerable to external threats.

We ensure our IT Team is up to speed by providing them with avenues for continuous learning, and making internal training forums available as well as courses through external academic institutions, to keep them enriched and in turn, help protect the Company from cyber-threats on a day-to-day basis.

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- 29.** The Company has not made any application under The Insolvency and Bankruptcy Code, 2016 nor any application is pending against the Company under the said Code.
- 30.** The Company has not done any one time settlement with any Bank or Financial Institution during the year and hence declaration under the said clause is not applicable.
- 31.** The Company is not required to maintain Cost Records as specified under section 148(1) of the Act by the Central Government.

### **32. DISCLOSURE REQUIREMENTS:**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Corporate Governance Report with the Auditors' Certificate thereon, and the Management Discussion and Analysis are attached, which forms part of this report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

For and on behalf of the Board of Directors

Date: 15 May 2021

Place: Pune

**Ashok Vasudevan**

*Chairman*

DIN: 00575574